Kalyan Jewellers L.L.C.
Dubai - United Arab Emirates

Reports and separate financial statements
for the year ended 31 March 2026

Kalyan Jewellers L.L.C.

Table of contents

DIRECTORS' REPORT

The Directors have pleasure in submitting their report, together with the audited separate financial statements of **Kalyan Jewellers L.L.C, United Arab Emirates** (the "Company") for the year ended 31 March 2026.

Principal activities

The principal activity of the Company is jewellery trading.

Results

Revenue for the year ended 31 March 2026 was AED 1,597,923,474 compared to AED 1,212,395,154 for the previous year. Profit for the year after tax was AED 24,145,302 (2025: AED 16,410,734).

Auditors

The Directors propose the re-appointment of Deloitte & Touche (M.E.) as external auditors for the year ending 31 March 2027.

Release

The Directors release from liability the Company's management and the external auditor in connection with their duties for the year ended 31 March 2026.

On behalf of the Board of Directors

V Krishnamoorthy

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Krishnamoorthy Viswanathan

Dubai
United Arab Emirates

KALYAN JEWELLERS L.L.C.
P.O. Box: 113496
DUBAI - U.A.E.

Deloitte & Touche (M.E.)
Building 2, Level 3
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax:+971 (0) 4 376 8899
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

The Shareholder
Kalyan Jewellers L.L.C.
Dubai
United Arab Emirates

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of **Kalyan Jewellers L.L.C.** (the "Company"), which comprise the separate statement of financial position as at 31 March 2026 and the separate statement of profit or loss and other 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 financial position of the Company as at 31 March 2026, and its financial performance and its 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 ("ISA"). 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' Code of Ethics for Professional Accountants including International Independence Standards ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the Company'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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the separate financial statements and our report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Cont'd…

Deloitte.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Kalyan Jewellers L.L.C. (continued)

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 as issued by the IASB and their preparation in compliance with the applicable provisions of the articles of association of the Company and UAE Federal Decree Law No. (32) of 2021, as amended, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 ISA 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 ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 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 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 report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Kalyan Jewellers L.L.C. (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the U.A.E. Federal Decree Law No. (32) of 2021, as amended, we report that as at 31 March 2026:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The separate financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Decree Law No. (32) of 2021, as amended;
- The Company has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the Company's books of account;
- Company has not purchased or invested in any shares during the current year;
- Note 9 to the financial statements of the Company discloses material related party transactions and the terms under which they were conducted and principles of managing conflict of interests; and
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2026 any of the applicable provisions of the U.A.E. Federal Decree Law No. (32) of 2021, as amended, or of its Articles of Association which would materially affect its activities or its financial position as at 31 March 2026.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No.: 995
30 June 2026
Dubai
United Arab Emirates

Kalyan Jewellers L.L.C.

Separate statement of financial position as at 31 March 2026

	Notes	2026 AED	2025 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	**37,458,813**	33,844,802
Right-of-use assets	11	**135,067,497**	138,952,808
Investment in subsidiaries	6	**1,162,540**	1,162,540
Additional investment in subsidiaries	7	**139,623,852**	101,623,852
Deferred tax asset		**2,383,242**	-
Total non-current assets		**315,695,944**	275,584,002
Current assets			
Inventories	13	**619,435,635**	434,236,440
Inventories on lease	13	**128,011,235**	87,484,151
Due from related parties	10 (a)	**8,755,201**	14,417,826
Loan to related parties	10 (d)	**53,707,974**	205,372,195
Derivative financial instruments	26	**10,314,876**	50,969,740
Trade and other receivables	9	**54,601,539**	74,542,887
Cash and cash equivalents	8	**7,637,477**	18,260,423
Total current assets		**882,463,937**	885,283,662
Total assets		**1,198,159,881**	1,160,867,664
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**300,000**	300,000
Statutory reserve	15	**150,000**	150,000
Retained earnings		**130,788,861**	106,643,559
Loan from a shareholder	16	**300,000,000**	260,000,000
Total equity		**431,238,861**	367,093,559
Non-current liabilities			
Provision for employees' end-of-service indemnity	17	**3,742,112**	2,827,504
Non-current portion of lease liabilities	12	**3,442,331**	6,630,209
Total non-current liabilities		**7,184,443**	9,457,713
Current liabilities			
Trade and other payables	18	**145,662,323**	200,897,501
Lease inventory payable	18	**128,011,235**	87,484,151
Lease liabilities	12	**10,075,873**	10,770,145
Derivative financial instruments	26	**10,315,377**	51,158,001
Loan from a related party	10 (c)	**105,600,897**	182,646,386
Due to a related party	10 (e)	**14,466,202**	18,404,929
Bank borrowings	19	**340,304,670**	230,035,279
Income tax payable	25	**5,300,000**	2,920,000
Total current liabilities		**759,736,577**	784,316,392
Total liabilities		**766,921,020**	793,774,105
Total equity and liabilities		**1,198,159,881**	1,160,867,664

V. Krishnamurthy

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Director

KALYAN JEWELLERS L.L.C. P.O. Box: 113436 DUBAI - U.A.E.

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

Kalyan Jewellers L.L.C.

Separate statement of profit or loss and other comprehensive income
for the year ended 31 March 2026

	Notes	2026 AED	2025 AED
Revenue	20	**1,597,923,474**	1,212,395,154
Cost of sales	21	**(1,454,148,828)**	(1,088,091,680)
Gross profit		**143,774,646**	124,303,474
Selling, general and administrative expenses	22	**(84,558,913)**	(75,642,694)
Other income	23	**764,172**	335,550
Operating profit		**59,979,905**	48,996,330
Finance income		**8,189,244**	13,851,868
Loss on derivative financial instruments	26	**(501)**	(188,261)
Finance costs	24	**(41,462,212)**	(43,329,203)
Profit before tax		**26,706,436**	19,330,734
Income tax	25	**(2,561,134)**	(2,920,000)
Profit after tax		**24,145,302**	16,410,734
Other comprehensive income		**-**	-
Total comprehensive income for the year		**24,145,302**	16,410,734

Kalyan Jewellers L.L.C.

Separate statement of changes in equity
for the year ended 31 March 2026

	Share capital AED	Statutory reserve AED	Retained earnings AED	Loan from a shareholder AED	Total AED
Balance at 31 March 2024	300,000	150,000	90,232,825	260,000,000	350,682,825
Total comprehensive income for the year	-	-	16,410,734	-	16,410,734
Balance at 31 March 2025	300,000	150,000	106,643,559	260,000,000	367,093,559
Total comprehensive income for the year	-	-	24,145,302	-	24,145,302
Additional proceeds	-	-	-	40,000,000	40,000,000
Balance at 31 March 2026	**300,000**	**150,000**	**130,788,861**	**300,000,000**	**431,238,861**

Kalyan Jewellers L.L.C.

Separate statement of cash flows for the year ended 31 March 2026

	2026 AED	2025 AED
Cash flows from operating activities		
Profit for the year before tax	**26,706,436**	19,330,734
Adjustments for:		
Finance costs – borrowings	**40,636,904**	42,458,931
Finance costs – lease liabilities	**825,308**	870,272
Depreciation of property, plant and equipment	**4,100,940**	3,655,412
Depreciation of right-of-use assets	**15,005,491**	13,534,913
Gain on disposal of property, plant and equipment	**(17,619)**	(19,048)
Unrealised loss on derivative financial instruments	**501**	188,261
Finance income	**(8,189,244)**	(13,851,868)
Provision for employees' end-of-service indemnity	**1,154,955**	473,021
Operating cash flows before changes in operating assets and liabilities	**80,223,672**	66,640,628
Increase in inventories	**(178,472,100)**	(15,723,114)
Increase in Inventory on lease	**(47,254,179)**	(87,484,151)
Decrease in trade and other receivables	**19,941,348**	39,166,482
Decrease/(increase) in due from related parties	**5,662,625**	(829,268)
(Decrease)/increase in trade and other payables	**(61,962,273)**	8,894,434
Increase in lease inventory payable	**47,254,179**	87,484,151
Cash (used in)/generated from operations	**(134,606,728)**	98,149,162
Employees' end-of-service indemnity paid	**(240,347)**	(193,445)
Interest paid	**(44,575,631)**	(46,107,707)
Income tax paid	**(2,564,376)**	-
Net cash (used in)/generated from operating activities	**(181,987,082)**	51,848,010
Cash flows from investing activities		
Additional investment in subsidiaries	**(38,000,000)**	-
Purchase of property, plant and equipment	**(7,714,951)**	(6,730,241)
Interest received	**13,851,869**	12,912,726
(Decrease)/increase in loan to a related party	**146,001,596**	(41,500,823)
Payment for lease key money	**(206,182)**	(15,850,000)
Proceeds from sale of property, plant and equipment	**17,619**	19,048
Net cash generated from/(used in) investing activities	**113,949,951**	(51,149,290)
Cash flows from financing activities		
Settlement of derivative financial instruments	**(188,261)**	(604,226)
Proceeds of loan from a shareholder	**40,000,000**	-
Repayments of loan from a related party	**(77,045,489)**	(45,613,414)
Repayment of lease liabilities	**(15,621,456)**	(15,041,004)
Proceeds from bank borrowings	**110,269,391**	68,055,765
Repayments of bank borrowings	**-**	(1,539,673)
Net cash generated from financing activities	**57,414,185**	5,257,448
Net (decrease)/ increase in cash and cash equivalents	**(10,622,946)**	5,956,168
Cash and cash equivalents at the beginning of the year	**18,260,423**	12,304,255
Cash and cash equivalents at the end of the year (Note 8)	**7,637477**	18,260,423

1. General information

Kalyan Jewellers L.L.C. (the "Company") is a Limited Liability Company registered in Dubai, United Arab Emirates and established on 24 September 2013 as per commercial registration certificate No. 698816 issued by the Department of Economic Development. The Company's registered office is at Unit No 1201-1204, 12th Floor, Al Nouf Tower, Plot No.129-126, Port Saeed, Deira, Dubai, U.A.E.

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

The principal activity of the Company is jewellery trading.

These financial statements are the separate financial statements of the Company. In accordance with IFRS 10: *Consolidated Financial Statements*, the Company has elected not to prepare consolidated financial statements, as the parent company, Kalyan Jewellers FZE, produces financial statements that complies with IFRSs.

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 Company 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 2025. 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	***Summary***
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.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 April 2025.

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

At the date of authorisation of these separate financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments	1 January 2026
The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.	

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

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

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding purchase power arrangements	1 January 2026
The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity.	
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	
Annual improvements to IFRS Accounting Standards - Volume 11	1 January 2027
The pronouncement comprises the following amendments: • IFRS 1 First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter • IFRS 7 Financial Instruments - Disclosures: Gain or loss on derecognition • IFRS 7 Financial Instruments - Disclosures: Disclosure of deferred difference between fair value and transaction price • IFRS 7 Financial Instruments - Disclosures: Introduction and credit risk disclosures • IFRS 9 Financial Instruments: Lessee derecognition of lease liabilities • IFRS 9 Financial Instruments: Transaction price • IFRS 10 Consolidated Financial Statements: Determination of a "de facto agent" • IAS 7 Statement of Cash Flows: Cost method	
Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued.	

The Company 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 may have no material impact on the financial statements of Company 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 Accounting standards).

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 Investment in subsidiaries

Subsidiary undertakings are those entities which are controlled by the Company. Control is achieved where the Company 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 Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control 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*. In accordance with IFRS 10: *Consolidated Financial Statements*, the Company has elected not to prepare consolidated financial statements, as these are produced by the parent company of the Company, Kalyan Jewellers FZE.

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

3.4 Revenue recognition

Sale of goods

The Company 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.

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

3. Material accounting policy information (continued)

3.4 Revenue recognition (continued)

Sale of goods (continued)

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company 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 Company 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 Company's performance as the Company performs; or
b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c) The Company's performance does not create an asset with an alternative use to the Company 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 Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

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 Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company 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 Company 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 Company 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 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 Company is determined on the basis of first-in, first-out (FIFO) 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 for loan obtained from banks is recorded for the same amount for unfixed gold.

Inventories on lease are recorded as an asset with a corresponding liability as lease inventory payable. Cost of inventories on lease is determined on the basis of bullion rate prevailing as at the date of reporting and a corresponding liability is recorded for the same amount.

3.6 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 recognised 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.

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

	Useful life
Computer equipment	3 years
Leasehold improvements	3 years
Electrical equipment	10 years
Motor vehicles	10 years
Plant and machinery	15 years
Furniture and fixtures	10 years

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.

3. Material accounting policy information (continued)

3.6 Property, plant and equipment (continued)

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.

3.7 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.

3.8 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.

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;

3. Material accounting policy information (continued)

3.8 Leasing (continued)

The Company as lessee (continued)

- 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 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, 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.

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.

3. Material accounting policy information (continued)

3.8 Leasing (continued)

The Company as lessee (continued)

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.

3.9 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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 separate statement of profit or loss.

3.10 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 indemnity due to employees in accordance with the UAE Labour Law for their period of service up to the end of the year.

3. Material accounting policy information (continued)

3.11 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 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.

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.

3. Material accounting policy information (continued)

3.11 Financial instruments (continued)

Financial assets (continued)

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.

Equity instruments designated as at FVTOCI

On initial recognition, the Company 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 Company 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 investment 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 Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

3. Material accounting policy information (continued)

3.11 Financial instruments (continued)

Financial assets (continued)

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 Company 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 Company 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.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. 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, contract assets and lease receivables. The expected credit losses 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 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.

3. Material accounting policy information (continued)

3.11 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(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.

For financial guarantee contracts, the date that the Company 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 Company considers the changes in the risk that the specified debtor will default on the contract.

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.

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.

(ii) Definition of default

The Company 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 Company.

3. Material accounting policy information (continued)

3.11 Financial instruments (continued)

Financial assets (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.

(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 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.

3. Material accounting policy information (continued)

3.11 Financial instruments (continued)

Financial assets (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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company 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 investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company 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.

Financial liabilities

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 Company that are designated by the Company 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.

3. Material accounting policy information (continued)

3.11 Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

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 Company derecognises financial liabilities when, and only when, the Company'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.

Financial liabilities and equity

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 Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company'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 Company's own equity instruments.

3.12 Derivative financial instruments

The Company enters into derivative financial instruments such as commodity forward and swap contracts to manage its exposure to commodity price risks. Further details of derivative financial instruments are disclosed in Note 26.

Such derivative financial instruments are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. Material accounting policy information (continued)

3.12 Derivative financial instruments (continued)

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the separate financial statements unless the Company has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.13 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.

3.14 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 separate statement of comprehensive income in the period in which they are incurred.

3.15 Fair value measurement

For measurement and disclosure purposes, the Company 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 Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

3. Material accounting policy information (continued)

3.15 Fair value measurement (continued)

The Company 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.

3.16 Taxation

The income tax expense represents the sum of current and deferred income tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

3. Material accounting policy information (continued)

3.16 Taxation (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset 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 tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. Critical accounting judgements and key sources of estimation uncertainty

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

The 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 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 separate financial statements.

Revenue recognition

In making their judgement, the Company considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Company 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.

Loan from a shareholder

Loan from a shareholder represents additional funds provided by the shareholder and is classified as equity. In determining whether the funds/loan 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 the funds/loan is interest free, there are no contractual obligations to repay the amount and repayment is at the discretion of the issuer. Management is satisfied that it is appropriately classified as equity in the separate statement of financial position (Note 16).

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.
Useful lives and depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated over the estimated useful lives, which is based on the expected usage of the asset, expected physical wear and tear, and the repairs and maintenance program and the residual value. The Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. The management has not considered any residual value as it is deemed immaterial.

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.

Calculation of loss allowance

When measuring ECL the Company 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 Company uses estimates for the computation of loss rates.

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

4.2 *Key sources of estimation uncertainty (continued)*

Calculation of loss allowance (continued)

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.

Estimation of the lease term and useful lives of right-of-use assets recognized under IFRS 16

The Company has leased shops and office premises for a period ranging from 1 to 3 years. The Management has determined the lease term by taking into consideration the remaining period of the lease, the local laws and regulations within each Emirate and any residual guarantee period within each contract.

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%. The Management assumes that the Company can obtain borrowings at a rate equivalent to 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 12.

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 AED 119,134,163 as at 31 March 2026 (31 March 2025: AED 118,934,163). The Company's management has determined that the closing impairment provision is amounting to AED Nil (2025: AED Nil).

Impairment of right-of-use asset

As at 31 March 2026, management assessed whether there are indications that the right-of-use assets which are included in its statement of financial position at AED 135,067,497 (2025: AED 138,952,808) are subject to impairment under IAS 36- Impairment of Assets.

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

4.2 *Key sources of estimation uncertainty (continued)*

Impairment of right-of-use asset (continued)

Management has assessed the recoverable amount of the right-of-use assets, which is higher of its fair value less cost of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from current real estate market conditions and binding agreements with landlords. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is not sensitive to the estimates and discount rate used for the Discounted Cashflow model as well as the expected future cash-inflows based on the forecasted budget and the growth rate used for extrapolation purposes.
Budgets comprise estimates of revenue, staff costs, overheads and gross margins based on current and anticipated market conditions that have been considered and approved by the management for each cash generating unit retail shop.

The sensitivity analysis in respect of the estimates and assumptions used to estimate recoverable amount of right-of-use assets is presented in Note 11.

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).

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

5. Property, plant and equipment

	Computer equipment AED	Electrical equipment AED	Motor Vehicles AED	Plant and machinery AED	Furniture and fittings AED	Total AED
Cost						
At 31 March 2024	6,679,913	4,985,985	709,035	892,553	51,248,138	64,515,624
Additions during the year	178,480	804,288	138,521	-	5,608,952	6,730,241
Disposals during the year	-	-	(94,989)	-	-	(94,989)
At 31 March 2025	6,858,393	5,790,273	752,567	892,553	56,857,090	71,150,876
Additions during the year	140,708	568,942	134,594	-	6,870,707	7,714,951
Disposals during the year	-	-	(89,960)	-	-	(89,960)
At 31 March 2026	**6,999,101**	**6,359,215**	**797,201**	**892,553**	**63,727,797**	**78,775,867**
Accumulated depreciation						
At 31 March 2024	6,013,947	3,453,743	373,031	568,241	23,336,689	33,745,651
Charge for the year	367,586	361,773	44,186	43,469	2,838,398	3,655,412
Eliminated on disposal	-	-	(94,989)	-	-	(94,989)
At 31 March 2025	6,381,533	3,815,516	322,228	611,710	26,175,087	37,306,074
Charge for the year	336,546	391,934	51,102	43,469	3,277,889	4,100,940
Eliminated on disposal	-	-	(89,960)	-	-	(89,960)
At 31 March 2026	**6,718,079**	**4,207,450**	**283,370**	**655,179**	**29,452,976**	**41,317,054**
Carrying amount						
At 31 March 2026	**281,022**	**2,151,765**	**513,831**	**237,374**	**34,274,821**	**37,458,813**
At 31 March 2025	476,860	1,974,757	430,339	280,843	30,682,003	33,844,802

Included in property, plant and equipment are assets amounting to AED 8,617,082 (2025: AED 7,933,394) which are fully depreciated as at the reporting date as these are still in Company’s use as at 31 March 2026.

6. Investment in subsidiaries

At 31 March 2026, the Company has the following subsidiaries, details of which are as follows:

Name	Place of incorporation	Amount in AED	Legal ownership	Controlling ownership	Principal activities
1.Kalyan Jewellers for Golden Jewelleries W.L.L., Kuwait	Kuwait	**659,500**	**49%**	**100%**	Trading in jewellery
2.Kalyan Jewellers W.L.L, Qatar	Qatar	**203,040**	**49%**	**100%**	Trading in jewellery
3.Kenouz Al Sharq Gold Ind. L.L.C.	UAE	**300,000**	**100%**	**100%**	Manufacturing of jewellery
		1,162,540			

1. The share capital of Kalyan Jewelers for Golden Jewelleries W.L.L., Kuwait is Kuwaiti Dinar 50,000 divided into 100 shares of Kuwaiti Dinar 500 each. Badr Nasser Ali Al-Itaibi, the local shareholder holds 51% of the share capital for the beneficial interest of the Company.
2. The share capital of Kalyan Jewelers W.L.L, Qatar is Qatari Riyal 200,000 divided into 200 shares of Qatari Riyal 1,000 each. Nasser Darwish A Mashhadi, the local shareholder holds 51% of the share capital for the beneficial interest of the Company.
3. The share capital of Kenouz Al Sharq Gold Ind. L.L.C., UAE is United Arab Emirates Dirhams 300,000 divided into 300 shares of United Arab Emirates Dirham 1,000 each.

7. Additional investments in subsidiaries

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

	2026 AED	2025 AED
Kalyan Jewellers for Golden Jewelleries W.L.L, Kuwait	**83,565,163**	55,362,123
Kalyan Jewellers W.L.L., Qatar	**56,058,689**	46,261,729
	139,623,852	101,623,852

8. Cash and cash equivalents

	2026 AED	2025 AED
Cash on hand	**2,484,714**	5,096,892
Bank balances - current accounts	**5,152,763**	13,163,531
	7,637,477	18,260,423

8. Cash and cash equivalents (continued)

Amounts held in banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of the United Arab Emirates. Accordingly, the management of the Company estimates the loss allowance on balance with banks at the end of the reporting period at an amount equal to 12 months expected credit losses. The balances with banks at the end of the reporting period are not past due and taking into account the historical default experience and the current credit ratings of the banks, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

9. Trade and other receivables

	2026	2025
	AED	AED
Trade receivables – related parties [Note 10(b)]	**41,645,616**	56,075,191
Trade receivables – others	**8,363,767**	3,582,110
	50,009,383	59,657,301
Less: loss allowance	**(180,000)**	(180,000)
	49,829,383	59,477,301
Advances to other suppliers	**2,155,374**	3,392,758
Credit card receivables	**1,112,228**	7,784,140
Deposits and other receivables	**1,179,320**	1,155,580
Prepayments	**325,234**	2,733,108
	54,601,539	74,542,887

The Company has determined that the amounts due from related parties do not carry a credit risk and hence expected credit loss allowance is not material. In the process of making this determination, the Company 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 a Group basis. The balances due from related parties are repayable on demand and there is no history of default.

Trade receivables – others, represents amounts receivable from third parties and receivables from credit card companies as at the reporting date. The average credit period for receivables from third parties is 30 days (2025: 30 days). The Company’s trade receivable balances from third parties are not impaired.

Credit card receivables are realised within three working days. Credit card receivables have been pledged with a bank against the borrowings availed by the Company (Note 19).

Trade receivables are secured against bank borrowings of the Company.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Company 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.

9. Trade and other receivables (continued)

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

	Expected credit loss rate	Gross carrying amount AED	Loss allowance AED	Net carrying amount AED
31 March 2026				
Low risk	**0.4%**	**50,009,383**	**(180,000)**	**49,829,383**
31 March 2025				
Low risk	0.3%	59,657,301	(180,000)	59,477,301

Ageing of trade receivables:

	Gross carrying amount AED	Loss allowance AED	Net carrying amount AED
31 March 2026			
Current	**51,121,611**	**(180,000)**	**50,941,611**
31 March 2025			
Current	67,441,441	(180,000)	67,261,441

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 AED	Individually assessed AED	Total AED
Balance as at 31 March 2024	180,000		180,000
Net re-measurement of loss allowance (Note 22)	-	-	-
Balance as at 31 March 2025	180,000	-	180,000
Net re-measurement of loss allowance (Note 22)	-	-	-
Balance as at 31 March 2026	**180,000**	**-**	**180,000**

10. Related party transactions and balances

The Company 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 Company'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 Company has determined that the amounts due from related parties do not carry a credit risk and hence expected credit loss allowance is not material. In the process of making this determination, the Company 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 a 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 2026, the Company has recorded Nil (2025: Nil) impairment loss on amounts due from related parties.

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

	2026	2025
	AED	AED
(a) Due from related parties		
Ultimate Parent Company		
Kalyan Jewellers India Ltd.	**565,958**	565,958
Subsidiaries		
Kalyan Jewellers for Golden Jewelleries W.L.L, Kuwait	**2,876,179**	5,380,209
Kalyan Jewellers W.L.L., Qatar	**5,313,064**	8,471,659
	8,755,201	14,417,826

Due from related parties are non-interest bearing and receivable on demand.

	2026	2025
	AED	AED
(b) Disclosed as trade receivables		
Subsidiary		
Kenouz Al Sharq Gold Ind. L.L.C. (Note 9)	**41,645,616**	56,075,191
(c) Loan from a related party		
Parent Company		
Kalyan Jewellers FZE		
- Gold loan [Note 10(c)(i)]	**105,600,897**	182,646,386

10. Related party transactions and balances (continued)

(c) Loan from a related party (continued)

(i) The Company availed gold loans amounting to AED 106 million (2025: AED 183 million) as at the end of the reporting period from the Parent Company. The interest rates on gold loans range from 3.30% to 6.75% per annum (2025: from 3.3% to 6.5% per annum) and the tenure of the gold loan is 12 months (2024: 12 months). The loans are guaranteed by standby letters of credit issued by the bank of the Ultimate Parent Company to the bullion banks. Gold received from the Parent Company is on an unfixed basis, and aggregates to 194.97 Kgs (2025: 498.88 Kgs) as at the end of the reporting period and has been revalued at the closing bullion rate of AED 541.61 per gram (2025: 366.11 per gram).

	2026	2025
	AED	AED
(d) Loans to related parties		
Subsidiaries		
Kalyan Jewellers W.L.L – Qatar	**43,389,393**	123,397,160
Kalyan Jewelers for Golden Jewelries W.L.L, Kuwait	**10,318,581**	81,975,035
	53,707,974	205,372,195

The loans to related parties is interest bearing and carries interest at the rate of 5.3% to 7.7% (2025: 7.8% to 9.1%) payable to the related party at the end of each year.

	2026	2025
	AED	AED
(e) Due to a related party		
Parent		
Kalyan Jewellers FZE	**14,466,202**	18,404,929

The amounts due to related parties are non-interest bearing and repayable on demand.

(f) Transactions with related parties during the year

	2026	2025
	AED	AED
Parent Company		
Interest expense (Note 24)	**14,466,202**	18,404,929
Subsidiaries		
Sales	**492,162,574**	367,027,607
Purchases	**400,305,000**	276,000,687
Finance income	**8,189,244**	13,851,868

10. Related party transactions and balances (continued)

(f) Transactions with related parties during the year (continued)

Key management remuneration

	2026	2025
	AED	AED
Salaries and other benefits		
- Short-term	**944,584**	1,056,882
- Long-term	**75,504**	33,096

11. Right-of-use assets

The Company has leased space for showrooms and offices from different lessors in the UAE. The average lease term ranges from 1 to 3 years:

	2026	2025
	AED	AED
Cost		
At 1 April	**148,574,970**	127,145,840
Additions	**11,113,998**	37,033,741
On early terminations/renewal of contracts	**(11,914,521)**	(15,604,611)
At 31 March	**147,774,447**	148,574,970
Accumulated depreciation and impairment		
At 1 April	**9,622,162**	11,691,860
On early terminations/renewal of contracts	**(11,920,703)**	(15,604,611)
Charge for the year	**15,005,491**	13,534,913
At 31 March	**12,706,950**	9,622,162
Carrying amount at 31 March	**135,067,497**	138,952,808

The management tests right-of-use assets annually for impairment, or more frequently if there are indicators that they may be impaired.

The recoverable amount of the right-of-use asset as a 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 8.3% (2025: 8.9%) per annum. Cash flow projections and profitability for the future years of forecast are based on the assumption of a consistent gross margin similar to that achieved for the current year and on the below mentioned projected revenues:

- Increase in projected revenue of 16.5% in the first till the end of fifth year subsequent to the year ended 31 March 2026.

11. Right-of-use assets (continued)

Cash flow projections and profitability beyond the five-year period (as explained above) are based on a consistent gross margin (as explained above) and a steady increase of 3.2% (2025: 3.2%) per annum growth rate which are estimated by the Company's management based on past performance of the retail stores and the management's expectations of future market recovery.

Sensitivity analysis

The Company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which right-of-use assets is allocated. The management believe that any reasonably possible change in the key assumptions on which the recoverable amount of the right-of-use assets is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs except to the extent of impairment already recorded on right-of-use asset.

At the end of the financial year there is no impairment on the right-of-use assets.

Budgeted sales growth:

At the CGU level, had budgeted sales growth for each shop been 1% lower in each subsequent 5 years of analysis (other key assumptions remaining constant), no impairment charge would be incurred.

Weighted average cost of capital:

At the CGU level, had the weighted average cost of capital for each shop been increased by 3% (other key assumptions remaining constant), no impairment charge would be incurred.

Terminal growth rates:

At the CGU level, had the terminal growth rates for each shop been reduced to 1% (other key assumptions remaining constant), no impairment charge would be incurred.

The total cash outflows for leases amounts to AED 15,773,367 (2025: AED 30,891,004).

12. Lease liabilities

Lease liabilities included in the separate statement of financial position as follows:

	2026	2025
	AED	AED
Balance as at 1 April	**17,400,354**	10,387,345
Additions	**10,913,998**	21,183,741
Accretion of interest	**825,308**	870,272
Payments	**(15,591,367)**	(15,041,004)
Deletion	**(30,089)**	-
Balance as at 31 March	**13,518,204**	17,400,354

12. Lease liabilities (continued)

	2026 AED	2025 AED
Maturity analysis		
Not later than 1 year	**10,075,872**	10,770,145
Later than 1 year and not later than 5 years	**3,442,332**	6,630,209
	13,518,204	17,400,354

	2026 AED	2025 AED
Maturity analysis- undiscounted		
Not later than 1 year	**11,830,711**	11,470,204
Later than 1 year and not later than 5 years	**3,107,313**	8,008,958
	14,938,024	19,479,162

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's central accounting treasury function.

Sensitivity analysis of incremental borrowing rate:

The incremental borrowing rate applied to lease liabilities recognised in the separate statement of financial position as of 31 March 2026 is 6.5% (2025: 6.5%).

If the incremental borrowing rate had been 1% higher or lower and all variables were held constant, the Company's carrying amount of lease liabilities would have a decreased or increased by AED 13,518 (2025: AED 174,004).

Amounts recognized in profit or loss

The separate statement of profit or loss shows the following amounts relating to leases:

	2026 AED	2025 AED
Depreciation of right-of-use assets (Note 22)	**15,005,491**	13,534,913
Interest expense (included in finance costs) (Note 24)	**825,308**	870,272
Expense relating to short term and low value leases (Note 22)	**2,494,194**	2,271,214

13. Inventories

	2026	2025
	AED	AED
Bullion – unfixed (a)	**8,272,621**	6,199,723
Gold jewellery – unfixed (b)	**360,471,461**	222,926,507
Scrap gold (b)	**4,705,209**	4,088,830
Gold jewellery – fixed	**48,032,840**	35,539,309
Diamond jeremy	**183,635,810**	152,680,895
Making charges on gold Jeremy	**14,317,695**	12,801,176
	619,435,635	434,236,440
Inventories on lease [Note 13(d)]	**128,011,235**	87,484,151
	747,446,870	521,720,591

a) Unfixed bullion represents 15,274 grams (2025: 16,934 grams) of bullion received from suppliers.

b) 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 agreed with suppliers.

   Unfixed gold jewellery represents 665,556 grams (2025: 608,906 grams) of gold amounting to AED 380 million (2025: AED 223 million), which is valued at a bullion price of AED 541.61 per gram prevailing as at 31 March 2026 (2025: AED 366.11 per gram).

   The corresponding liability for unfixed gold has been recognised at the closing bullion rate as at 31 March 2026 and 2025 [Notes 19 and 10(c)].

c) Inventory is secured against bank borrowings which is held by Kalyan Jewellers FZE, the parent company.

d) Inventories on lease consists of 236,355 grams (2025: 238,955 grams) of gold amounting to AED 128 million (2025: AED 87 million), which is valued at a bullion price of AED 541.61 per gram prevailing as at 31 March 2026 (2025: AED 366.11 per gram).

14. Share capital

The authorised, issued and fully paid up share capital of the Company comprise three hundred shares of AED 1,000 each. The shareholding of the Company at 31 March 2025 and 31 March 2024 is given below:

	Ownership %	**Number of shares**	**Amount AED**
At 31 March 2026			
Kalyan Jewellers FZE	**100%**	**300**	**300,000**
At 31 March 2025			
Kalyan Jewellers FZE	100%	300	300,000

15. Statutory reserve

In accordance with UAE Federal Decree Law No. (32) of 2021, the Company has established a statutory reserve by appropriation of 5% of net profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except in the circumstances stipulated by the Law. No transfer has been made to the reserve during the current year as it has reached to 50% of the share capital.

16. Loan from a shareholder

At 31 March 2026, the loan is due to Kalyan Jewellers FZE, shareholder. This amount is interest-free, has no fixed repayment term and repayment is at the discretion of the issuer (Note 4.1).

17. Provision for employees' end-of-service indemnity

	2026 **AED**	2025 AED
Balance at the beginning of the year	**2,827,504**	2,547,928
Charge for the year	**1,154,955**	473,021
Payments made during the year	**(240,347)**	(193,445)
Balance at the end of the year	**3,742,112**	2,827,504

18. Trade and other payables

	2026 **AED**	2025 AED
Trade payables – others	**83,048,466**	145,000,668
Advances from customers	**55,413,354**	48,869,750
Accrued expenses	**7,200,503**	7,027,083
	145,662,323	200,897,501
Lease inventory payable	**128,011,235**	87,484,151
	273,673,558	288,381,652

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amount of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

19. Bank borrowings

	2026 **AED**	2025 AED
Gold loans	**340,304,670**	230,035,279

The Company has obtained gold loan facilities with a total limit of AED 340 million (2025: AED 230 million) of which AED 340 million (2025: AED 230 million) was utilized as at the end of the reporting period. The interest rate on the gold loans availed, ranges from 3.3% to 6.75% (2025: Ranges from 3.3% to 6.5%) per annum and the tenure of gold loan is between 30 days to 12 months (2025: Between 30 days to 12 months).

19. Bank borrowings (continued)

Gold loans are guaranteed by standby letters of credit issued by the bank of the Parent Company.

At 31 March 2026, gold aggregating to 628 Kgs (2025: 628 Kgs) has been obtained as bullion loans from banks on an unfixed basis.

Gold loans availed during the year are subject to certain bank 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.

Reconciliation of liabilities arising from financing activities:

	1 April 2025 AED	Financing cash flows Proceeds AED	Repayments AED	Other changes AED	**31 March 2026 AED**
Bank borrowings	230,035,279	110,269,391	-	-	**340,304,670**

20. Revenue

	2026 AED	2025 AED
Revenue	**1,598,099,796**	1,212,565,739
Customer loyalty points awarded	**(175,722)**	(168,955)
Discount on promotional sales – priority	**(600)**	(1,630)
	1,597,923,474	1,212,395,154

During the year, the Company issued bullion at cost aggregating to AED 1,053,843,828 (2025: AED 1,046,565,790) to settle liabilities against jewellery purchases from vendors.

21. Cost of sales

	2026 AED	2025 AED
Inventories at the beginning of the year	**521,720,590**	418,513,326
Purchases of bullion, gold and diamond jewellery	**1,664,503,797**	1,178,038,581
Packing materials	**975,764**	1,090,624
Other direct costs	**14,395,547**	12,169,740
	2,201,595,698	1,609,812,271
Less: Inventories at the end of the year (Note 13)	**(619,435,635)**	(434,236,440)
Less: Inventories on lease (Note 13)	**(128,011,235)**	(87,484,151)
	1,454,148,828	1,088,091,680

22. Selling, general and administrative expenses

	2026 AED	2025 AED
Salaries and other benefits	**25,800,099**	20,429,393
Advertisement expenses	**22,265,565**	22,679,250
Depreciation of right-of-use assets	**15,005,491**	13,534,913
Legal and professional fees	**4,380,590**	4,507,099
Depreciation of property, plant and equipment	**4,100,940**	3,655,412
Traveling and communication	**3,065,773**	2,856,314
Rent	**2,494,194**	2,271,214
Utilities	**1,889,348**	1,438,963
Bank charges	**1,470,387**	1,098,148
Sales promotion	**419,832**	408,782
Security services	**189,198**	138,183
Consultancy fee	**60,540**	51,200
Others	**3,416,956**	2,573,823
	84,558,913	75,642,694

23. Other income

	2026 AED	2025 AED
Other income	**688,361**	184,400
Foreign currency exchange gain	**75,811**	151,150
	764,172	335,550

24. Finance costs

	2026 AED	2025 AED
Interest on loans	**25,834,060**	23,678,763
Interest on loan from related party [Note 10(f)]	**14,466,202**	18,404,929
Interest on lease liabilities	**825,308**	870,272
Loan arrangement and letter of credit fees	**336,642**	375,239
	41,462,212	43,329,203

25. Corporate income tax

UAE Corporate Tax

On 9 December 2022, the United Arab Emirates ("UAE") Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact the Corporate Tax ("CT") regime which became effective for accounting periods beginning on or after 1 June 2023.

The Company is a part of CT Tax Group, fulfilling the conditions of Article 40 of the UAE CT Law. The taxable income of the CT group is subject to CT at the rate of 9% (on income exceeding AED 375,000). The tax liability for the Tax Group has been calculated, and the taxes have been accounted for as appropriate in the financial statements for the financial year beginning 1 April 2025, following the Group allocation approach.

In order to align with OECD's Global Minimum Tax effort ("Pillar Two"), the UAE Ministry of Finance has issued Cabinet Decision No (142) of 2024 that implements a Domestic Minimum Top-up Tax ("DMTT") of 15% for Multinational Enterprises ("MNEs") that are within scope of Pillar Two based on OECD Model rules with effect from financial years starting on or after 1st January 2025. The Company is part of an MNE Group with consolidated revenue exceeding €750 million threshold and hence is in scope of Pillar Two legislation as operating in certain jurisdictions that have enacted or substantively enacted Pillar Two legislation.

As per the CT liability calculated at the Tax Group level, the allocated share of CT liability to the Company is AED 2,561,134 (2025: AED 2,920,000), the allocation has been done basis taxable income among the entities forming part of the Tax Group.

As of 31 March 2026, the Company has recorded deferred tax of AED 2,383,242 during the year (2025: AED Nil).

a) Component of income tax:

Income tax expense recorded in the statement of profit or loss comprises of the following:

	2026 AED	2025 AED
Current tax	**(4,944,376)**	(2,920,000)
Deferred tax	**2,383,242**	-
	(2,561,134)	(2,920,000)

25. Corporate income tax (continued)

UAE Corporate Tax (continued)

a) Component of income tax: (continued)

Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate.

The income tax rate applicable to the Company's income is 9% (2024: 9%). A reconciliation between the expected and the actual tax charge is provided below:

	2026	2025
	AED	AED
Profit before tax	**26,706,436**	19,330,734
Tax at statutory rate of 9%	**2,403,579**	1,739,766
DMTT impact	**972,706**	-
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	**616,835**	1,213,984
Deferred Tax Asset impact	**(1,411,322)**	-
Other adjustments impact	**13,086**	-
Income subject to corporate tax at statutory rate of 0%	**(33,750)**	(33,750)
Income tax expense for the year	**2,561,134**	2,920,000

The effective tax rate for the year 2025 is 9.59 % (2025: 15%).

26. Derivative financial instruments

Derivative financial assets

Derivative financial instruments that are not designated for hedging purposes:

	2026	2025
	AED	AED
Foreign exchange forward contracts	**10,314,876**	50,969,740
Forward foreign exchange purchase contracts (notional amounts) – financial assets	**24,729,770**	280,139,997

26. Derivative financial instruments (continued)

Derivative financial liabilities

Held for trading derivatives that are not designated in hedge accounting relationships:

	2026 **AED**	2025 AED
Foreign exchange forward contracts	**10,315,377**	51,158,001
Forward foreign exchange purchase contracts (notional amounts) – financial liabilities	**24,726,257**	279,878,212

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

	2026 **AED**	2025 AED
Net loss)/gain on derivative financial instruments	**(501)**	(188,261)

27. 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.

b) Categories of financial instruments

	2026 **AED**	2025 AED
Financial assets		
At amortised cost	**122,221,575**	306,467,465
At fair value	**10,314,876**	50,969,740

	2026 **AED**	2025 AED
Financial liabilities		
At amortised cost	**118,233,375**	187,833,034
At fair value	**10,315,377**	51,158,001

c) Fair value of financial instruments

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

27. Financial instruments (continued)

c) Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique described below:

Level I: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 AED	**Level 2 AED**	**Level 3 AED**	**Total AED**
2026				
Financial assets				
Derivative Financial instruments	**-**	**-**	**10,314,876**	**10,314,876**
2025				
Financial assets				
Derivative Financial instruments	-	-	50,969,740	50,969,740

	Level 1 AED	**Level 2 AED**	**Level 3 AED**	**Total AED**
2026				
Financial liabilities				
Derivative Financial instruments	**-**	**-**	**10,315,377**	**10,315,377**
2025				
Financial liabilities				
Derivative Financial instruments	-	-	51,158,001	51,158,001

27. Financial instruments (continued)

c) Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The following table gives information how the fair values of these financial assets and financial liabilities are determined (in particular the valuation techniques and inputs used):

Financial assets/ (financial liabilities)	**Fair value at** **2026**	2025	**Fair value hierarchy**	**Valuation techniques and key inputs**
	AED			
Derivative financial instruments	**10,314,876**	50,969,740	Level 3	The valuation techniques and key input used were the fair value for similar instruments in Bloomberg/Reuters with adjustment using interest rate curves, interpolation techniques, due to the unavailability of market and comparable financial information.
Derivative financial instruments	**(10,315,377)**	(51,158,001)	Level 3	The valuation techniques and key input used were the fair value for similar instruments in Bloomberg/Reuters with adjustment using interest rate curves, interpolation techniques, due to the unavailability of market and comparable financial information.

28. Financial risk management

The Company's overall financial risk management program seeks to minimise 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.

(a) Credit risk management

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.

28. Financial risk management (continued)

(a) Credit risk management (continued)

The Company'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 Company has no realistic prospect of recovery.	Amount is written off

The Company's principal financial assets are cash and cash equivalents, margin deposits, trade and other receivables (excluding prepayments) and due from related parties. The credit risk on bank balances and margin deposits is limited because the counterparties are banks registered in the United Arab Emirates.

Credit risk on amounts due from related parties including trade receivables from subsidiaries are limited as these are amounts receivable from its Ultimate Parent Company and subsidiaries.

Further details of credit risks on trade and other receivables are discussed in Note 9 to the separate financial statements.

(b) Exchange rate risk management

There are no significant exchange rate risks as most financial assets and financial liabilities are denominated in Arab Emirates Dirham and United States Dollar which is also pegged with AED.

(c) Liquidity risk management

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.

28. Financial risk management (continued)

(c) Liquidity risk management (continued)

Liquidity risk tables

The following tables detail the Company'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 Company can be required to pay. The tables comprise principal cash flows:

	Interest Rate %	Less than 1 year AED	Between 2 to 5 years AED	Total AED
2026				
Fixed interest rate instruments	**6.5%**	**10,075,873**	**3,442,331**	**13,518,204**
Non-interest bearing instruments	**-**	**104,715,171**	**-**	**104,715,171**
Derivative financial instruments	**-**	**10,315,377**	**-**	**10,315,377**
		125,106,421	**3,442,331**	**128,548,752**
2025				
Fixed interest rate instruments	6.5%	10,770,145	6,630,209	17,400,354
Non-interest bearing instruments	-	170,432,680	-	170,432,680
Derivative financial instruments	-	51,158,001	-	51,158,001
		232,360,826	6,630,209	238,991,035

The following tables detail the Company'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 Company anticipates that the cash flow will occur in a different period.

	Interest rate %	Less than 1 year AED	Total AED
2026			
Interest bearing instruments	**6.5%**	**53,707,974**	**53,707,974**
Non-interest bearing instruments	**-**	**68,513,601**	**68,513,601**
Derivative financial instruments	**-**	**10,314,876**	**10,314,876**
		132,536,451	**132,536,451**
2025			
Interest bearing instruments	8.45%	205,372,195	205,372,195
Non-interest bearing instruments	-	101,095,270	101,095,270
Derivative financial instruments	-	50,969,740	50,969,740
		357,437,205	357,437,205

28. Financial risk management (continued)

(d) Interest rate risk management

The Company's interest rate risk arises from its financial liabilities which are at fixed or variable rates of interest.

If interest rate had been 50 basis point higher/lower and all other variables were held constant, the Company's profit/loss for the year ended 31 March 2026 would increase/decrease by AED 2,970,811 (2025: AED 2,587,831).

(e) Commodity risk management

The Company is exposed to price risk on both sales and purchases of gold inventory. The Company uses gold price forward contracts to manage some of its transactions exposure. The forward contracts are not designated as cash flow hedges and entered into for period consistent with Commodity price risk exposure of the underlying transactions generally from 2-4 months which is as per the risk management policy outlined by the Board of directors.

In addition, 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.

29. Capital risk management

The capital structure of the Company consists of debt comprising loan from a related party, bank borrowings and equity comprising issued share capital and retained earnings as disclosed in the statement of changes in equity.

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

30. Geopolitical Developments

Subsequent to the reporting date, geopolitical tensions in the Middle East have intensified leading to regional instability. Given the rapidly evolving nature of the situation, it is not currently possible to reliably quantify any potential financial impact, whether adverse or favourable. Accordingly, no adjustments have been made to the separate financial statements as of the reporting date, as these events are considered non adjusting subsequent events. Management will continue to monitor developments and assess potential implications for operations, financial position, and performance.

31. Approval of the separate financial statements

The separate financial statements were approved by the directors and authorised for issue on 30 June 2026.