

**JUBILANT FOODWORKS LANKA (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 2013**



Chartered Accountants

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APAG/KCL

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF JUBILANT FOODWORKS LANKA (PRIVATE) LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Jubilant FoodWorks Lanka (Pvt) Ltd which comprise the Statement of Financial Position as at 31 March 2013, and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year ended 31 March 2013, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Scope of Audit and Basis of Opinion**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2013 and the financial statements give a true and fair view of the Company's financial position as at 31 March 2013 and its performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

**Report on Other Legal and Regulatory Requirements**

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

03 May 2013  
Colombo

Jubilant FoodWorks Lanka (Pvt) Ltd  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 March 2013

ASSETS	Note	2013 Rs.	2012 Rs.
<b>Non Current Assets</b>			
Property, Plant & Equipment	4	323,616,780	136,841,356
Intangible Assets	5	3,364,337	1,209,375
Deferred Tax Asset	14	-	4,572,406
		<u>326,981,118</u>	<u>142,623,137</u>
<b>Current Assets</b>			
Inventories	6	13,527,855	7,241,378
Trade and Other Receivables	7	67,488,749	34,084,343
Cash and Bank Balances	16	9,819,836	22,106,958
		<u>90,836,441</u>	<u>63,432,679</u>
<b>TOTAL ASSETS</b>		<u><u>417,817,560</u></u>	<u><u>206,055,816</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	8	497,344,500	255,509,500
Retained Earnings/(Loss)		(158,146,502)	(62,072,665)
<b>Total Equity</b>		<u>339,197,998</u>	<u>193,436,835</u>
<b>Non Current Liabilities</b>			
Deferred Tax Liabilities	14	6,352,920	-
Retirement Benefit Liabilities	9	549,184	322,500
		<u>6,902,104</u>	<u>322,500</u>
<b>Current Liabilities</b>			
Interest Bearing Loans & Borrowings	10	4,823,049	6,969,358
Trade and Other Payables	11	66,791,405	5,223,553
Income Tax Payable		103,004	103,570
		<u>71,717,458</u>	<u>12,296,481</u>
<b>Total Equity and Liabilities</b>		<u><u>417,817,560</u></u>	<u><u>206,055,816</u></u>

I certify that the financial statements comply with the requirements of the Company Act. No. 7 of 2007.



Financial Controller

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the board by,



Director



Director

The accounting policies and notes on pages 6 through 18 form an integral part of the financial statements.

May 3, 2013  
Colombo



**Jubilant FoodWorks Lanka (Pvt) Ltd**  
**STATEMENT OF COMPREHENSIVE INCOME**  
Year ended 31 March 2013

	Note	2013 Rs.	2012 Rs.
Turnover	3	161,328,497	36,064,219
Cost of Sales		(69,874,654)	(23,027,393)
<b>Gross Profit</b>		<b>91,453,843</b>	<b>13,036,826</b>
Administration Expenses		(154,599,216)	(68,108,499)
Distribution Expenses		(23,903,396)	(6,017,489)
Finance Expenses	12.2	(308,080)	(364,699)
Finance Income	12.1	2,398,204	1,461,155
<b>Loss Before Tax</b>	13	<b>(84,958,643)</b>	<b>(59,992,706)</b>
Income Tax (Expenses)/Reversal	14	(11,115,192)	4,458,436
<b>Loss for the Year</b>		<b>(96,073,837)</b>	<b>(55,534,270)</b>
Earnings/ (Loss) Per Share			
- Basic	15	(1.93)	(2.17)

The accounting policies and notes on pages 6 through 18 form an integral part of the financial statements.



Jubilant FoodWorks Lanka (Pvt) Ltd  
**STATEMENT OF CHANGES IN EQUITY**  
 Year ended 31 March 2013

	Stated Capital Rs.	Accumulated Profit/(Loss) Rs.	Total Rs.
Shares Issued During the Period for Cash	27,815,000	-	27,815,000
Loss for the Period	-	(6,538,395)	(6,538,395)
<b>Balance as at 31 March 2011</b>	<b>27,815,000</b>	<b>(6,538,395)</b>	<b>21,276,605</b>
Shares Issued During the Period for Cash	227,694,500	-	227,694,500
Loss for the Year	-	(55,534,270)	(55,534,270)
<b>Balance as at 31 March 2012</b>	<b>255,509,500</b>	<b>(62,072,665)</b>	<b>193,436,835</b>
Shares Issued During the Period for Cash	241,835,000	-	241,835,000
Loss for the Year	-	(96,073,837)	(96,073,837)
<b>Balance as at 31 March 2013</b>	<b>497,344,500</b>	<b>(158,146,502)</b>	<b>145,761,163</b>

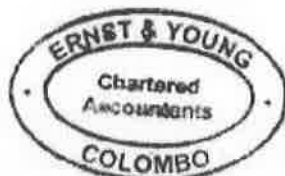
The accounting policies and notes on pages 6 through 18 form an integral part of the financial statements.



Jubilant Food Works Lanka (Pvt) Ltd  
**STATEMENT OF CASH FLOWS**  
Year ended 31 March 2013

	Note	2013 Rs.	2012 Rs.
<b>Cash Flows From / (Used in) Operating Activities</b>			
Net Profit Before Income Tax Expense and Extraordinary Items		(84,958,645)	(59,992,706)
Adjustments for			
Amortisation of Intangible Assets		419,587	80,625
Depreciation	4	21,394,795	3,945,351
Finance Costs	12.2	308,080	364,699
Gratuity Provision	9	226,684	322,500
Operating Profit/(Loss) before Working Capital Changes		<u>(62,609,499)</u>	<u>(55,279,531)</u>
Changes in Working Capital Changes			
(Increase)/ Decrease in Inventories		(6,286,477)	(7,241,378)
(Increase)/ Decrease in Trade and Other Receivables		(33,404,406)	(26,663,086)
Increase/ (Decrease) in Trade and Other Payables		61,567,852	2,418,085
		<u>21,876,968</u>	<u>(31,486,379)</u>
Cash Generated from Operations		(40,732,531)	(86,765,910)
Less: Finance Cost	12.2	(308,080)	(364,699)
Income Tax Payment		(190,432)	(10,400)
		<u>(41,231,043)</u>	<u>(87,141,009)</u>
<b>Cash Flows from (Used in) Investing Activities</b>			
Acquisition of Property, Plant and Equipment	4	(252,239,136)	(126,365,547)
Acquisition of Intangible Assets	5	(2,574,549)	(1,290,000)
Disposal of Property, Plant and Equipment		44,068,917	
		<u>(210,744,768)</u>	<u>(127,655,547)</u>
<b>Cash Flows from (Used in) Financing Activities</b>			
Funds from equity collaborators	8	241,835,000	227,694,500
Net Cash in Financing Activities		<u>241,835,000</u>	<u>227,694,500</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>			
Cash and Cash Equivalents at the beginning of the year	16	15,137,600	2,239,656
Cash and Cash Equivalents at the end of the year	16	<u>4,996,787</u>	<u>15,137,600</u>

The accounting policies and notes on pages 6 through 18 form an integral part of the financial statements.



Jubilant FoodWorks Lanka (Pvt) Ltd  
NOTES TO THE FINANCIAL STATEMENTS  
Period ended 31 March 2012

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**1. CORPORATE INFORMATION**

**1.1 General**

Jubilant FoodWorks Lanka (Pvt) Ltd, is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 164, Gaile Road, Dehiwela, Sri Lanka.

**1.2 Principal Activities and Nature of Operations**

During the year, the principal activities of the Company were to establish, carry on, manage, operate and franchise the business of manufacturing, selling, marketing and distributing fast food products and beverages.

**1.3 Parent Entity and Ultimate Parent Entity**

The Company's parent undertaking is Jubilant FoodWorks Ltd. In the opinion of Directors, the Company's ultimate parent undertaking and controlling party is Jubilant Bhartia Group, which is incorporated in India.

**1.4 Date of Authorisation for issue**

The Financial Statements of Jubilant FoodWorks (Pvt) Ltd for the year ended 31 March 2013 were authorised for issue in accordance with a resolution of the board of directors on 03 May 2013.



Jubilant FoodWorks Lanka (Pvt) Ltd  
NOTES TO THE FINANCIAL STATEMENTS  
Period ended 31 March 2012

**2. BASIS OF PREPARATION**

The Financial Statements have been prepared on a historical cost basis. The Financial Statements are presented in Sri Lankan Rupees. The preparation and presentation of these financial statements is in compliance with the Companies Act No. 07 of 2007.

**2.1.1 Statement of Compliance**

The Financial Statements of Jubilant FoodWorks Lanka (Pvt) Ltd has been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

**2.1.2 Comparative Information**

There have been changes in the accounting policies adopted by the Company, during financial year 2013.

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.2.1 Basis of Accounting**

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards. The Company has prepared these financial statements to comply in all material respects with the Companies Act No. 07 of 2007. The financial statements have been prepared under the historical cost convention on an accrual basis.

**2.2.2 Foreign Currency Translation**

**a) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

**b) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**c) Exchange Differences**

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**2.2.3 Income Tax**

Tax expense comprises of current & deferred tax.





**a) Current Taxes**

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

**b) Deferred Taxation**

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

**2.2.4 Earnings per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**2.2.5 Sales Tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or a service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable is stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Statement of Financial Position.

**2.2.6 Borrowing Costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are expensed in the period they occur.

**2.2.7 Trade and Other Receivables**

Trade receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.



**2.2.8 Inventories**

Raw Materials, Stores, Spares and Packing Materials, Goods Purchased for Resale and Material in Process Valued at the lower of cost and net realizable value. The cost for this purpose has been computed on FIFO basis.

Material in Process valued at Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads, if any

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

**2.2.9 Cash and Cash Equivalents**

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding book overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Cash flows are reported using indirect method, whereby profit or loss before tax is adjusted for the effects transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash and cash equivalents in the cash flow comprise cash at bank, cash/cheques in hand and short-term investments with an original maturity of three months or less.

**2.2.10 Investments**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**2.2.11 Property, Plant and Equipment**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.



Jubilant FoodWorks Lanka (Pvt) Ltd  
 NOTES TO THE FINANCIAL STATEMENTS  
 Period ended 31 March 2012

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**Depreciation**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at JFL Group policy based on the useful lives estimated by the management.

Fixed Asset	Estimated Useful Life (in number of years)	Depreciation Rate
Leasehold Improvements	9 years or actual lease period, whichever is lower	11.66% or age based on actual lease period, whichever is lower
Plant & Machinery	5 to 20	5% to 20%
Office Equipment	2 to 10	10% to 50%
Furniture & Fixtures	5 to 10	10% to 20%
Motor Vehicles	5	20%

Fixed Assets costing below Rs. 5,000 are depreciated @ 100% p.a.

**2.2.12 Intangibles**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

A summary of amortization policies applied to the company's intangible assets is as below:

Intangible Asset	Rates
Software	20%
Store Opening Fees	20%

**2.2.13 Expenditure during Construction Period**

Expenditure directly relating to construction activity of Outlets is capitalized (net of income, if any). Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to construction activity nor is incidental thereto is charged to the Statement of Comprehensive Income.

Finance Lease, which effectively transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased items, are capitalized at the inception of the lease term at the lower of fair value of the leased item and the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.



A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the term of hire, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset.

Leases, where the lessor effectively retains substantially all risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

#### 2.2.14 Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Comprehensive Income.

#### 2.2.15 Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits over the leased term are classified as operating leases.

Rentals paid under operating leases are recognized as an expense in the Statement of Comprehensive Income on a straight line basis over the leases. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period which termination takes place.



**2.2.16 Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best management estimates.

**2.2.17 Retirement Benefit Obligations**

**a) Defined Benefit Plan – Gratuity**

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is unfunded.

Actuarial gains/losses are immediately taken to the Statement of Comprehensive Income and are not deferred.

**b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund**

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation carried by an actuary as at the end of the year.

**2.2.18 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**a) Sale of Goods**

Revenue from the sale of goods is recognized upon passage of title to the customers which coincides with their delivery.

**b) Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

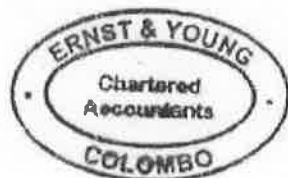


Jubilant FoodWorks Lanka (Pvt) Ltd

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

3.	SALES		2013	2012	
			Rs.	Rs.	
	Sale - Pizza		154,540,724	34,358,085	
	Sale Beverage		6,787,773	1,706,134	
			<u>161,328,497</u>	<u>36,064,219</u>	
4.	PROPERTY, PLANT AND EQUIPMENT				
4.1	Gross Carrying Amounts	Balance As at 01.04.2012	Additions	Disposals/ Transfers write off	Balance As at 31.03.2013
	At Cost	Rs.	Rs.	Rs.	Rs.
	Leasehold Improvements	49,614,666	103,440,001	-	153,054,667
	Plant & Machinery	30,049,959	89,013,391	-	119,063,361
	Furniture and Fittings	10,611,406	11,759,911	-	22,371,317
	Office Equipment	1,714,465	2,049,403	-	3,763,868
	Vehicles	4,727,293	5,535,144	-	10,262,437
		<u>96,717,800</u>	<u>211,797,850</u>	<u>-</u>	<u>308,515,650</u>
	Capital Work In Progress				
	Leasehold Improvements	12,828,151	10,242,611	(12,828,151)	10,242,611
	Plant & Machinery	31,240,766	21,902,947	(31,240,766)	21,902,947
	Furniture and Fittings	-	2,028,341	-	2,028,341
	Vehicles	-	6,267,387	-	6,267,387
		<u>44,068,917</u>	<u>40,441,286</u>	<u>(44,068,917)</u>	<u>40,441,286</u>
	<b>Total Gross Carrying Amount</b>	<u>140,786,717</u>	<u>252,239,136</u>	<u>(44,068,917)</u>	<u>348,956,936</u>
4.2	Depreciation	Balance As at 01.04.2012	Charge for the Year	Disposals/ Transfers	Balance As at 31.03.2013
	At Cost	Rs.	Rs.	Rs.	Rs.
	Leasehold Improvements	2,032,581	10,605,287	-	12,637,868
	Plant & Machinery	908,216	6,549,501	-	7,457,717
	Furniture and Fittings	552,670	2,643,720	-	3,196,390
	Office Equipment	160,731	407,277	-	568,008
	Vehicles	291,162	1,189,010	-	1,480,172
	<b>Total Depreciation</b>	<u>3,945,361</u>	<u>21,394,795</u>	<u>-</u>	<u>25,340,156</u>
4.3	Net Book Value			2013	2012
	At Cost			Rs.	Rs.
	Leasehold Improvements			140,416,799	47,582,096
	Plant & Machinery			111,605,643	29,141,743
	Furniture and Fittings			19,174,927	10,058,736
	Office Equipment			3,195,860	1,553,733
	Motor Vehicles			8,782,265	4,436,131
				<u>283,175,494</u>	<u>92,772,439</u>
	Capital Work In Progress				
	Buildings			10,242,611	12,828,151
	Plant & Machinery			21,902,947	31,240,766
	Furniture and Fittings			2,028,341	-
	Motor Vehicles			6,267,387	-
				<u>40,441,286</u>	<u>44,068,917</u>
	<b>Total Net Book Value</b>			<u>323,616,780</u>	<u>136,841,356</u>



Jubilant FoodWorks Lanka (Pvt) Ltd

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

5. INTANGIBLE ASSETS

	2013
	Rs.
<b>5.1 Gross Carrying Amounts</b>	
At Cost	
As at the Beginning of the year	1,290,000
Acquired During the year	2,574,549
As at 31 March 2013	<u>3,864,549</u>
<b>5.2 Amortization</b>	
As at the Beginning of the year	80,625
Amortisation for the year	419,587
As at 31 March 2013	<u>500,212</u>
<b>5.2 Net Book Value</b>	<u>3,364,337</u>

Store Opening fee is paid to Domino's Pizza International Franchising Inc and amortised over 05years inline with group policy

	2013	2012
	Rs.	Rs.
<b>6. INVENTORIES</b>		
Closing Food Stock	7,866,404	7,241,378
Closing Traded Item	352,539	-
Closing Non Food Stock	5,308,912	-
	<u>13,527,855</u>	<u>7,241,378</u>
<b>7. TRADE &amp; OTHER RECEIVABLES</b>		
	2013	2012
	Rs.	Rs.
Trade Debtors - Outlets	1,888,495	-
Deposits & Prepayments	53,689,372	2,800,000
Sundry Debtors & Advances	11,910,882	4,621,258
	<u>67,488,749</u>	<u>7,421,258</u>

8. STATED CAPITAL

	2013		2012	
	Number of shares	Value of shares Rs.	Number of shares	Value of shares Rs.
<b>8.1 Issued and Fully Paid</b>				
At the Beginning of the Period	25,550,950	255,509,500	2,781,500	27,815,000
issued during the Period	24,183,500	241,835,000	22,769,450	227,694,500
At the End of the Period	<u>49,734,450</u>	<u>497,344,500</u>	<u>25,550,950</u>	<u>255,509,500</u>
<b>8.2 Fully Paid Ordinary Shares</b>				
	2013		2012	
	Number of shares	Value of shares Rs.	Number of shares	Value of shares Rs.
Balance at Beginning of the Year	25,550,950	255,509,500	2,781,500.00	27,815,000.00
Issue of Shares for cash	24,183,500	241,835,000	22,769,450	227,694,500
Balance at the end of the Year	<u>49,734,450</u>	<u>497,344,500</u>	<u>25,550,950</u>	<u>255,509,500</u>



Jubilant FoodWorks Lanka (Pvt) Ltd  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 March 2013

9. EMPLOYEE RETIREMENT BENEFIT LIABILITY		2013	2012
		Rs.	Rs.
Balance as at the beginning of the Year		322,500	-
Charge for the Year		226,684	322,500
Balance as at the end of the Year		<u>549,184</u>	<u>322,500</u>

10. INTEREST BEARING LOANS & BORROWINGS						
	2013		Total	2012		Total
	Amount Repayable Within 1 year	Amount Repayable After 1 year		Amount Repayable Within 1 year	Amount Repayable After 1 year	
	Rs.	Rs.		Rs.	Rs.	
Book Overdrafts (Note 16.2)	4,823,049	-	4,823,049	6,969,358	-	6,969,358
	<u>4,823,049</u>	<u>-</u>	<u>4,823,049</u>	<u>6,969,358</u>	<u>-</u>	<u>6,969,358</u>

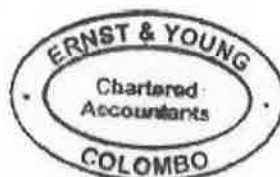
11. TRADE AND OTHER PAYABLES		2013	2012
		Rs.	Rs.
Trade Payables		49,617,643	460,271
Sundry Creditors Including Accrued Expenses		17,173,762	4,763,282
		<u>66,791,405</u>	<u>5,223,553</u>

12. FINANCE INCOME & COST		2013	2012
		Rs.	Rs.
12.1 Finance Income			
Interest Income - Fixed Deposit		2,398,204	1,461,155
		<u>2,398,204</u>	<u>1,461,155</u>
12.2 Finance Cost			
Bank Charges		308,080	364,699
		<u>308,080</u>	<u>364,699</u>

13. OPERATING LOSS BEFORE TAXATION		2013	2012
Is stated after Charging / (Crediting)		Rs.	Rs.
Included in Administrative Expenses			
Employees Benefits including the following			
- Defined Contribution Plan Costs - EPF & ETF (included in Employee Benefits)		56,704,608	29,037,748
Depreciation		21,394,795	3,945,361
Amortisation		419,587	80,625
Gratuity		226,684	322,500
Auditors Fees and Expenses		<u>670,000</u>	<u>625,000</u>





Jubilant FoodWorks Lanka (Pvt) Ltd  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 March 2013

**14. INCOME TAX**

The major components of income tax expense for the years ended 31 March are as follows :

	2013 Rs.	2012 Rs.
<b>Current Income Tax</b>		
Current Income Tax charge	189,866	113,970
	<u>189,866</u>	<u>113,970</u>
<b>Deferred Income Tax</b>		
Deferred Taxation Charge/(Reversal) (14.1)	10,925,326	(4,572,406)
	<u>11,115,192</u>	<u>(4,458,436)</u>
<b>A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :</b>		
Accounting Profit/(Loss) Before Tax	(84,958,645)	(59,992,706)
Aggregate Disallowed Items	84,958,645	59,992,706
Interest Income	2,398,204	1,461,155
Taxable Profit	2,398,204	1,461,155
Less: Trade Loss Set Off	(839,371)	(511,404)
	<u>1,558,833</u>	<u>949,751</u>
Statutory Tax Rate		
Concessionary Tax Rate of 12%	189,866	113,970
Current Income Tax	<u>189,866</u>	<u>113,970</u>

**14.1 Deferred Tax Assets, Liabilities and Income Tax relates to the followings**

	Balance Sheet		Income Statement	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
<b>Deferred Tax Liability</b>				
Capital allowances for tax purposes	6,628,822	2,619,087	4,009,735	2,619,087
	<u>6,628,822</u>	<u>2,619,087</u>	<u>4,009,735</u>	<u>2,619,087</u>
<b>Deferred Tax Assets</b>				
Defined Benefit Plans	65,902	(38,700)	(104,602)	(38,700)
Bad Debtor General Provision	210,000	-	(210,000)	-
Brought forward Tax Losses	-	(7,152,793)	-	(7,152,793)
	<u>275,902</u>	<u>(7,191,493)</u>	<u>(314,602)</u>	<u>(7,191,493)</u>
Deferred income tax (income) / expense			<u>3,695,133</u>	<u>(4,572,406)</u>
Net Deferred Tax Assets/(Liability)	<u>(6,352,920)</u>	<u>(4,572,406)</u>		

During the year deferred tax assets have not been recognised on carried forward tax losses to the extent that it is not probable that taxable profits will be available against which deductible expenses.



Jubilant FoodWorks Lanka (Pvt) Ltd  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Year ended 31 March 2013

**15. EARNINGS PER SHARE**

15.1 Basic Earnings/(Loss) Per Share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

15.2 The following reflects the Profit/(Loss) and share data used in the Basic Earnings/(Loss) Per Share computations.

	2013 Rs.	2012 Rs.
Attributable to ordinary shareholders for Basic Earnings Per Share	<u>(96,073,837)</u>	<u>(55,534,270)</u>
<b>Number of Ordinary Shares used as the denominator:</b>	<b>2013</b>	<b>2012</b>
	<b>Number</b>	<b>Number</b>
Weighted Average Number of ordinary shares in issue applicable to Basic Earnings/(Loss) per share	<u>49,734,450</u>	<u>25,550,950</u>
Earnings/(Loss) per share	<u>(1.93)</u>	<u>(2.17)</u>

**16. CASH AND CASH EQUIVALENT IN THE CASH FLOW STATEMENT**  
**Components of Cash and Cash Equivalents**

	2013 Rs.	2012 Rs.
<b>16.1 Favourable Cash &amp; Cash Equivalents Balance</b>		
Cash and Bank Balances	2,319,836	275,274
Cash in Transit	-	1,744,585
Fixed Deposits (tenor 3 Months)	<u>7,500,000</u>	<u>20,087,098</u>
	<u>9,819,836</u>	<u>22,106,957</u>
<b>16.2 Un Favourable Cash &amp; Cash Equivalents Balance</b>		
Book Over Drafts	<u>(4,823,049)</u>	<u>(6,969,358)</u>
<b>Total Cash and Cash Equivalents</b>	<u>4,996,787</u>	<u>15,137,599</u>

**17. COMMITMENTS AND CONTINGENCIES**

**17.1 Capital Expenditure Commitments**

The Company does not have significant capital commitments as at the date of Statement of Financial Position.

**17.2 Contingent Liabilities**

The Company does not have significant contingencies as at the date of Statement of Financial Position.

**18. ASSETS PLEDGED**

There have been no assets pledged as at the date of Statement of Financial Position.



**Jubilant FoodWorks Lanka (Pvt) Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Year ended 31 March 2013

**19. RELATED PARTY DISCLOSURES**

Details of significant related party disclosures are as follows:

Transaction with the parent Nature of Transaction	Transaction with Parent	
	2013 Ra.	2012 Rs.
Purchase of Shares	241,835,000	227,694,500
Cash Received	(241,835,000)	(227,694,500)
As at 31 March	-	-

**Transactions with Key Management Personnel of the Company or its parent**

The Key Management Personnel of the Company are the members of its Board of Directors.

There have been no transactions with Key Management Personnel of the Company for the period ended 31 March 2013.

**20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There have been no material events occurring after the date of Statement of Financial Position that require adjustments to or disclosure in the financial statements.



**JUBILANT FOODWORKS LANKA (PRIVATE) LIMITED**

**DETAILED INCOME STATEMENT  
YEAR ENDED 31 MARCH 2013**

**Jubilant FoodWorks Lanka (Pvt) Ltd**  
**DETAILED INCOME STATEMENTS**  
Year ended 31 March 2013

	Statement	2013 Rs.	2012 Rs.
Turnover	I	161,328,497	36,064,219
Cost of Sales	II	<u>(69,874,654)</u>	<u>(13,104,845)</u>
Gross Profit		91,453,843	22,959,374
Finance income		2,398,204	1,461,155
Distribution Expenses	III	(23,903,396)	(6,017,489)
Administrative Expenses	IV	(154,599,216)	(68,108,499)
Finance Cost	V	(308,080)	(364,699)
Loss Before Tax		<u>(84,958,645)</u>	<u>(50,070,158)</u>



ubilant FoodWorks Lanka (Pvt) Ltd  
**DETAILED INCOME STATEMENTS**  
 ear ended 31 March 2013

**STATEMENT I**

	2013	2012
	Rs.	Rs.
<b>COST OF SALES</b>		
Opening Stock	7,241,378	-
Purchase-Raw Material (Intg)	9,719,262	2,766,310
Purchase-Dough Ingredient(Intg)	5,069,154	2,007,429
Purchase-Milk Product (Intg)	22,615,699	5,938,882
Purchase-Non Veg(Intg)	15,606,341	3,531,562
Purchase-Desert (Intg)	-	1,915
Purchase-Beverages (Intg)	(155,571)	64,170
Purchase-Beverages (M)	6,299,251	1,523,607
Purchase-Raw material (M)	9,749,135	4,512,348
Purchase-DR/Cr Integration	1,948,948	-
Closing Stock	(8,218,943)	(7,241,378)
	<u>69,874,654</u>	<u>13,104,845</u>



Jubilant FoodWorks Lanka (Pvt) Ltd  
**DETAILED INCOME STATEMENTS**  
Year ended 31 March 2013

**STATEMENT II**

<b>ADMINISTRATION EXPENSES</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Attendance Allowance	4,502,037	2,049,813
Audit Fees	670,000	625,000
Brokerage and Commission	83,000	-
Conference Expenses	274,716	355,362
Contribution to EPF	3,224,357	1,552,413
Contribution to ETF	804,772	388,266
Courier Charges	87,847	-
Depreciation	21,394,795	3,945,361
Diesel Expenses	776,879	76,980
Electricity	16,336,232	3,152,340
Entertainment Allowance	3,750,276	1,175,629
Food Testing Expenses	113,856	25,356
Franchisee Fees	4,839,758	1,081,926
General Expenses	1,186,078	322,500
Gratuity	226,684	559,094
Insurance Expenses	2,002,329	1,511,323
Legal Advisory Fees	3,427,739	4,245,884
LPG Cost	4,717,829	851,943
Motor Vehicle Running Expenses	1,956,000	1,906,800
Pest control	108,489	7,500
Printing and Stationery	705,648	497,349
Purchase-Printing and Sta (Intg)	94,462	63,810
CI Stock (P and S) P and L	(68,163)	-
Recruitment Expenses	372,164	311,309
Rent Expenses	16,172,536	9,342,539
Repair and Maintenance	600,015	112,671
Reward and Recognition Expenses	20,138	14,175
Security Expenses	1,963,923	1,017,046
Service Charges for sodexo	941,886	202,429
Staff Salaries	32,714,262	15,149,116
Staff Welfare	2,115,616	4,344,347
Telephone and Fax Charges	1,466,357	1,383,429
Training and Seminar Expenses	52,655	2,534,499
Transport Allowance	7,323,320	1,765,070
Travelling and Conveyance	2,136,244	1,154,434
Travelling Foreign	4,377,291	2,263,632
Travelling Inland	63,540	286,409
Uniform Expenses	21,045	24,220
Vehicle Rent Charges	3,468,000	3,099,000
House Keeping Charges	2,450,450	-
Purchase-Cleaning and Hyg (Intg)	1,244,801	333,129
Purchase Cleaning and Hygiene	218,496	439,936
CI Stock(Cleaning)P and L	(169,636)	-
Water Charges	946,623	149,893
Amortisation	419,587	80,625
Software Expenses	1,555,721	-
Exchange Loss	18,889	-
Medical Expenses	241,173	-
Connectivity Expense	2,648,500	-
	<b>154,599,216</b>	<b>68,421,760</b>

**STATEMENT III**

<b>DISTRIBUTION EXPENSES</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Advertisement	8,892,221	10,080
Local Store Marketing	824,224	-
Purchase-Consumable (Intg)	2,382,556	984,362
Purchase Consumables (M)	1,109,140	504,193
CI Stock(Consumables)P and L	(2,349,904)	-
Purchase-Packing Materi (Intg)	8,793,392	2,826,724
CI Stock (Packing) P and L	(2,057,097)	-
Perrol Expenses	1,836,727	413,955
Vehicle Maintenance Charges	528,380	39,930
Purchase-Uniform (Intg)	1,402,042	1,366,197
CI Stock (Uniform)P and L	(664,110)	-
Freight Expenses	1,435,825	3,384,197
Provision for Doubtful Debts	1,750,000	-
	<b>23,903,396</b>	<b>9,529,638</b>

