Kalyan Jewellers FZE
Dubai - United Arab Emirates

Report and separate financial statements
for the year ended 31 March 2025

Kalyan Jewellers FZE

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Kalyan Jewellers FZE
Dubai
United Arab Emirates

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of **Kalyan Jewellers FZE (**the "Establishment"), which comprise the separate statement of financial position as at 31 March 2025, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Establishment as at 31 March 2025, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Boards (IASB).

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 Separate Financial Statements* section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the Establishment's separate financial statements in the United Arab Emirates, 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 24 of the separate financial statements, which describes the reasons for the withdrawal and reissuance of the financial statements. Our opinion is not modified in respect of this matter.

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 IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the articles of association of the Establishment, provisions of the Dubai Airport Free Zone Implementing Regulations 2021 issued pursuant to Law No. 25 of 2009 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 Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

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

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INDEPENDENT AUDITOR'S REPORT

to the Shareholder of Kalyan Jewellers FZE (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 judgement and maintain professional skepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 Establishment'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 Establishment'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 Establishment 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.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the Establishment has maintained proper books of accounts. We obtained all the information and explanations which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the provisions of the Dubai Airport Free Zone Implementing Regulations 2021 issued pursuant to Law No. 25 of 2009, as amended, which might have materially affected the financial position of the Establishment or the results of its financial performance.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No.: 1141
25 July 2025
Dubai
United Arab Emirates

Kalyan Jewellers FZE

Separate statement of financial position as at 31 March 2025

	Notes	2025 AED	2024 AED
ASSETS			
Non-current assets			
Investment in subsidiaries	5	**5,667,449**	3,071,278
Additional investments in subsidiaries	5	**297,624,330**	307,624,330
Total non-current assets		**303,291,779**	310,695,608
Current assets			
Loans to related parties	8(c)	**191,031,168**	276,865,027
Due from related parties	8(a)	**21,282,041**	25,583,238
Margin deposits	9	**117,556,526**	102,591,198
Prepayments and other receivables	7	**577,492**	2,105,292
Cash and cash equivalents	6	**346**	9,694
Total current assets		**330,447,573**	407,154,449
Total assets		**633,739,352**	717,850,057
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**385,000,000**	385,000,000
Accumulated losses		**(55,756,407)**	(56,757,641)
Total equity		**329,243,593**	328,242,359
Liabilities			
Non-current liabilities			
Provision for employees' end-of-service indemnity	11	**130,558**	118,558
Loan from a shareholder	8(d)	**45,544,537**	41,174,537
Total non-current liabilities		**45,675,095**	41,293,095
Current liabilities			
Due to a related party	8(b)	**64,930**	-
Trade and other payables	12	**1,582,496**	1,009,234
Bank borrowings	13	**257,173,238**	347,305,369
Total current liabilities		**258,820,664**	348,314,603
Total liabilities		**304,495,759**	389,607,698
Total shareholder's equity and liabilities		**633,739,352**	717,850,057

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KALYAN JEWELLERS FZE

Kalyan Jewellers FZE

Separate statement of profit or loss and other comprehensive income for the year ended 31 March 2025

	Notes	2025 AED	2024 AED
Revenue	17	-	32,362
Cost of sales	18	-	(32,362)
Gross profit		-	-
Finance income	14	**24,338,585**	27,232,971
General and administrative expenses	15	**(1,862,853)**	(3,342,151)
Loss on derivative financial instruments	19	-	(3,907,792)
Finance costs	16	**(21,485,319)**	(25,583,238)
Other income	8	-	28,704
Foreign exchange gain/(loss)		**10,821**	(13,414)
Profit/(loss) for the year		**1,001,234**	(5,584,920)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**1,001,234**	(5,584,920)

Kalyan Jewellers FZE

Separate statement of changes in equity for the year ended 31 March 2025

	Share capital AED	Accumulated losses AED	Total AED
Balance at 31 March 2023	385,000,000	(51,172,721)	333,827,279
Total comprehensive loss for the year	-	(5,584,920)	(5,584,920)
Balance at 31 March 2024	385,000,000	(56,757,641)	328,242,359
Total comprehensive income for the year	-	1,001,234	1,001,234
Balance at 31 March 2025	**385,000,000**	**(55,756,407)**	**329,243,593**

Kalyan Jewellers FZE

Separate statement of cash flows
for the year ended 31 March 2025

	2025 AED	2024 AED
Cash flows from operating activities		
Profit/(loss) for the year	**1,001,234**	(5,584,920)
Adjustments for:		
Finance income	**(24,338,585)**	(27,232,971)
Finance costs	**21,485,319**	25,583,238
Unrealised loss on derivative financial instruments	**-**	3,907,792
Remeasurement of loss allowance	**-**	(53,300)
Provision for employees' end-of-service indemnity	**12,000**	9,349
Operating cash flows before changes in operating assets and liabilities	**(1,840,032)**	(3,370,812)
Decrease in prepayments and other receivables	**1,527,800**	1,095,275
Increase in margin deposits	**(14,965,328)**	(30,787,799)
(Decrease)/increase in due to a related party	**(508,332)**	3,069,953
Increase/(decrease) in trade and other payables	**573,262**	(4,350,457)
Net cash used in operating activities	**(15,212,630)**	(34,343,840)
Cash flows from investing activities		
Investment in subsidiaries	**(2,596,171)**	(195,146)
Interest received	**28,639,782**	24,939,074
Proceeds from loans to related parties	**1,209,017,882**	604,083,901
Repayments of loans to related parties	**(1,113,184,023)**	(608,435,071)
Net cash generated from investing activities	**121,877,470**	20,392,758
Cash flows from financing activities		
Interest paid	**(20,912,057)**	(33,567,465)
Net settlement of derivative financial instruments	**-**	13,626,995
Proceeds from bank borrowings	**1,102,637,841**	955,168,764
Repayments of bank borrowings	**(1,192,769,972)**	(900,731,191)
Proceeds from/(repayments of) loan from shareholder	**4,370,000**	(20,600,000)
Net cash (used in)/generated from financing activities	**(106,674,188)**	13,897,103
Net decrease in cash and cash equivalents	**(9,348)**	(53,979)
Cash and cash equivalents at the beginning of the year	**9,694**	63,673
Cash and cash equivalents at end of the year (Note 6)	**346**	9,694

Non-cash transaction:

During the current year, AED 10 million has been transferred from additional investment in subsidiaries to loan to a related party.

Kalyan Jewellers FZE

Notes to the separate financial statements for the year then ended 31 March 2025

1. General information

Kalyan Jewellers FZE (the "Establishment") is a Free Zone Establishment with limited liability registered on 15 July 2023 with Dubai Airport Freezone Authority, pursuant to the authority vested in it under Law No. 25 of 2009 concerning Dubai International Airport Free Zone.

The address of the registered office of the Establishment is East Side 5A, 7th Floor, Dubai Airport Free Zone, Dubai, United Arab Emirates.

The principal activities of the Establishment include the import & export of gold, diamonds & precious stones & metals.

The Establishment is a wholly owned subsidiary of Kalyan Jewellers India Ltd. (the "Parent Company").

These financial statements represent the separate financial statements of the Establishment. The Establishment also prepares the consolidated financial statements which are available at Establishment's registered address.

2. Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards)

2.1 New and amended IFRS Accounting Standards applied with no material effect on the separate financial statements

In the current year, the Establishment has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 April 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these separate financial statements:

New and revised IFRS Accounting Standards	***Effective for annual periods beginning on or after***
Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current	1 January 2024
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	
Amendments to IFRS 16 *Leases* relating to Lease Liability in a Sale and Leaseback	1 January 2024
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	

2. Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (continued)

2.1 New and amended IFRS Accounting Standards applied with no material effect on the separate financial statements (continued)

New and revised IFRS Accounting Standards	***Effective for annual periods beginning on or after***
Amendments to IAS 1 *Presentation of Financial Statements* relating to Non-current Liabilities with Covenants The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* relating to Supplier Finance Arrangements The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	1 January 2024

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted

New and revised IFRS Accounting Standards	***Effective for annual periods beginning on or after***
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* relating to Lack of Exchangeability The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	1 January 2025
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* The amendments relate 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.

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

3. Material accounting policy information

3.1 Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2 Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for derivative financial instruments which are carried at fair value. The principal accounting policies are set out below.

3.3 Investments in subsidiaries

A subsidiary is an entity that is controlled by the Establishment. Control is achieved where the Establishment has:

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

The Establishment re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Investment in subsidiary is accounted for in these separate financial statements using the "cost method" in accordance with International Accounting Standard (IAS) 27: *Separate Financial Statements*. The Establishment also prepares consolidated financial statements.

Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the separate statement of profit or loss and comprehensive income.

On disposal of an investment the differences between the net disposal proceeds and the carrying amount is charged or credited to separate statement of profit or loss and comprehensive income.

3.4 Revenue recognition

Sale of goods

The Establishment recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Establishment, regardless of when the payment is being made. The following specific recognition criteria must also be met before revenue is recognised:

The Establishment recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify the contract(s) 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 every contract that must be met.

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

3. Material accounting policy information (continued)

3.4 Revenue recognition (continued)

The Establishment recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 (continued):

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring 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 Establishment will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Establishment satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs; or
b) The Establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c) The Establishment's performance does not create an asset with an alternative use to the Establishment and the entity 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.

When the Establishment 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.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Establishment assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Establishment has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Establishment and the revenue can be reliably measured, regardless of when the payment is being made.

Management fee

Management fee income is recognised on a straight line basis over the term of the contract.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Establishment and the amount can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. Material accounting policy information (continued)

3.5 Foreign currencies

The separate financial statements of the Establishment are presented in the currency of the primary economic environment in which the Establishment operates (its functional currency). For the purpose of these separate financial statements, the financial performance and financial position of the Establishment are expressed in Arab Emirates Dirhams which is the functional currency of the Establishment and the presentation currency for these separate financial statements.

In preparing the separate financial statements of the Establishment, 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 the separate statement of profit or loss and other comprehensive income.

3.6 Inventories

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.

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 Establishment is determined on the basis of weighted average cost.

Cost of unfixed gold and scrap 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 for unfixed gold.

3.7 Provisions

Provisions are recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that the Establishment 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.

3. Material accounting policy information (continued)

3.8 Leasing

The Establishment as lessee

The Establishment assesses whether a contract is or contains a lease, at the inception of the contract. The Establishment 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 Establishment 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.

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 Establishment 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; and
- 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 Establishment 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 affect 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. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Establishment 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.

3. Material accounting policy information (continued)

3.8 Leasing (continued)

The Establishment as lessee (continued)

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 Establishment 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.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Establishment 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 Establishment has not used this practical expedient.

3.9 Employee benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave passage as a result of services rendered by eligible employees up to the end of the year.

Provision is made for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law for their period of service up to the end of the year.

3.10 Financial instruments

Financial assets and financial liabilities are recognised in the Establishment's statement of financial position when the Establishment 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 the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3. Material accounting policy information (continued)

3.10 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

3. Material accounting policy information (continued)

3.10 Financial instruments (continued)

Financial assets (continued)

Equity instruments designated as at FVTOCI

On initial recognition, the Establishment may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Establishment manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Establishment has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Establishment designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Establishment has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item.

3. Material accounting policy information (continued)

3.10 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Establishment recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables, and other receivables. 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 Establishment always recognises lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Establishment'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 Establishment 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 Establishment 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 on evidence of a financial asset being credit-impaired at the reporting date.

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 Establishment 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 Establishment 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.

For financial guarantee contracts, the date that the Establishment becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Establishment considers the changes in the risk that the specified debtor will default on the contract.

The Establishment 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.

3. Material accounting policy information (continued)

3.10 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

The Establishment 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.

(ii) Definition of default

The Establishment employs statistical models to analyse the data collected and generate estimates of probability of default (“PD”) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Establishment.

(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 Establishment 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.

3. Material accounting policy information (continued)

3.10 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(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; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Establishment'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 Establishment in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Establishment 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. If the Establishment neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Establishment recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Establishment retains substantially all the risks and rewards of ownership of a transferred financial asset, the Establishment continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Establishment has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

3. Material accounting policy information (continued)

3.10 Financial instruments (continued)

Financial liabilities and equity

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Establishment that are designated by the Establishment as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Establishment derecognises financial liabilities when, and only when, the Establishment's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Material accounting policy information (continued)

3.10 Financial instruments (continued)

Financial liabilities and equity (continued)

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Establishment's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Establishment's own equity instruments.

3.11 Contingent liabilities

Contingent liabilities are not recognised/recorded in the separate 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 separate financial statements but disclosed when an inflow of economic benefits is probable.

3.12 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.

3. Material accounting policy information (continued)

3.13 Fair value measurement

For measurement and disclosure purposes, the Establishment determines the fair value of an asset or liability at initial measurement or at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Establishment. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Establishment uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value for measurement and/or disclosure purposes in these separate financial statements is determined on the basis as explained above, except for share-based payment transactions that are within the scope of IFRS 2; leasing transactions that are within the scope of IFRS 16 and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4. Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in note 3, management of the Establishment 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 judgements and key sources of estimation uncertainty (continued)

4.1 Critical judgements in applying accounting policies

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

Revenue recognition

In making their judgement, the Establishment considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Establishment had transferred control of the goods to the customer. Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that the control has been transferred and the recognition of the revenue is appropriate.

Taxation

There is no tax provision or deferred tax asset recorded as the Establishment is part of a tax group and is a loss-making entity after excluding all intercompany transactions for the year ended 31 March 2025. There is no deferred tax asset recognition for loss-making entity within the tax group, as the same will be offset against tax group's profits.

4.2 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.

Calculation of loss allowance

When measuring ECL the Establishment uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Establishment uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of investments

Impairment of investments at cost is assessed based upon a combination of factors to ensure that investments carried at cost represent fair value of the underlying investment. These investments are made in the equity of subsidiaries engaged in the trading of Jewellery. Accordingly, management believes that the fair value of the investments approximates the cost. Management has assessed the impairment to be Nil as at 31st March 2025.

5. Investment in subsidiaries

5.1 Details of the Establishment's subsidiaries as at 31 March 2025 are as follows:

Name of the subsidiary	**No of shares**	**Legal ownership**	**Controlling ownership**	**Amount AED (2025)**	Amount AED (2024)	**Principal activities**
Kalyan Jewellers L.L.C., U.A.E	**300**	**100%**	**100%**	**300,000**	300,000	Trading in jewellery
Kalyan Jewellers S.PC., Oman	**250,000**	**100%**	**100%**	**2,375,670**	2,375,670	Trading in jewellery
Kalyan Al Sharq Jewellers Procurement W.L.L, Qatar	**300**	**100%**	**100%**	**302,731**	-	Trading in jewellery
Kalyan Jewellers Procurement S.P.C, Oman	**250,000**	**100%**	**100%**	**2,389,048**	95,608	Trading in jewellery
Kalyan Jewellers Procurement L.L.C., UAE	**300**	**100%**	**100%**	**300,000**	300,000	Trading in jewellery
				5,667,449	**3,071,278**	

5.1.1 The share capital of Kalyan Jewellers L.L.C comprises of 300 shares of AED 1,000 each.

5.1.2 The share capital of Kalyan Jewellers S.P.C Oman comprises of 250,000 shares of Omani Riyal 1 each (AED 9.50).

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5.1.3.The share capital of Kalyan Al Sharq Jewellers Procurement W.L.L comprises of 300 shares of Qatari Riyal 1,000 each (AED 1,009).

5.1.4 The share capital of Kalyan Jewelers Procurement S.P.C, Oman comprises of 250,000 shares of Omani Rial 1 each (AED 9.55).

5.1.5 The share capital of Kalyan Jewellers Procurement L.L.C comprises of 300 shares of AED 1,000 each.

5.2 The Establishment has made additional investments the following subsidiaries in the nature of equity to meet their additional capital requirements and is detailed below:

	2025 AED	2024 AED
Kalyan Jewellers L.L.C., U.A.E	**260,000,000**	260,000,000
Kalyan Jewellers S.P.C., Oman	**37,624,330**	47,624,330
	297,624,330	307,624,330

6. Cash and cash equivalents

	2025 **AED**	2024 AED
Bank balance - current account	**346**	**9,694**

Amount held in bank is assessed to have low credit risk of default since the bank is regulated by the Central Bank of the United Arab Emirates. Accordingly, the management of the Establishment estimates the loss allowance on balance with bank at the end of the reporting period at an amount equal to 12 month ECL. The balance with bank at the end of the reporting period is not past due and taking into account the historical default experience and the current credit rating of the bank, the management of the Establishment has assessed that there is no impairment, and hence has not recorded any loss allowance on this balance.

7. Prepayments and other receivables

	2025 **AED**	2024 AED
Advances to suppliers	**-**	869,925
Interest receivable on margin deposits	**657,492**	1,007,036
Prepayments	**-**	308,331
	657,492	2,185,292
Less: Loss allowance	**(80,000)**	(80,000)
	577,492	2,105,292

In determining the recoverability of a trade receivable, the Establishment considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Establishment always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Movement in loss allowance:

	2025 **AED**	2024 AED
Balance at 1 January	**80,000**	133,300
Reversal during the year (Note 15)	**-**	(53,300)
	80,000	80,000

8. Related party transactions and balances

The Establishment entered into a variety of transactions with 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 the Establishment's directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Management decides on the terms and conditions of the transactions and services received from/rendered to related parties as well as on other charges.

The Establishment has determined that the amounts due from related parties do not carry a credit risk and the expected credit loss allowance is not material. In the process of making this determination, the Establishment has considered the terms underlying these balances, historical default rates, the ability of the related parties to settle these balances when due and the right of set off on the Group basis. The balances due from related parties are repayable on demand and there is no historical default rate. For the year ended 31 March 2025, the Establishment has not recorded any impairment loss on amounts due from related parties (2024: Nil).

At the reporting date, balances with related parties were as follows:

	2025	2024
	AED	AED
(a) Due from related parties		
Subsidiaries		
Kalyan Jewellers L.L.C., U.A.E.	**18,404,929**	22,053,705
Kalyan Jewellers S.P.C., Oman	**2,877,112**	3,529,533
	21,282,041	25,583,238
(b) Due to a related party		
Subsidiary		
Kalyan Jewellers Procurement S.P.C, Oman	**64,930**	-

Amounts due from related parties represent interest receivable on the loans provided to related parties and is payable on demand.

Amount due to a related party is non-interest bearing and is repayable on demand.

	2025	2024
	AED	AED
(c) Loans to related parties		
Subsidiaries		
Kalyan Jewellers L.L.C., UAE		
- Gold loan (Note 13)	**182,646,386**	228,259,801
Kalyan Jewellers S.P.C., Oman [Note 8(c)(i)]	**8,384,782**	48,605,226
	191,031,168	276,865,027

8. Related party transactions and balances (continued)

(c) Loans to related parties (continued)

(i) The Establishment has extended a loan to Kalyan Jewellers S.P.C., Oman, a subsidiary at an interest rate of 7.79% per annum [2024: 6.25% per annum] and the loan is repayable within 12 months from the reporting date.

	2025	2024
	AED	AED
(d) Loan from a shareholder		
Parent		
Kalyan Jewellers India Ltd.	**45,544,537**	41,174,537

Loan carries interest at the rate of 6.5% per annum. The loan is not due for repayment within the next 12 months as confirmed by the shareholder.

(e) During the current year, the Establishment entered into the following transactions with related parties:

	2025	2024
	AED	AED
Parent company		
Interest expense (Note 16)	**2,575,354**	3,364,156
Subsidiaries		
Revenue	**-**	32,362
Interest income on loan to a related party (Note 14)	**4,977,735**	9,631,818
Interest income on gold loan to a related party (Note 14)	**13,119,739**	12,677,896
Loan arrangement and letter of credit income (Note 14)	**3,184,567**	3,273,524

Bank borrowings (Note 13) are subject to certain securities which include the personal guarantees of certain shareholders of the Parent Company, corporate guarantees of the Parent Company and its subsidiaries.

Key management remuneration:

	2025	2024
	AED	AED
Salaries and other short-term benefits	**1,206,000**	1,009,500
Long-term benefits	**12,000**	9,349

9. Margin deposits

	2025	2024
	AED	AED
Margin deposits	**117,556,526**	102,591,198

Margin deposits earn interest at rates ranging from 3.2% to 4.3% per annum (2024: 2.8% to 5.4% per annum).

Margin deposits are used to secure bank borrowings as disclosed in Note 13. Margin deposits held in banks are assessed to have low credit risk of default since these banks are regulated by the central bank of the United Arab Emirates. Accordingly, the management of the Establishment estimates the loss allowance on deposits 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 banks, the management of the Establishment have assessed that there is no impairment, and hence has not recorded any loss allowances on these balances.

10. Share capital

The authorised, issued and fully paid-up shares of the Establishment are as follows:

	Percent of Ownership %	**Number of Shares**	**Amount AED**
31 March 2025			
Kalyan Jewellers India Ltd.	**100**	**385**	**385,000,000**
31 March 2024			
Kalyan Jewellers India Ltd.	100	385	385,000,000

11. Provision for employees' end of service indemnity

	2025	2024
	AED	AED
As at beginning of the year	**118,558**	109,209
Charge for the year	**12,000**	9,349
As at end of the year	**130,558**	118,558

12. Trade and other payables

	2025 AED	2024 AED
Trade payables	**29,397**	29,397
Interest payable on gold loans	**1,553,099**	979,837
	1,582,496	1,009,234

The average credit period for trade payables from third parties is 60 days (2024: 60 days).

13. Bank borrowings

	2025 AED	2024 AED
Gold loans [Note 8 (c) & 13 (a)]	**227,572,944**	273,234,773
Bank overdraft [Note 13 (b)]	**29,600,294**	70,598,374
Term loan	**-**	3,472,222
	257,173,238	347,305,369

a) The Establishment has obtained gold loan facilities with a total limit of AED 287.5 million (2024: AED 287.5 million) of which AED 227.6 million (2024: AED 273.2 million) was utilized as at the end of the reporting period. The interest rate on the gold loans availed, ranges from 3.30% to 6.0% (2024: from 3.3% to 6.1%) per annum and the tenure of gold loans is between 45 days to 12 months (2024: 30 days to 12 months). Gold loans are guaranteed by standby letters of credit issued by the Bank of the Parent Company. The Establishment has transferred 100% (2024: 100%) gold loans availed from bullion banks to its subsidiaries, Kalyan Jewellers L.L.C. UAE, and Kalyan Jewellers S.P.C. Oman, on similar terms and conditions as the banks [note 8 (c)].

At 31 March 2025, gold quantity of 621.45 Kgs (2024: 1,050 Kgs) has been obtained as a loan from bullion banks on an unfixed basis and a gold quantity of 621.45 Kgs (2024: 1,050 Kgs) has been given to related parties on an unfixed basis and has been revalued on the reporting date at the spot rate of AED 366.11 per gram (2024: AED 260.3 per gram) [Note 8(c)].

Gold loans availed during the year are subject to certain covenants. Certain bank covenants were not complied with at the year end. Management based on their ongoing relationship with the bank is confident that this will not have any significant implications on the facilities provided by the bank. The facility has been presented as a current liability.

b) The Establishment has availed overdraft facilities against postdated cheques to finance the upfront security cash margin to be held against drawdowns under unfixed gold facilities. The interest rate on these loans availed, ranges from 7.74% to 10.43% (2024: from 3.5% to 7.0%) per annum.

13. Bank borrowings (continued)

The borrowings are subject to certain securities which include the personal guarantees of certain shareholders of the Parent Company, corporate guarantees of the Parent Company and subsidiaries, cash margin covering the unfixed gold facility, assignment of jewellery block insurance policy covering the Establishment and its subsidiaries; assignment of point of sales collections and pledge over bank account in which collections to be deposited; letters of credit, settlement cheques, hypothecation over stocks and receivables.

Reconciliation of liabilities arising from financing activities:

	1 April 2024 AED	Financing cash flows Proceeds AED	Financing cash flows Repayments AED	Other changes AED	**31 March 2025 AED**
Bank borrowings	347,305,369	1,102,637,841	(1,192,769,972)	-	**257,173,238**

14. Finance income

	2025 AED	2024 AED
Interest income on other loans to a related party [note 8 (e)]	**4,977,735**	9,631,818
Interest income on gold loan to a related party [note 8 (e)]	**13,119,739**	12,677,896
Interest income on margin deposits [note 7 (a)]	**3,056,544**	1,649,733
Loan arrangement and letters of credit fees recharged to related party [note 8 (e)]	**3,184,567**	3,273,524
	24,338,585	27,232,971

15. General and administrative expenses

	2025 AED	2024 AED
Salaries and benefits	**1,087,975**	1,447,111
Professional fees	**601,962**	1,822,364
Bank charges	**51,811**	4,885
Rent expense	**121,105**	121,091
Remeasurement of loss allowance on trade receivables	**-**	(53,300)
	1,862,853	3,342,151

16. Finance costs

	2025	2024
	AED	AED
Interest expense on gold loans	**13,323,017**	12,677,896
Interest expense on loan from a related party	**2,575,354**	3,364,156
Interest expense on term loan and bank overdraft	**2,402,381**	6,267,662
Loan arrangement and letter of credit fee	**3,184,567**	3,273,524
	21,485,319	25,583,238

17. Revenue

	2025	2024
	AED	AED
Revenue	**-**	32,362

18. Cost of sales

	2025	2024
	AED	AED
Purchases	**-**	32,362

19. Hedging activities and derivatives

The aggregate net loss on derivative financial instruments recognized in profit or loss are:

	2025	2024
	AED	AED
Net loss on derivative financial instruments not designated as hedging instruments	**-**	(3,907,792)

20. Financial instruments

a) Material accounting policy information

Details of the material accounting policy information 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 separate financial statements.

20. Financial instruments (continued)

b) Categories of financial instruments

	2025 AED	2024 AED
Financial assets		
At amortised cost	**330,447,573**	405,976,193
Financial liabilities		
At amortised cost	**304,365,201**	389,489,140

c) Fair value of financial instruments

The fair value of financial assets and financial liabilities at year-end approximate their carrying amounts in the separate statement of financial position.

21. Financial risk management

The Establishment's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Establishment. 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.

(a) Credit risk

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

The Establishment's current credit risk grading framework comprises the following categories:

Category	*Description*	*Basis for recognizing expected credit losses*
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is more than 180 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit impaired.
In default	Amount is more than 365 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Establishment has no realistic prospect of recovery.	Amount is written off

The Establishment's principal financial assets are cash and cash equivalents, other receivables, due from related parties, loan to related parties and margin deposits. The credit risk on bank balances, other receivables and margin deposits is limited because the counterparties are financial institutions registered in the United Arab Emirates.

Credit risk on loans to related parties and amounts due from related parties is limited as the management of the Establishment is actively involved in the operations of the related parties.

21. Financial risk management (continued)

(b) Exchange rate risk

At the reporting date, there were no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in U.A.E. Dirhams or U.S. Dollars, to which the Dirham is pegged.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management. The Establishment 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 Establishment has access to loans from related parties to further reduce liquidity risk.

Liquidity risk tables

The following tables detail the Establishment's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Establishment can be required to pay. The tables comprise principal cash flows.

	Average interest rate %	**Less than 1 year AED**	**Between 2 to 5 years AED**	**Total AED**
31 March 2025				
Variable interest rate instrument	**6.87%**	**257,173,238**	**-**	**257,173,238**
Fixed interest rate instrument	**6.5%**	**-**	**45,544,537**	**45,544,537**
Non-interest bearing instruments	**-**	**1,647,426**	**-**	**1,647,426**
		258,820,664	**45,544,537**	**304,365,201**
31 March 2024				
Variable interest rate instrument	6%	347,305,369	-	347,305,369
Fixed interest rate instrument	6.5%	-	41,174,537	41,174,537
Non-interest bearing instruments	-	1,009,234	-	1,009,234
		348,314,603	41,174,537	389,489,140

21. Financial risk management (continued)

(c) Liquidity risk (continued)

Liquidity risk tables (continued)

The following tables detail the Establishment's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets except where the Establishment anticipates that the cash flow will occur in a different period.

	Average interest rate %	**Less than 1 year AED**	**Total AED**
31 March 2025			
Fixed interest rate instruments	**7.79%**	**191,031,168**	**191,031,168**
Variable interest rate instrument	**3.75%**	**117,556,526**	**117,556,526**
Non-interest bearing instruments	**-**	**21,859,879**	**21,859,879**
		330,447,573	**330,447,573**
31 March 2024			
Fixed interest rate instruments	6%	276,865,027	276,865,027
Variable interest rate instrument	2.5%	102,591,198	102,591,198
Non-interest bearing instruments	-	26,519,968	26,519,968
		405,976,193	405,976,193

(d) Interest rate risk

The Establishment is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Establishment by maintaining an appropriate mix between fixed and floating rate borrowings.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Establishment's profit for the year ended 31 March 2025 would increase/decrease by AED 257,072 (2024: loss will increase/decrease by AED 160,754). The interest rate risk is attributable to margin deposits and variable interest loans to related parties and bank borrowings.

(e) Commodity risk

The Establishment is exposed to price risk on its gold borrowings. The increased volatility in gold price over the past 12 months has led to decision to enter into derivative contracts. These contracts are expected to reduce the volatility attributable to price fluctuation of gold. However, there are no open contracts as at 31 March 2025.

22. Capital risk management

The capital structure of the Establishment consists of cash and cash equivalents and equity comprising issued share capital and accumulated losses as disclosed in the separate statement of changes in equity and loan from a shareholder.

The Establishment manages its capital to ensure that the Establishment will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balances.

23. Taxation

On 9 December 2022 UAE Federal Decree Law No. 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 at which the 9% tax will apply was set in place by Cabinet Decision No. 116 of 2022 which was published on 16 January 2023 and at this point the tax law was considered enacted and substantively enacted for accounting purposes.

The Establishment is in scope of Pillar Two legislation as it operates in jurisdictions that have enacted or substantively enacted Pillar Two legislation and its consolidated revenue exceeds €750 million threshold.

UAE published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses on 24 November 2023, as part of its commitment to the OECD guidelines.

The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar Two Rules. Subsequently, Cabinet Decision No. 142 of 2024 was issued which specified that the supplementary tax in relation to introduction of Pillar Two shall apply to financial years starting on or after 1 January 2025.

As the Financial Year ends on 31 March, the first Tax Period for Kalyan Jewellers FZE including its subsidiaries in the UAE for UAE CT purposes is from 1 April 2024 to 31 March 2025.

24. Withdrawal of previously issued separate financial statements

Subsequent to the issuance of the separate financial statements management identified that the loan from shareholder was incorrectly presented under "Less than 1 year" category in Note 21 (c). The separate financial statements have been reissued to correct this error.

Previously reported:

	Average interest rate %	Less than 1 year AED	Carrying amount AED
31 March 2025			
Variable interest rate instrument	**6.87%**	**257,173,238**	**257,173,238**
Fixed interest rate instrument	**6.5%**	**45,544,537**	**45,544,537**
Non-interest bearing instruments	**-**	**1,647,426**	**1,647,426**
		304,365,201	**304,365,201**

24. Withdrawal of previously issued separate financial statements (continued)

	Average interest rate %	Less than 1 year AED	Carrying amount AED
31 March 2024			
Variable interest rate instrument	6%	347,305,369	347,305,369
Fixed interest rate instrument	6.5%	41,174,537	41,174,537
Non-interest bearing instruments	-	1,009,234	1,009,234
		389,489,140	389,489,140

As restated:

	Average interest rate %	**Less than 1 year AED (Restated)**	**Between 2 to 5 years AED (Restated)**	**Total AED**
31 March 2025				
Variable interest rate instrument	**6.87%**	**257,173,238**	**-**	**257,173,238**
Fixed interest rate instrument	**6.5%**	**-**	**45,544,537**	**45,544,537**
Non-interest bearing instruments	**-**	**1,647,426**	**-**	**1,647,426**
		258,820,664	**45,544,537**	**304,365,201**
31 March 2024				
Variable interest rate instrument	6%	347,305,369	-	347,305,369
Fixed interest rate instrument	6.5%	-	41,174,537	41,174,537
Non-interest bearing instruments	-	1,009,234	-	1,009,234
		348,314,603	41,174,537	389,489,140

25. Approval of the separate financial statements

The separate financial statements were approved by the management and authorised for issue on 25 July 2025.