Blue Star Qatar WLL

Financial statements
For the year ended 31 March 2019

Index

Commercial registration no.	34775 obtained on 12 February 2007
Shareholders	Al Malki Trading and Contracting Company WLL Blue Star India Limited
Registered office	P.O. Box 47242 Doha State of Qatar
Banker	HSBC Bank Middle East Limited Standard Chartered Bank Doha Bank Barwa Bank Mashreq Bank Qatar National Bank
Auditors	BDO 38th Floor, Palm Tower (B) West Bay, Doha State of Qatar P.O. Box 24139

Tel : +974 44349777
Fax : +974 44999533
www.bdo.com.qa

38th Floor
Palm Tower (B)
West Bay
PO Box 24139
Doha
State of qatar

Independent auditor's report to the shareholders of
Blue Star Qatar WLL

Opinion
We have audited the financial statements of Blue Star Qatar WLL ("the Company"), which comprise the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, statement of changes in shareholders equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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

Responsibilities of Management and Those Charged with Governance ("TCWG") for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have 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 financial statements

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

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

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

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Independent auditor's report to the shareholders of
Blue Star Qatar WLL (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

Report on other legal and regulatory requirements
Further, as required by the Qatar Commercial Companies Law Number 11 of 2015, we report that:

(1) we have obtained all the information we considered necessary for the purpose of our audit; and
(2) the Company has maintained proper books of account and the financial statements are in agreement therewith.

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Qatar Commercial Companies Law or memorandum and article of association of the Company, which would materially affect its activities, or its financial position as at 31 March 2019.

Gavin James Brown
BDO
Doha, State of Qatar
License No. 288
16 April 2019

Blue Star Qatar WLL
Statement of financial position as at 31 March 2019
(Expressed in Qatari Riyals)

	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property and equipment	5	1,158,406	1,066,588
Current assets			
Trade and other receivables	6	48,370,755	46,625,764
Cash and cash equivalents	7	20,891,420	1,972,424
		69,262,175	48,598,188
Total assets		70,420,581	49,664,776
EQUITY AND LIABILITIES			
Equity			
Share capital	8	200,000	200,000
Statutory reserves	9	100,000	100,000
Retained earnings		18,641,881	15,073,952
Total equity		18,941,881	15,373,952
Non-current liabilities			
Non-current portion of bank borrowings	11	87,669	171,506
Employees' end of service benefits	10	1,525,130	1,304,648
		1,612,799	1,476,154
Current liabilities			
Current portion of bank borrowings	11	83,837	7,486,290
Trade and other payables	12	49,263,772	24,906,791
Income tax payable	19	518,292	421,589
		49,865,901	32,814,670
Total equity and liabilities		70,420,581	49,664,776

These financial statements, including pages 6 to 25, were approved by the shareholders on 16 April 2019 and signed on their behalf by:

Mr. M.V.P Raju
General Manager

Blue Star Qatar WLL
Statement of profit or loss and other comprehensive income
for the year ended 31 March 2019
(Expressed in Qatari Riyals)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Contract revenue		80,089,613	63,023,088
Contract costs	13	(72,376,913)	(56,483,990)
Gross profit		7,712,700	6,539,098
Other income		207,940	53,412
Expenses			
Staff cost	14	(1,839,541)	(1,552,914)
General and administrative expenses	15	(1,157,643)	(643,545)
Depreciation	5	(488,117)	(445,371)
Finance cost	16	(349,118)	(462,987)
Net profit before income tax for the year		4,086,221	3,487,693
Income tax expense	19	(518,292)	(421,589)
Net profit after income tax for the year		3,567,929	3,066,104
Other comprehensive income		-	-
Net profit and total comprehensive income for the year transferred to retained earnings		3,567,929	3,066,104

Blue Star Qatar WLL
Statement of changes in shareholders' equity for the year ended 31 March 2019
(Expressed in Qatari Riyals)

	Share capital	Statutory reserves	Retained earnings	Total
At 1 April 2017	200,000	100,000	12,007,848	12,307,848
Net profit and total comprehensive income for the year	-	-	3,066,104	3,066,104
As at 31 March 2018	200,000	100,000	15,073,952	15,373,952
At 1 April 2018	200,000	100,000	15,073,952	15,373,952
Net profit and total comprehensive income for the year	-	-	3,567,929	3,567,929
As at 31 March 2019	200,000	100,000	18,641,881	18,941,881

Blue Star Qatar WLL
Statement of cash flows for the year ended 31 March 2019
(Expressed in Qatari Riyals)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities			
Net profit before income tax for the year		4,086,221	3,487,693
Adjustments for:			
Depreciation	5	488,117	445,371
Employees end of service benefits, net	10	220,482	173,523
Provision for expected credit loss	6	302,717	
Finance cost		349,118	462,987
(Gain) loss on disposals/discards of property and equipment		(9,836)	7
Operating cash flows before changes in working capital		5,436,819	4,569,581
Changes in operating assets and liabilities:			
Increase in trade and other receivables		(2,047,708)	(766,363)
(decrease) / increase in trade and other payables		24,356,981	(7,114,536)
		27,746,092	(3,311,319)
Income tax paid		(421,589)	(316,550)
Net cash used in by provided /(used in) operating activities		27,324,503	(3,627,868)
Cash flows from investing activities			
Proceeds from disposal/discards of property and equipment		9,844	-
Movement in margin deposit with banks		-	2,537,000
Purchase of property and equipment	5	(579,943)	(259,807)
Net cash (used in)/provided by investing activities		(570,099)	2,277,193
Cash flows from financing activities			
Bank borrowing, net movement		(7,486,290)	(1,454,207)
Finance cost paid		(349,118)	(462,987)
Net cash used in financing activities		(7,835,408)	(1,917,194)
Net change in cash and cash equivalents		18,918,996	(3,267,869)
Cash and cash equivalents, beginning of the year	7	1,972,424	5,240,293
Cash and cash equivalents, end of the year	7	20,891,420	1,972,424

1 Organisation and activities

Blue Star Qatar WLL (the "Company") is a Company with limited liability registered with the Ministry of Economic and Commerce in the State of Qatar, and operates under commercial registration number 34775 obtained on 12 February 2007.

The Company is principally engaged in the business of designing, engineering, installation and maintenance of Mechanical, Electrical, Plumbing (MEP) contracts and all works related to heating ventilation and air conditioning systems.

The Register Office of the Company is in the Doha, State of Qatar.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the requirements of the Qatar Commercial Companies Law.

Basis of presentation

The financial statements have been prepared under historical cost convention and on-going concern assumption. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These financial statements are presented in Qatari Riyal ("QR") which is the functional and presentational currency of the Company.

Improvements/amendments to IFRS 2014/2016 and 2015/2017 cycles

Improvements/amendments to IFRS issued in 2014/2016 and 2015/2017 cycles contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company's annual audited financial statements beginning on or after 1 January 2018 and subsequent periods with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in the year 2018-2019

The following new standards, amendment to existing standards or interpretations to published standards are mandatory for the first time for the financial period beginning 1 January 2018 and have been adopted in the preparation of the financial statements:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018

IFRS 9 – "Financial Instruments"

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 3.

The Company classifies its debt instruments under amortised cost representing financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. This classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Interest income (if any) from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. If there are any impairment losses, those are presented in the statement of profit or loss and other comprehensive income.

From 1 January 2018, the Company assesses on a forward looking basis, the expected credit losses associated with its trade receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

The adoption of IFRS 9 did not have any impact on the Company's financial position and results of operations for the year ended 31 March 2019 nor on the opening retained earnings.

IFRS 15 – "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in the year 2018-2019(continued)

IFRS 15 – "Revenue from Contracts with Customers" (continued)

The standard requires a Company to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The adoption of IFRS 15 did not have any impact on the Company's financial position and results of operations for the year ended 31 March 2019 nor on the opening retained earnings.

Standards, amendments and interpretations issued and effective in 2019 but not relevant

The following new standards, amendments to existing standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2018 or subsequent periods, but are not relevant to the Company's operations:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 28	Investments in associates and joint ventures	1 January 2018
IAS 40	Investment property	1 January 2018
IFRS 1	First-time adoption of international financial reporting standards	1 January 2018
IFRS 2	Share-based payment	1 January 2018
IFRS 4	Insurance contracts	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

New standards, improvements, amendments and interpretations issued but not yet effective in the year 2018-2019

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the year ended 31 March 2019. They have not been adopted in preparing the financial statements for the year ended 31 March 2019 and are expected to affect the entity in the year of initial application. In all cases, the entity intends to apply these standards from application date as indicated in the table below.

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance contracts	1 January 2021
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

There would have been no change in the operational results of the Company for the year ended 31 March 2019 had the Company early adopted any of the above standards applicable to the Company.

Early adoption of amendments or standards in the year 2018-2019

The Company did not early-adopt any new or amended standards in the year ended 31 March 2019.

3 Significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment if any. Cost includes all costs directly attributable to bringing the asset to a working condition for its intended use.

Depreciation is calculated on the straight-line method to write-off the cost of property and equipment to their estimated residual values over their expected useful lives as determined by the management which are as follows:

Tools and machineries	6 years
Computer and software	3 years
Furniture and fixtures	5 to 6 years
Motor vehicles	5 years

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining net profit.

IFRS 15 – "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Performance obligations and timing of revenue recognition

The Company provides business of designing, engineering, installation and maintenance of Mechanical, Electrical, Plumbing (MEP) contracts and all works related to heating ventilation and air conditioning systems. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Determining the transaction price

Contracts include multiple deliverables, such as designing, installation of material and maintenance. Each deliverable is accounted for as a separate performance obligation. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of material, revenue for the material is recognised at a point in time when the material is delivered, the legal title has passed and the customer has accepted the material.

3 Significant accounting policies(continued)

IFRS 15 – "Revenue from Contracts with Customers"(continued)

Allocating amounts to performance obligations

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

IFRS 9 – "Financial Instruments"

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are as set out below. In accordance with the exemptions available as per the transitional provisions in IFRS 9, the standard is applied retrospectively and the comparative figures have not been restated.

Other financial assets – Classification and measurement

The Company classifies its financial assets in the following measurement categories:

1. Fair value (either through OCI, or through profit or loss), and
2. Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or in other comprehensive income.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments under amortised cost representing financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. If there are any impairment losses, those are presented in the statement of profit or loss and other comprehensive income.

3 Significant accounting policies (continued)

IFRS 9 – "Financial Instruments"(continued)

Equity instruments
The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of realised fair value gains and losses to profit or loss at each reporting date following the derecognition of the investment. Dividends from such investments continues to be recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the unrealised and realised fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

From 1 April 2018, the Company assesses on a forward looking basis the expected credit losses associated with its trade receivables carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial assets

Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less estimated credit loss estimated by the management.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposit with bank.

Financial liabilities

The financial liabilities of the Company consist of bank borrowings and trade and other payables. These financial liabilities are initially recognised at fair value and are subsequently re-measured at amortised cost using the effective interest method.

Bank borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, these are stated at amortised cost using the effective yield method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings.

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. All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

3 Significant accounting policies (continued)

Financial liabilities(continued)

Trade and other payables

Trade payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation in future and the amount of the obligation can be reliably estimated.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of non- financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised the statement of profit or loss and other comprehensive income.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

3 Significant accounting policies (continued)

Employee's end of service benefits

These are employee's end of service benefits payable to the Company's employees. The entitlement to these benefits is based upon the employee's salary and length of service, subject to the completion of a minimum service period of one year. The expected costs of these benefits are accrued over the period of employment and are calculated in accordance with the provisions of the Qatar Labour Law. The Company accrues for its liability in this respect on an annual basis.

Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the period-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss and comprehensive income.

Income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

4 Critical accounting judgments and key source of estimation uncertainty

Preparation of the financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

- economic useful lives of property and equipment;
- fair value measurement,
- provisions; and
- contingencies.

Economic useful lives of property and equipment

The Company's property and equipment are depreciated on a straight-line basis over their economic useful lives.

Useful economic lives of property and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring an economic benefit to the Company.

4 Critical accounting judgments and key source of estimation uncertainty (continued)

Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)
Level 2: Observable direct or indirect inputs other than Level 1 inputs
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and financial liabilities of the Company that either require fair value measurements or only fair value disclosures as at 31 March 2019.

Provision

Provisions for employees' end of service benefits

The Company creates a provision for employee's end of service benefits. At 31 March 2019, in the opinion of the Company's management, a provision of QR 1,525,130 is required towards employee's end of service benefits (31 March 2018: QR 1,304,648). The entitlement to these benefits is based upon the employee's salary and length of service, subject to the completion of a minimum service of one year. The expected costs of these benefits are accrued over the year of employment and are calculated in accordance with the provisions of the Qatar Labor Law.

Provision for expected credit loss

The Company creates provision for impaired trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 March 2019, in the opinion of the Company's management, a provision of QR 302,717 (2018: QR Nil) is required towards impaired trade receivables. When evaluating the adequacy of provision for impaired trade receivables, management bases its estimate on current overall economic conditions, ageing of the trade receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the provision for impaired trade receivables recorded in these financial statements.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

5 Property and equipment

Cost	Tools and machineries	Computer and software	Furniture and fixtures	Motor vehicles	Total
At 31 March 2017	743,619	518,462	407,154	1,700,350	3,369,585
Additions	39,500	32,706	20,100	167,501	259,807
Deletions / discarded	-	(28,248)	-	-	(28,248)
At 31 March 2018	783,119	522,920	427,254	1,867,851	3,601,144
Additions	144,958	238,187	46,098	150,700	579,943
Deletions / discarded	-	(36,200)	(18,550)	(154,000)	(208,750)
At 31 March 2019	928,077	724,907	454,802	1,864,551	3,972,337
Accumulated depreciation					
At 31 March 2017	415,445	413,178	274,683	1,014,120	2,117,426
Charge for the year	98,544	59,691	50,926	236,210	445,371
Deletion / discarded	-	(28,241)	-	-	(28,241)
At 31 March 2018	513,989	444,628	325,609	1,250,330	2,534,556
Charge for the year	100,241	86,116	47,643	254,117	488,117
Deletion / discarded	-	(36,198)	(18,548)	(153,996)	(208,742)
At 31 March 2019	614,230	494,546	354,704	1,350,451	2,813,931
Net book value					
At 31 March 2019	313,847	230,361	100,098	514,100	1,158,406
At 31 March 2018	269,130	78,292	101,645	617,521	1,066,588

6 Trade and other receivables

	31 March 2019	31 March 2018
Trade receivables	21,969,392	21,487,427
Less: Provision for expected credit loss	(302,717)	-
	21,666,675	21,487,427
Retention receivables	22,369,074	21,908,828
Unbilled revenue	1,181,960	1,313,733
Advances to suppliers	2,839,549	1,787,376
Due from related party (note 18)	192,158	64,787
Prepayments and other receivables	121,339	63,613
	48,370,755	46,625,764

The ageing of trade receivables is as follows:

	31 March 2019	31 March 2018
Less than 4 months	15,350,624	18,870,166
More than 4 months	6,618,768	2,618,261
Total	21,969,392	21,487,427

The movements in the provision for expected credit loss were as follows.

	2018	2017
Opening balance	-	-
Provisions during the year(note 15)	302,717	-
	302,717	-

7 Cash and cash equivalents

	31 March 2019	31 March 2018
Cash on hand	51,500	54,000
Balance with banks	5,839,920	1,918,424
Fixed deposits with banks	15,000,000	-
Cash and cash equivalents	20,891,420	1,972,424

The current account balance with a bank is non-interest bearing.

Fixed deposits with banks are having a maturity of 90 days.

8 Share capital

The share capital of the Company consists of 100 shares of QR 2,000 each. The distribution pattern of the share capital at 31 March 2019 is as follows:

Name of the shareholders	Number of shares	Amount	Percentage of Ownership Interest
Al Malki Trading and Contracting WLL	51	102,000	51%
Blue Star India Limited	49	98,000	49%
	100	200,000	100%

9 Statutory reserves

Under the provisions of the Qatar Commercial Companies Law, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the share capital is set aside. Closing balance of the statutory reserve for the year amounted to QR 100,000 (31 March 2018: QR 100,000).

10 Employees' end of service benefits

These are Company's end of service benefits payable to its employees. The entitlement to these benefits is based upon the employee's salary and length of service, subject to the completion of a minimum service year. The expected costs of these benefits are accrued over the year of employment and are calculated in accordance with the provisions of the Qatar Labour Law.

The movement in the provision for employees' end of service benefits recognised in the statement of financial position is as follows:

	31 March 2019	31 March 2018
Balance of beginning of year	1,304,648	1,131,125
Provision for the year(note 13,14)	354,372	311,964
Payment during the year	(133,890)	(138,441)
Balance at end of year	1,525,130	1,304,648

11 Bank borrowings

	31 March 2019	31 March 2018
Trade finance	-	4,361,748
Bill discounting	-	2,999,524
Vehicle loan	171,506	296,524
Total borrowings	171,506	7,657,796
Less: Non-current portion	(87,669)	(171,506)
Current portion	83,837	7,486,290

I. Trade finance facility from banks is secured by the corporate guarantees of the shareholders and is repayable within 60 to 190 days and bears market interest rates.

II. Billing discounting facilities from Banks is secured by corporate guarantee of shareholders and is repayable within 60 to 90 days and bear market interest rates.

III. Vehicle loans are secured against the motor vehicles for which they were obtained and are repayable in equal monthly instalments over 48 months and bears market interest rates.

12 Trade and other payables

	31 March 2019	31 March 2018
Trade payables	9,272,108	7,808,671
Advance from customer	26,242,226	4,485,604
Accruals	9,348,392	9,544,375
Employee benefits payable	1,703,146	1,821,000
Retention payable	2,631,203	1,183,129
Other payables	66,697	64,012
	49,263,772	24,906,791

Trade payables are normally settled within 90 to 120 days of the vendors' invoice date.

As at 31 December, the maturity profile of trade and other payables are as follows:

	31 March 2019	31 March 2018
Less than 3 months	8,582,208	7,196,265
More than 3 months	689,900	612,406
Total	9,272,108	7,808,671

13 Contract cost

	31 March 2019	31 March 2018
Material cost	22,736,333	30,523,423
Labour cost	8,440,341	7,241,267
Sub-contract cost	29,768,816	8,360,106
Employee end of service benefits (Note 10)	191,797	157,205
Other contract cost	11,239,626	10,201,989
	72,376,913	56,483,990

14 Staff cost

	31 March 2019	31 March 2018
Staff salary	1,369,902	1,158,625
Leave salary	55,790	82,234
Employee end of service benefit (Note 10)	162,575	154,759
Other staff benefits	251,274	157,296
	1,839,541	1,552,914

15 General and administrative expenses

	31 March 2019	31 March 2018
Legal and professional fees	167,047	172,510
Rent (Note 17)	366,000	240,000
Provision for expected credit loss(note 6)	302,717	-
Motor vehicle expenses	76,642	48,801
Telephone fax and internet charges	37,934	16,157
Repairs and maintenance	28,632	32,594
Government fee	19,542	13,187
Advertisement and promotion	18,665	7,106
Insurance expenses	11,122	6,648
Water and electricity charges	36,364	6,409
Tender fees	6,400	28,574
Printing and stationery	34,463	5,664
Travelling expenses	1,347	13,229
Loss on sale/discards of assets	-	7
Other expenses	50,768	52,659
	1,157,643	643,545

16 Finance cost

	31 March 2019	31 March 2018
Interest in borrowings	21,993	141,266
Other finance costs	327,125	321,721
	349,118	462,987

17 Operating lease agreement

The Company leases its office for a period of one year and is renewable every year at the option of the lessor and the Company. The lease agreement requires issuance of postdate cheques. Rent expense for the year ended 31 March 2019 amounted to QR 366,000 (31 March 2018: QR 240,000).

18 Transactions and balances with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Transactions with related parties are conducted in the normal course of business and are authorized by the management.
Related parties include shareholders and companies under common control.

Due from related parties	Relationship	31 March 2019	31 March 2018
Blue Star Inernational FZCO	Under common control	4,658	-
Blue Star Ltd- Cr- India	Under common control	187,500	64,787
		192,158	64,787

Amounts due from related parties are unsecured, bear no interest, repayable on demand, and are authorised by the management.

Below is the summary of related party transactions:

	31 March 2019	31 March 2018
Reimbursement of expenses paid	502,330	-
Reimbursement of expenses received	310,171	213,214

19 Income tax

The major components of income tax are as follows:

	31 March 2019	31 March 2018
Current income tax expense	518,292	421,589

Reconciliation between the tax profit and accounting profit before tax for the year ended 31 March 2018 and 2019 is as follows.

	31 March 2019	31 March 2018
Profit before tax	4,086,221	3,487,693
Adjustments for:		
Non-deductible expenses;		
Undeductible provisions	1,309,906	876,860
Undetectable depreciation	59,579	73,230
Taxable income	5,455,706	4,437,783
Income tax rate	10%	10%
Shares of non- resident Qatari in profit	95%	95%
Income tax payable	518,292	421,589

20 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the statement of financial position include trade and other receivables, cash and cash equivalents, trade and other payables and bank borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Capital management
The primary objective of the Company's capital management is to ensure that it maintains a healthy equity ratio in order to support its business and maximize owners' value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions.

	31 March 2019	31 March 2018
Trade and other payables	49,263,772	24,906,791
Bank borrowing	171,506	7,657,796
Less: Cash and cash equivalents	(20,891,420)	(1,972,424)
Net debt (a)	28,543,858	30,592,163
Total equity	18,941,881	15,373,952
Total equity and net debt (b)	47,485,739	45,966,115
Gearing ratio(a/b)	60%	67%

Risk management
Risk management is carried out by the general manager of the Company. The general manager provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rates, credit risk and investment of excess liquidity.

Principal financial instruments
The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank borrowings

A summary of the financial instruments held by category is provided below as at 31 March 2018:

Financial assets	31 March 2019	31 March 2018
Trade and other receivables	48,370,755	46,625,764
Cash and cash equivalents	20,891,420	1,972,424
	69,262,175	48,598,198

Financial liabilities	31 March 2019	31 March 2018
Trade and other payables	49,263,772	24,906,791
Bank borrowings	171,506	7,657,796
Total financial liabilities	49,435,278	32,564,587

20 Financial assets and liabilities and risk management (continued)

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with a bank with a good credit rating.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's assets and liabilities are not sensitive to interest rate risk.

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity risk is managed by monitoring on a regular basis to help ensure that sufficient funds are available to meet all liabilities as they fall due.

Currency rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's foreign exchange transactions, predominantly in US Dollars, have been translated at the closing rate; incidentally the currency rate risk is considered insignificant by management.

Fair value measurement

Fair value is the amount 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.

Financial instruments not measured at fair value on recurring basis include trade and other receivables, cash and cash equivalents, bank borrowings and trade and other payables. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 March 2019.

The following table sets out the assets and liabilities for which fair values are disclosed in the notes:

Item	Fair value	Valuation technique	Fair value hierarchy level	Significant observable inputs
Trade receivables	21,666,675	The carrying amount of	Level 3	Not applicable
Due from related parties	192,158	short term (less than 12 months) trade receivables		
Trade payables	9,272,108	and payables approximates	Level 3	Not applicable
Bank borrowings	171,506	its fair values		

21 Contingent liabilities

At 31 March 2019, there were contingent liabilities arising in the ordinary course of business which include outstanding letters of guarantee, letters of credit and performance bonds amounting to QR 80,171,155 (31 March 2018: QR 36,013,452).

22 Subsequent events

There were no events subsequent to 31 March 2019 and occurring before the date of the report that are expected to have a significant impact on these financial statements.

23 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.