Blue Star Qatar WLL

Financial statements
For the year ended
31 March 2020

Blue Star Qatar WLL
Administration and contact details as at 31 March 2020

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
Bankers	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 4499 9530
Fax: +974 4499 9533
www.bdo.com.qa

38th Floor
Palm Tower (B)
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 2020, 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 2020, 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 2020.

Gavin James Brown
BDO
Doha, State of Qatar
License No. 288
22 April 2020

Blue Star Qatar WLL
Statement of financial position as at 31 March 2020
(Expressed in Qatari Riyals)

	Notes	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property and equipment	5	948,436	1,158,406
Right -of-use assets	6	572,713	-
Retention receivables		16,866,538	16,947,968
		18,387,687	18,106,374
Current assets			
Trade and other receivables	7	28,537,020	31,422,787
Cash and cash equivalents	8	21,915,701	20,891,420
		50,452,721	52,314,207
Total assets		68,840,408	70,420,581
EQUITY AND LIABILITIES			
Equity			
Share capital	9	200,000	200,000
Statutory reserves	10	100,000	100,000
Retained earnings		22,035,311	18,641,881
		22,335,311	18,941,881
Non-current liabilities			
Non-current portion of lease liabilities	6	119,516	-
Non-current portion of bank borrowings	12	20,417	87,669
Employees' end of service benefits	11	1,766,131	1,525,130
		1,906,064	1,612,799
Current liabilities			
Current portion of lease liabilities	6	463,712	-
Current portion of bank borrowings	12	67,252	83,837
Trade and other payables	13	43,370,409	49,263,772
Income tax payable	21	697,660	518,292
		44,599,033	49,865,901
Total equity and liabilities		68,840,408	70,420,581

These financial statements, set out on pages 5 to 28, were approved by the shareholders on 22 April 2020 and signed on their behalf by:

Mr. M.V.P Raju
General Manager

Tel.: 4582271
P.O.Box: 47242
DOHA-QATAR
BLUE STAR QATAR W.L.L.

Blue Star Qatar WLL
Statement of profit or loss and other comprehensive income
for the year ended 31 March 2020
(Expressed in Qatari Riyals)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Contract revenue		130,268,271	80,089,613
Contract costs	14	(121,895,219)	(72,376,913)
Gross profit		8,373,052	7,712,700
Other income		298,073	207,940
Expenses			
Staff costs	15	(1,591,211)	(1,839,541)
General and administrative expenses	16	(1,069,966)	(1,157,643)
Depreciation	5	(437,354)	(488,117)
Finance costs	17	(243,604)	(349,118)
Profit before income tax for the year		5,328,990	4,086,221
Income tax expense	21	(697,660)	(518,292)
Net profit after income tax for the year		4,631,330	3,567,929
Other comprehensive income		-	-
Net profit and total comprehensive income for the year transferred to retained earnings		4,631,330	3,567,929

Blue Star Qatar WLL
Statement of changes in shareholders' equity for the year ended 31 March 2020
(Expressed in Qatari Riyals)

	Share capital	Statutory reserves	Retained earnings	Total
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
At 1 April 2019	200,000	100,000	18,641,881	18,941,881
Dividends declared and paid (Note 18)	-	-	(1,237,900)	(1,237,900)
Net profit and total comprehensive income for the year	-	-	4,631,330	4,631,330
As at 31 March 2020	200,000	100,000	22,035,311	22,335,311

Blue Star Qatar WLL
Statement of cash flows for the year ended 31 March 2020
(Expressed in Qatari Riyals)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities			
Net profit before income tax for the year		5,328,990	4,086,221
Adjustments for:			
Depreciation	5	437,354	488,117
Employees end of service benefits, net	10	241,001	220,482
Provision for expected credit loss	6	132,758	302,717
Finance cost	17	243,604	349,118
(Gain) loss on disposals/discards of property and equipment		(1,343)	(9,836)
Operating cash flows before changes in working capital		6,382,364	5,436,819
Changes in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables	7	3,204,954	(2,047,708)
(decrease) / increase in trade and other payables	13	(5,893,363)	24,356,981
		3,693,955	27,746,092
Income tax paid	21	(518,292)	(421,589)
Net cash used in by provided (used in) operating activities		3,175,663	27,324,503
Cash flows from investing activities			
Proceeds from disposal/discards of property and equipment		2,299	9,844
Purchase of property and equipment	5	(228,340)	(579,943)
Net cash (used in)/provided by investing activities		(226,041)	(570,099)
Cash flows from financing activities			
Bank borrowing, net movement		(83,837)	(7,486,290)
Dividend declared and paid		(1,237,900)	-
Principal paid on lease liabilities	6	(333,115)	-
Interest paid on lease liabilities	6	(26,885)	-
Finance cost paid		(243,604)	(349,118)
Net cash used in financing activities		(1,925,341)	(7,835,408)
Net change in cash and cash equivalents		1,024,281	18,918,996
Cash and cash equivalents, beginning of the year	7	20,891,420	1,972,424
Cash and cash equivalents, end of the year	7	21,915,701	20,891,420

1 Organisation and activities

Blue Star Qatar WLL (the "Company") is a Company with limited liability registered with the Ministry of Commerce and Industry 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 2015/2018 cycles

Improvements/amendments to IFRS issued in 2014/2016 and 2015/2018 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 2019 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 2019-2020

The following new standards, improvements, amendments and interpretations issued by the IASB are effective for the first time for periods beginning on or after 1 January 2019 and have been adopted in the preparation of these financial statements.

Standard or Interpretation	**Title**	**Effective for annual periods beginning on or after**
IFRS 16	Leases	1 January 2019

IFRS 16 – Leases

IFRS 16 replaces IAS 17 – "*Leases*" and IFRIC 4 – "*Determining whether an Arrangement contains a Lease*". IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

The adoption of IFRS 16 did not have any significant impact on the Company's financial position and results of operations for the year ended 31 March 2020 nor on the opening balance of retained earnings considering the low value or short-term period of the lease.

Standards, amendments and interpretations issued and effective in the year 2019 -2020 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 2019 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 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

New standards, improvements, amendments and interpretations issued but not yet effective in the year 2019-2020

The following new/amended accounting standards and interpretations have been issued but are not mandatory for the year ended 31 March 2020. They have not been adopted in preparing the financial statements for the year ended 31 March 2020 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.

2 Basis of preparation (continued)

Standards, amendments and interpretations issued and effective in the year 2019 -2020 but not relevant(continued)

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 1	Presentation of financial statements	1 January 2020
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2020
IFRS 3	Business combinations	1 January 2020
IFRS 17	Insurance contracts	1 January 2021

There would have been no change in the operational results of the Company for the year ended 31 March 2020 had the Company early adopted any of the above standards applicable to the Company.

Early adoption of amendments or standards in the year 2019-2020

The Company did not early-adopt any new or amended standards in the year ended 31 March 2020.

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 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.

3 Significant accounting policies (continued)

IFRS 9 – "Financial Instruments"(continued)

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.

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.

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.

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.

3 Significant accounting policies (continued)

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

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 contract costs incurred relative to the total expected contract costs incurred.

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.

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 year 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.

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 equivalent

Cash and cash equivalent comprise cash on hand and balance with banks.

3 Significant accounting policies (continued)

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 year in which they are incurred.

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 trade receivables and the economic environment.

3 Significant accounting policies (continued)

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.

IFRS 16 Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The Company obtains substantially all the economic benefits from use of the asset; and
(c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

• Leases of low value assets; and

• Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the year to which they relate.

3 Significant accounting policies (continued)

IFRS 16 Leases(continued)

On initial recognition, the carrying value of the lease liability also includes:

• Amounts expected to be payable under any residual value guarantee;

• The exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;

• Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised. Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

• Lease payments made at or before commencement of the lease;

• Initial direct costs incurred; and

• The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

• If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

• In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount.

• If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

3 Significant accounting policies (continued)

IFRS 16 Leases(continued)

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

The Company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Company will consider whether the absence of a break clause would expose the Company to excessive risk.

Typical factors considered in deciding to negotiate a break clause include:

• The length of the lease term;

• The economic stability of the environment in which the property is located; and

• Whether the location represents a new area of operations for the Company.

At 31 March 2020, the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because, on both dates it was considered reasonably certain that the Company would not exercise its right to exercise any right to break the lease.

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:

- Determination of lease term and borrowing rates
- Economic life of right of use assets.
- economic useful lives of property and equipment;
- fair value measurement,
- Impairment of assets
- provisions
- contingencies; and
- Leases

Determination of lease term and the borrowing rates for leases

The management of the Company exercises judgment while determining if it is reasonably certain while exercising the lease options at the commencement, as well as during the lease term. The carrying value of lease liabilities are revised based on certain variable elements of the future lease payments like rates or index. Determination of incremental borrowing rates used to determine the carrying value of lease liabilities and the discount rates used to determine the carrying value of right-of-use of lease rights involve, to certain extent, management estimates. Any changes to management estimate may have an impact on the term as well as the carrying values of the lease assets and liabilities.

Economic life of right of use assets

Right of use assets are amortised over their economic useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of profit or loss and other comprehensive income in specific periods.

The Company's right of use assets are amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Economic useful lives of right of use assets 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 economic benefit to the Company.

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 year 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 2020.

Impairment of assets

Financial assets at amortized cost

The Company assesses on a forward-looking basis the expected credit losses associated with its trade receivables and bank balances 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 trade receivables. Further, with respect to amounts due from related parties, the Company applies the full three stage approach taking into consideration whether there has been a significant increase in credit risk. In addition, with respect to its bank balances, the amounts are deposited with reputable banks with low credit risk.

During the year ended 31 March 2020, in the opinion of the management, a provision amounting to QR 435,475 (31 March 2019: 302,717) is required towards impaired trade receivables. Further, in the opinion of the management, the amounts due from related parties and bank balances are not impaired as at 31 March 2020 (31 March 2019: Nil).

Provision

The Company creates a provision for employee's end of service benefits. At 31 March 2020, in the opinion of the Company's management, a provision of QR 1,766,131 is required towards employee end of service benefits (31 March 2019: QR 1,525,130). 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 period. The expected costs of these benefits are accrued over the period of employment and are calculated in accordance with the provisions of the Qatar Labor Law.

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 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
Additions	140,632	57,245	30,463	-	228,340
Deletions / discarded	(11,500)	-	(35,685)	(143,500)	(190,685)
At 31 March 2020	1,057,209	782,152	449,580	1,721,051	4,009,992
Accumulated depreciation					
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
Charge for the year	97,712	112,547	41,618	185,477	437,354
Deletion / discarded	(10,838)	-	(35,392)	(143,499)	(189,729)
At 31 March 2020	701,104	607,093	360,930	1,392,429	3,061,556
Net book value					
At 31 March 2020	356,105	175,059	88,650	328,622	948,436
At 31 March 2019	313,847	230,361	100,098	514,100	1,158,406

6 Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 March 2020	31 March 2019
Right-of-use assets (Office Building)		
Opening balance	-	-
Additions	916,343	-
Amortisation	(343,630)	-
Closing balance	572,713	-
Lease liabilities		
Opening balance	-	-
Additions	916,343	-
Interest expense	26,885	
Lease payment	(360,000)	-
Closing balance	583,228	-
Less: current lease liabilities	(463,712)	-
Non-current lease liabilities	119,516	-

6 Leases(continued)

(ii) Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	31 March 2020	31 March 2019
Amortisation of right to use assets	343,630	-
Interest expense (included in other direct costs)	26,885	-
Expense relating to short-term leases (included in other direct costs)	333,115	-

7 Trade and other receivables

	31 March 2020	31 March 2019
Trade receivables	15,641,592	21,969,392
Less: Provision for expected credit loss	(435,475)	(302,717)
	15,206,117	21,666,675
Retention receivables	12,422,371	5,421,106
Unbilled revenue	384,000	1,181,960
Advances to suppliers	142,243	2,839,549
Due from related party (Note 20)	305,288	192,158
Prepayments and other receivables	77,001	121,339
	28,537,020	31,422,787

The ageing of trade receivables is as follows:

	31 March 2020	31 March 2019
Less than 4 months	10,629,638	15,350,624
More than 4 months	5,011,954	6,618,768
Total	15,641,592	21,969,392

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

	31 March 2020	31 March 2019
Opening balance	302,717	-
Provisions during the year (Note 16)	132,758	302,717
	435,475	302,717

8 Cash and cash equivalents

	31 March 2020	31 March 2019
Cash on hand	71,500	51,500
Balance with banks	8,844,201	5,839,920
Fixed deposits with maturity less than 3 months	13,000,000	15,000,000
Cash and cash equivalents	21,915,701	20,891,420

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

9 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 2020 is as follows:

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

10 Statutory reserve

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 2019: QR 100,000).

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

	31 March 2020	31 March 2019
Balance of beginning of year	1,525,130	1,304,648
Provision for the year (Note 14,15)	416,921	354,372
Payment during the year	(175,920)	(133,890)
Balance at end of year	1,766,131	1,525,130

12 Bank borrowings

	31 March 2020	31 March 2019
Vehicle loan	87,669	171,506
Less: Non-current portion	(20,417)	(87,669)
Current portion	67,252	83,837

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.

13 Trade and other payables

	31 March 2020	31 March 2019
Trade payables	6,916,871	9,272,108
Advance from customer	6,810,147	26,242,226
Accruals	22,345,584	9,348,392
Employee benefits payable	1,928,596	1,703,146
Retention payable	5,334,338	2,631,203
Other payables	34,873	66,697
	43,370,409	49,263,772

13 Trade and other payables(continued)

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

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

	31 March 2020	31 March 2019
Less than 3 months	6,606,216	8,582,208
More than 3 months	310,565	689,900
Total	6,916,871	9,272,108

14 Contract costs

	31 March 2020	31 March 2019
Material costs	59,660,971	22,736,333
Labour costs	11,142,907	8,440,341
Sub-contract costs	32,401,128	29,768,816
Employee end of service benefits (Note 11)	156,986	191,797
Other contract costs	18,533,227	11,239,626
	121,895,219	72,376,913

15 Staff costs

	31 March 2020	31 March 2019
Staff salaries	1,082,250	1,369,902
Leave salaries	26,617	55,790
Employee end of service benefit (Note 11)	259,935	162,575
Other staff benefits	222,409	251,274
	1,591,211	1,839,541

16 General and administrative expenses

	31 March 2020	31 March 2019
Provision for expected credit loss (Note 7)	132,758	302,717
Rent (Note 19)	408,000	366,000
Legal and professional fees	141,600	167,047
Motor vehicle expenses	64,206	76,642
Telephone fax and internet charges	37,410	37,934
Printing and stationery	21,900	34,463
Travelling expenses	10,881	1,347
Tender fees	9,200	6,400
Water and electricity charges	17,871	36,364
Insurance expenses	11,791	11,122
Government fee	12,199	19,542
Advertisement and promotion	16,990	18,665
Repairs and maintenance	31,255	28,632
Other expenses	153,905	50,768
	1,069,966	1,157,643

17 Finance costs

	31 March 2020	31 March 2019
Interest on bank borrowings	2,175	21,993
Other finance costs	241,429	327,125
	243,604	349,118

18 Dividend declared

On 26 May 2019, the management of the Company declared dividend amounting to QR 1,237,900. The declared dividend was settled as per profit sharing ratio within the shareholders as per articles of association.

19 Lease commitments

The Company leases its office for a period of one period and is renewable every period at the option of the lessor and the Company. The lease agreement requires issuance of post-date cheques. Rent expense for the year ended 31 March 2020 amounted to QR 408,000 (31 March 2019: QR 366,000).

20 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 2020	31 March 2019
Blue Star Limited	Shareholder	212,842	187,500
Blue Star International FZCo	Under common control	92,446	4,658
		305,288	192,158

Amounts due from related parties are unsecured, bear no interest, payable within 180 days, and are authorised by the management.

Below is the summary of related party transactions:

	31 March 2020	31 March 2019
Reimbursement of expenses received	463,598	502,330
Reimbursement of expenses paid	350,469	310,171

21 Income tax

The major components of income tax are as follows:

	31 March 2019	31 March 2019
Current income tax expense	697,660	518,292

Reconciliation between the tax profit and accounting profit before tax for the year ended 31 March 2020 and 2019 is as follows.

	31 March 2020	31 March 2019
Profit before tax	5,328,990	4,086,221
Adjustments for:		
Non-deductible expenses;		
Un-deductible provisions	1,946,338	1,309,906
Un-deductible depreciation	68,459	59,579
Taxable income	7,343,787	5,455,706
Income tax rate	10%	10%
Shares of non- resident Qatari in profit	95%	95%
Income tax payable	697,660	518,292

22 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the statement of financial position include trade and other receivables, 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 2020	31 March 2019
Trade and other payables	43,370,409	49,263,772
Bank borrowing	87,669	171,506
Lease liabilities	583,228	-
Less: Cash and cash equivalents	(21,915,701)	(20,891,420)
Net debt (a)	22,125,605	28,543,858
Total equity	22,335,311	18,941,881
Total equity and net debt (b)	44,460,916	47,485,739
Gearing ratio(a/b)	50%	60%

22 Financial assets and liabilities and risk management (continued)

Risk management
Risk management is carried out by the general manager of the Company with the help of experts appointed by the company and /or JV partner. The general manager provides 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
- Lease liabilities

A summary of the financial instruments held by category is provided below as at 31 March 2020:

Financial assets	31 March 2020	31 March 2019
Trade and other receivables	28,537,020	31,422,787
Cash and cash equivalents	21,915,701	20,891,420
	50,452,721	52,314,207

Financial liabilities	31 March 2020	31 March 2019
Trade and other payables	43,370,409	49,263,772
Bank borrowings	87,669	171,506
Lease liabilities	583,228	-
Total financial liabilities	44,041,306	49,435,278

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.

22 Financial assets and liabilities and risk management (continued)

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, bank borrowings, lease liabilities 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 2020.

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	15,206,117	The carrying amount of short term (less than 12	Level 3	Not applicable
Trade payables	6,916,871	months) trade receivables and payables, bank	Level 3	Not applicable
Borrowings	87,669	borrowings, lease liabilities and due from related	Level 3	Not applicable
Lease liabilities	583,228	parties are approximates its fair values	Level 3	Not applicable
Due from related parties	305,288		Level 3	Not applicable

23 Contingent liabilities

At 31 March 2020, 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 38,935,859 (31 March 2019: QR 80,171,155).

24 Subsequent events

There were no events subsequent to 31 March 2020 and occurring before the date of the report that are expected to have a significant impact on these financial statements.

25 Comparative figures

Previous year's/ period's figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosure. Such regrouping / reclassifications do not affect the previously reported profit, net assets or equity.