

**JUBILANT FOODWORKS LANKA  
(PRIVATE) LIMITED**

**FINANCIAL STATEMENTS  
TOGETHER WITH AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
31 MARCH 2024**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JUBILANT FOODWORKS LANKA (PRIVATE) LIMITED**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Jubilant Food Works Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Management is responsible for the other information. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As we have not been provided with other information, we have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting 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 has no realistic alternative but to do so.

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



## Auditor's Responsibilities for the Audit of the 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 SLAuSs 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 SLAuSs, we exercise professional judgement and maintain professional skepticism 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.
- 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

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as it appears from our examination, proper accounting records have been kept by the Company.

*Deloitte Associates*

**Deloitte Associates**  
Chartered Accountants  
Colombo  
17 May 2024



**Jubilant FoodWorks Lanka (Private) Limited****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Year ended 31 March 2024

	Note	2023/24 Rs.	2022/2023 Rs.
Revenue	3	1,894,420,163	1,845,105,051
Cost of sales		(882,753,631)	(939,545,023)
<b>Gross profit</b>		<u>1,011,666,532</u>	<u>905,560,028</u>
Administrative expenses		(1,413,376,594)	(1,047,295,160)
Distribution expenses		(291,789,648)	(209,137,369)
Other income		17,978,080	12,293,954
Finance income	4	12,299,568	14,428,783
Finance expense	5	(82,424,567)	(54,501,759)
<b>Loss before tax</b>	6	<u>(745,646,629)</u>	<u>(378,651,524)</u>
Income tax expense	7.1	-	-
<b>Loss for the year</b>		<u>(745,646,629)</u>	<u>(378,651,524)</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit/(loss):</i>			
Re-measurement (loss) / gain on defined benefit plan	16	(2,513,000)	264,000
Other comprehensive loss, net of tax		<u>(2,513,000)</u>	<u>264,000</u>
<b>Total comprehensive loss for the year</b>		<u><u>(748,159,629)</u></u>	<u><u>(378,387,524)</u></u>
<b>Earnings per share</b>			
Loss per share - basic	8.2	<u>(1.82)</u>	<u>(1.30)</u>

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.





Jubilant FoodWorks Lanka (Private) Limited  
STATEMENT OF FINANCIAL POSITION  
As at 31 March 2024

	Note	31.03.2024 Rs.	31.03.2023 Rs.
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	9	969,168,905	990,789,512
Right-of-use assets	10	451,536,353	436,059,906
Intangible assets	11	67,276,738	84,361,459
Security deposit	13.1	62,074,671	45,562,183
		<u>1,550,056,667</u>	<u>1,556,773,059</u>
<b>Current assets</b>			
Inventories	12	172,509,028	143,412,063
Receivables	13	124,340,577	103,610,946
Income tax recoverable		86,862	86,862
Investment in term deposit		-	-
Cash and cash equivalents	18	139,272,558	53,734,231
		<u>436,209,025</u>	<u>300,844,102</u>
<b>Total assets</b>		<u>1,986,265,691</u>	<u>1,857,617,161</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Stated capital	14	4,082,311,280	3,195,148,910
Accumulated loss		(2,995,820,808)	(2,247,661,178)
<b>Total equity</b>		<u>1,086,490,472</u>	<u>947,487,732</u>
<b>Non-current liabilities</b>			
Lease liability - long term	15	461,436,719	441,319,321
Retirement benefit obligation	16	12,794,247	7,572,992
		<u>474,230,966</u>	<u>448,892,313</u>
<b>Current liabilities</b>			
Lease liability - short term	15	55,002,251	45,921,653
Trade and other payables	17	353,711,929	411,211,921
Bank overdrafts	18	-	40,702
Amounts due to related parties	21	16,830,073	4,062,839
		<u>425,544,253</u>	<u>461,237,116</u>
<b>Total equity and liabilities</b>		<u>1,986,265,691</u>	<u>1,857,617,161</u>

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Senior Manager-Finance & Accounts

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by the following on 17 May 2024.

Director

Director

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.



**Jubilant FoodWorks Lanka (Private) Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 March 2024**

	<b>Stated capital Rs.</b>	<b>Accumulated loss Rs.</b>	<b>Total Rs.</b>
<b>Balance as at 31 March 2022</b>	<b>2,568,130,798</b>	<b>(1,869,273,654)</b>	<b>698,857,144</b>
Loss for the year	-	(378,651,524)	(378,651,524)
Other comprehensive loss for the year	-	264,000	264,000
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(378,387,524)</b>	<b>(378,387,524)</b>
Issue of stated capital	627,018,112	-	627,018,112
<b>Balance as at 31 March 2023</b>	<b>3,195,148,910</b>	<b>(2,247,661,178)</b>	<b>947,487,732</b>
Loss for the year	-	(745,646,629)	(745,646,629)
Other comprehensive loss for the year	-	(2,513,000)	(2,513,000)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(748,159,629)</b>	<b>(748,159,629)</b>
Issue of stated capital	887,162,370	-	887,162,370
<b>Balance as at 31 March 2024</b>	<b>4,082,311,280</b>	<b>(2,995,820,807)</b>	<b>1,086,490,472</b>

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.





**Jubilant FoodWorks Lanka (Private) Limited****STATEMENT OF CASH FLOWS****Year ended 31 March 2024**

	Notes	2023/2024 Rs.	2022/2023 Rs.
<b>Cash flows from operating activities</b>			
Loss before income tax	6	(745,646,629)	(378,651,524)
<i>Adjustments for:</i>			
Amortisation of intangible assets	11.2	25,636,813	20,815,846
Depreciation	9.2	222,718,487	144,301,860
Amortization of right-of-use assets	10	77,181,082	57,630,084
Finance income	4	(12,299,568)	(14,428,783)
Finance expense	5	82,424,567	54,501,759
Gratuity provision	16	3,902,000	3,078,000
Operating loss before working capital changes		<u>(346,083,248)</u>	<u>(112,752,757)</u>
<b>Changes in working capital</b>			
Increase in inventories		(29,096,965)	(55,979,334)
Increase in trade and other receivables		(20,729,631)	(41,301,067)
Increase in trade and other payables		(85,798,362)	257,994,449
Increase/(decrease) in amounts due to related parties		12,767,234	(81,745,608)
<b>Cash used in operating activities</b>		<u>(468,940,970)</u>	<u>(33,784,318)</u>
Interest received		7,082,390	10,328,792
Gratuity paid	16	<u>(1,193,745)</u>	<u>(1,546,269)</u>
<b>Net cash flows generated from operating activities</b>		<u>(463,052,326)</u>	<u>(25,001,795)</u>
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment	9.1	(201,703,063)	(552,177,223)
Acquisition of intangible assets	11.1	<u>(8,552,092)</u>	<u>(14,821,160)</u>
<b>Net cash used in investing activities</b>		<u>(210,255,155)</u>	<u>(566,998,383)</u>
<b>Cash flow from financing activities</b>			
Proceeds on issue of shares	14.1	887,162,370	627,018,112
Lease rental paid	15	<u>(128,275,860)</u>	<u>(91,073,591)</u>
<b>Net cash from financing activities</b>		<u>758,886,510</u>	<u>535,944,521</u>
<b>Net increase in cash and cash equivalents</b>		85,579,029	(56,055,657)
Cash and cash equivalents at the beginning of the year	18.1	53,693,529	109,749,186
Cash and cash equivalents at the end of the year	18.2	<u>139,272,559</u>	<u>53,693,529</u>

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The accounting policies and notes from 1 to 24 form an integral part of these financial statements.





**Jubilant FoodWorks Lanka (Private) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

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**1. Corporate information**

**1.1 General**

Jubilant FoodWorks Lanka (Private) Limited, is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 164, Galle Road, Dehiwala, 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 Limited. 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 Lanka (Private) Limited for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors, 17 May 2024.

**2. Summary of key accounting policies**

**2.1 Statement of compliance**

The statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes together with the summary of Material Accounting Policies (being the "financial statements") of the company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKAS) as issued by The Institute of Chartered Accountants of Sri Lanka (ICASL) which is based on International Financial Reporting Standards and International Accounting Standards ("IFRSs" & "IAS"), as issued by the International Accounting Standards Board and in compliance with the companies Act No.7 of 2007.

**2.2 Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for the defined benefit plan, which is measured at the present value based on actuarial valuation.

All assets and liabilities are classified as current and non-current as per the company's normal operating cycle of twelve months which is based on the nature of business of the Company. Current assets do not include elements which are not expected to be realised within one year and current liabilities do not include items which are due after one year, the period of one year being reckoned from the reporting date.

**2.3 Going concern**

The Company has continuously incurred losses since its inception. The Company's net assets amounting to Rs. 1086 Mn is less than half the stated capital of the company as at 31 March 2024. However, the financial statements of the Company has been prepared on the basis of accounting principles applicable to going concern. This going concern basis presumes that the company will continue to receive financial support from its parent company. The company is making progress in achieving its profitability level through focus on growing revenue by improving operational KPI's such as faster delivery and more investments on digital sales. At the same time efficient cost controls over food cost, manpower cost, discounts and re-negotiations on fixed cost such as rents are focussed.





**2. Summary of key accounting policies – (contd.)**

**2.4 (a) Comparative information**

The accounting policies adopted by the Company are consistent with those used in the previous financial year

**(b) Functional and presentation currency**

The functional currency of the company is Sri Lankan Rupees (Rs.). Transactions in foreign currencies are initially recorded in the functional currency using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlements are recognized in profit or loss.

**2.5 Summary of material accounting policies**

**2.5.1**

**(a) Income tax**

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

**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 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 Inland Revenue Act No. 24 of 2017 and the subsequent amendments thereto.

**(b) Deferred taxation**

Deferred tax is recognised using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

**2.5.2 Earnings per share**

The company presents basic Earnings Per Share (EPS) based on profit or loss attributable to the ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.





**Jubilant FoodWorks Lanka (Private) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

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**2. Summary of key accounting policies – (contd.)**

**2.5 Summary of material accounting policies – (contd.)**

**2.5.3 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.

**2.5.4 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.

The cost of the inventory comprises of the cost incurred in bringing inventories to its present location and condition.

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

**2.5.5 Cash and cash equivalents**

Cash and cash equivalents are cash in hand and balances with banks.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in savings accounts net of outstanding book overdrafts.

Cash flows are reported using the indirect method, whereby profit or loss before tax is adjusted for the effect's 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 of cash at bank, cash/cheques in hand and short-term investments with an original maturity of three months or less.

**2.5.6 Property, plant and equipment**

**2.5.6.1 Basis of recognition**

All property, plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the assets to a working condition for their intended use.

**2.5.6.2 Subsequent measurement**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in profit or loss in the period in which those are incurred.

All classes of assets included under property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



**2. Summary of key accounting policies – (contd.)**

**2.5 Summary of material accounting policies – (contd.)**

**2.5.6 Property, plant and equipment**

**2.5.6.3 Depreciation**

Depreciation is charged to profit or loss so as to write off the cost of assets less their residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in such estimates accounted for prospectively.

The estimated useful lives of depreciable assets are as follows:

<b>Fixed asset</b>	<b>Estimated useful life (in number of years)</b>	<b>Depreciation rate</b>
Leasehold improvements	9 years or actual lease period, whichever is lower	11.66% or % based on actual lease period, whichever is lower
Plant and machinery	5 to 20	5% to 20%
Office equipment	2 to 10	10% to 50%
Furniture and fixtures	5 to 10	10% to 20%
Motor vehicles	6	16.67%

**2.5.6.4 De-recognition**

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from their use. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in profit or loss.

**2.5.6.5 Capital work-in-progress**

Capital work in progress represents all amounts paid on work undertaken, and still in an unfinished state as at the end of the year and is carried at cost less any recognised impairment. Depreciation on such items commences when the assets are ready for their intended use.

**2.5.7 Intangible assets**

**2.5.7.1 Basis of recognition**

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets include cost of computer software and licenses acquired by the Company and is stated at cost less accumulated amortisation and accumulated impairment losses.

**2.5.7.2 Subsequent expenditure**

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.





**Jubilant FoodWorks Lanka (Private) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

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**2. Summary of key accounting policies – (contd.)**

**2.5 Summary of material accounting policies – (contd.)**

**2.5.7 Intangible assets – (contd.)**

**2.5.7.3 Amortization**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The estimated useful lives of the company's intangible assets are as follows:

<b>Intangible asset</b>	<b>Estimated useful life (in number of years)</b>	<b>Depreciation rate</b>
Software	5	20%
Store opening fees	5	20%

**2.5.8 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 profit or loss.

**2.5.9 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 the 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. These budgets and forecast calculations generally cover 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, if any depreciation is provided on the revised carrying amount of the asset over its remaining useful life.





**2. Summary of key accounting policies – (contd.)**

**2.5 Summary of material accounting policies – (contd.)**

**2.5.9 Impairment of tangible and intangible assets – (contd.)**

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 an 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 profit or loss.

**2.5.10 Financial Instruments**

Trade and other receivables are initially recognised at the transaction price. All sales are made on the basis of normal credit terms, and the receivables do not bear interest.

The company assesses at each reporting date whether a financial asset (or a group of financial assets) such as trade receivables, advances and security deposits held at amortised cost for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs.

Subsequent to initial measurement, financial liabilities are recognised at amortised cost unless they are a part of a fair value hedge relationship. The difference between the initial carrying amount of the financial liability and their redemption value is recognised in the statement of comprehensive income over the contractual terms using the effective interest rate.

Financial liabilities at amortised cost are further classified as current and non-current depending whether these will fall due within 12 months after the date of the statement of financial position or beyond.

Financial liabilities are derecognised when either the company is discharged from its obligations or if they expire, are cancelled, or replaced by a new liability with substantially modified terms.

Financial liabilities include trade and other payables and other financial liabilities.

**2.5.11 Provisions**

Provisions are recognised when the company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the company created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognised as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.





**2. Summary of key accounting policies – (contd.)**  
**2.5 Summary of material accounting policies – (contd.)**

**2.5.12 Employee retirement benefits**

**a) Short term and other long term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amounts of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amounts of the benefits to be paid in exchange for the related services.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by the employees up to the reporting date.

**b) Defined benefit plan – gratuity**

The Defined Benefit Obligation recognized in the statement of financial position represents the present value of the Defined Benefit Obligation at the reporting date estimated using the projected unit credit method. These benefits are not externally funded. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. The company's obligations under the said Act is determined based on an actuarial valuation using the projected unit credit method carried out by a professional actuary.

Gains and losses through re-measurements of the defined benefit liability are recognized in other comprehensive income and not reclassified to profit and loss in subsequent periods.

**c) Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund**

Defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

All employees of the Company are members of the Employees' Provident Fund and the Employees' Trust Fund, to which the Company contributes 12% and 3% respectively of such employees' basic or consolidated wage or salary.

**2.5.13 Lease assets**

**(a) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

**(b) Lease liabilities**

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date.



**2. Summary of key accounting policies – (contd.)**

**2.5 Summary of material accounting policies – (contd.)**

**2.5.14 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. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

**a) Sale of goods**

The Company recognizes revenue from the sale of food through the Company's owned stores located in Sri Lanka and are recognized when the items are delivered to or carried out by customers. Customer's payments are generally due at the time of sale.

**b) Other income**

Other income mainly consists of interest income which is recognised on an accrual basis using the Effective Interest Rate (EIR) method. Gains and losses on the disposal of property, plant and equipment are recognized in profit or loss, at the point of disposal.

**2.5.15 Commitments and contingencies**

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or the amount cannot be reliably measured. Contingent liabilities are not recognised in the statement of financial position, but are disclosed.

**2.5.16 Material accounting judgements Commitments and contingencies**

The preparation of financial statements requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management of the company to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Hence, actual experience and results may differ from these judgments and estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

**- Retirement benefit obligation**

The present value of the defined benefit obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 16. Any changes in these assumptions will impact the carrying amount of defined benefit obligations

**- Right-of-use assets**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate for similar borrowings.

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	2023/2024 Rs.	2022/2023 Rs.
<b>3. Sales</b>		
Sales - Pizza	1,733,118,161	1,737,023,811
Sales - Beverages	95,494,625	34,287,963
Delivery charges	65,807,377	73,793,276
	<u>1,894,420,163</u>	<u>1,845,105,051</u>
<b>4. Finance income</b>		
Interest income - Savings accounts	7,082,390	9,642,624
Interest income on security deposits	5,217,178	4,786,159
	<u>12,299,568</u>	<u>14,428,783</u>
<b>5. Finance expenses</b>		
Interest expenses on lease liability	82,424,567	54,274,145
Overdraft interest	-	227,614
	<u>82,424,567</u>	<u>54,501,759</u>
<b>6. Loss before taxation</b>		
Loss before tax is stated after charging all expenses including the following :		
<b>Included in administrative expenses</b>		
Employees' benefits including the following:		
Staff salaries and allowances		390,783,835
Defined contribution plan costs - EPF & ETF (included in employee benefits)		25,569,753
Depreciation		222,718,487
Amortisation of intangible assets		25,636,813
Gratuity		3,902,000
Auditors fees and expenses		1,400,000





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**7. Income tax**

**7.1 The major components of income tax expenses for the year ended 31 March 2024 are as follows :**

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Current tax</b>		
Current income tax expenses	-	-
Write-off of ESC receivable	-	-
	<u>-</u>	<u>-</u>
<b>Reconciliation between taxable profit and accounting profit</b>		
Accounting loss before tax	(378,651,524)	(378,651,524)
Aggregate disallowable expenses	412,468,132	278,207,597
Aggregate allowable expenses	(324,504,324)	(298,820,704)
Adjusted profit / (loss)	<u>(290,687,716)</u>	<u>(399,264,631)</u>
Interest income	7,082,390	9,642,624
Less: Brought forward tax losses	(7,082,390)	(9,642,624)
Taxable profit	<u>NIL</u>	<u>NIL</u>
Current tax at 30%	-	-
Balance income tax payable	<u>-</u>	<u>-</u>

**7.2 Tax losses carried forward**

Tax losses brought forward	2,128,179,786	1,729,129,434
Adjustment for previous year		9,428,345
Loss incurred during the year (Note 7.1)	290,687,716	399,264,631
Loss set off against interest income	(7,082,390)	(9,642,624)
Tax losses carried forward	<u>2,411,785,112</u>	<u>2,128,179,786</u>

**7.3 Deferred tax assets and liabilities relate to the following;**

The company has computed deferred tax at the rate of 30% in the current year.

	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Deferred tax liability</b>		
Property, plant and equipment	(1,912,742)	59,757,908
	<u>(1,912,742)</u>	<u>59,757,908</u>
<b>Deferred tax assets</b>		
Defined benefit obligation	2,351,098	2,351,098
Re-measurement (loss) / gain on defined benefit plan	(79,200)	(79,200)
Tax loss	(139,645,546)	(73,331,962)
Right of use asset	135,460,906	130,817,972
	<u>(1,912,742)</u>	<u>59,757,908</u>
Net deferred tax assets / (liability)	<u>-</u>	<u>-</u>



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**7. Income tax (contd.)**

**7.3 Deferred tax assets and liabilities relate to the following; (contd.)**

**Assumption made in recognition of the deferred tax assets**

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

As of 31 March 2024, there is a tax loss carried forward amounting to Rs. 2,411,785,111 (2023 - Rs. 2,128,179,786) for which unrecognized deferred tax assets on tax losses as at 31 March 2024 amounted to Rs. 1,912,742 /- (2022/23 - Rs. 59,757,908).

**8. Earnings per share**

**8.1** 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.

**8.2** The following reflects the loss and share data used in the basic loss per share computations.

	2023/2024 Rs.	2022/2023 Rs.
Loss attributable to ordinary shareholders for basic earnings per share	<u>(745,646,629)</u>	<u>(378,651,524)</u>
	<b>31.03.2024 Rs.</b>	<b>31.03.2023 Rs.</b>
<b>Number of ordinary shares used as the denominator:</b>		
Weighted average number of ordinary shares in issue applicable to basic earnings / (loss) per share	<u>408,655,164</u>	<u>290,207,330</u>
Loss per share	<u>(1.82)</u>	<u>(1.30)</u>





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	Balance as at 1 April 2023 Rs.	Additions Rs.	Disposal Rs.	Transfer from CWIP Rs.	Balance as at 31 March 2024 Rs.
<b>9. Property, plant and equipment</b>					
<b>9.1 Gross carrying amounts</b>					
Leasehold improvements	737,416,289	36,473,161	-	-	773,889,450
Plant and machinery	871,701,537	83,564,995	(784,380)	70,476,963	1,024,959,115
Furniture and fittings	198,670,904	11,487,238	(17,818,420)	14,243,446	206,583,169
Office equipment	5,398,506	-	-	-	5,398,506
Motor vehicles	14,763,395	-	-	-	14,763,395
	<u>1,827,950,631</u>	<u>131,525,394</u>	<u>(18,602,800)</u>	<u>84,720,409</u>	<u>2,025,593,635</u>

**Capital work-in-progress**

Plant and machinery	33,086,482	60,972,563	-	(70,476,963)	23,582,082
Furniture and fittings	5,779,522	9,205,106	-	(14,243,446)	741,182
	<u>38,866,004</u>	<u>70,177,669</u>	<u>-</u>	<u>(84,720,409)</u>	<u>24,323,264</u>

**Total gross carrying amount**

	<u>1,866,816,636</u>	<u>201,703,063</u>	<u>(18,602,800)</u>	<u>-</u>	<u>2,049,916,899</u>
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	Balance as at 1 April 2023 Rs.	Charged for the year Rs.	Disposal Rs.	Transfers/ adjustments Rs.	Balance as at 31 March 2024 Rs.
<b>9.2 Accumulated depreciation</b>					
Leasehold improvements	374,123,757	91,277,428	-	-	465,401,184
Plant and machinery	371,424,287	110,573,917	(684,237)	-	481,313,967
Furniture and fittings	111,284,732	20,077,706	(17,313,380)	-	114,049,059
Office equipment	5,006,898	213,491	-	-	5,220,389
Motor vehicles	14,187,450	575,945	-	-	14,763,395
	<u>876,027,124</u>	<u>222,718,487</u>	<u>(17,997,617)</u>	<u>-</u>	<u>1,080,747,994</u>

**9.3 Net book value property, plant and equipment**

	31.03.2024 Rs.	31.03.2023 Rs.
Leasehold improvements	308,488,265	363,292,532
Plant and machinery	543,645,149	500,277,250
Furniture and fittings	92,534,110	87,386,173
Office equipment	178,117	391,608
Motor vehicles	(0)	575,945
	<u>944,845,641</u>	<u>951,923,508</u>



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	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>9. Property, plant and equipment - (contd.)</b>		
<b>9.4 Capital work-in-progress</b>		
Plant and machinery	23,582,082	33,086,482
Furniture and fittings	741,182	5,779,522
	<u>24,323,264</u>	<u>38,866,004</u>
	<u>969,168,905</u>	<u>990,789,512</u>
<b>9.5 Total net book value</b>		
Property, plant and equipment consist fully depreciated assets Rs. 552,830,971/- as at 31.03.2024 (31.03.2023- Rs.418,673,372/-).		
<b>10. Right-of-use assets (Buildings - Store outlets)</b>		
	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cost</b>		
Opening balance	724,913,861	552,965,343
Recognition during the year	106,061,588	171,948,519
Disposal / termination	(30,998,044)	-
Closing balance	<u>799,977,405</u>	<u>724,913,862</u>
<b>Accumulated depreciation</b>		
Opening balance	288,853,956	231,223,871
Disposal/ termination	(17,593,986)	
Depreciation during the year	77,181,082	57,630,084
Closing balance	<u>348,441,052</u>	<u>288,853,956</u>
<b>Net book value</b>	<u>451,536,353</u>	<u>436,059,906</u>





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	Balance as at 1 April 2023	Additions	Disposals	Balance as at 31 March 2024
	Rs.	Rs.	Rs.	Rs.
<b>11. Intangible assets</b>				
<b>11.1 Gross carrying amounts</b>				
Software	113,723,711	8,552,092	-	122,275,803
Store opening fee	33,102,948	-	-	33,102,948
	<u>146,826,659</u>	<u>8,552,092</u>	<u>-</u>	<u>155,378,751</u>

	Balance as at 01.04.2023	Depreciation during the period	Disposals	Balance as at 31.03.2024
	Rs.	Rs.	Rs.	Rs.
<b>11.2 Amortization</b>				
Software	42,095,580	25,636,813	-	67,732,393
Store opening fee	20,369,620	-	-	20,369,620
	<u>62,465,200</u>	<u>25,636,813</u>	<u>-</u>	<u>88,102,013</u>

	31.03.2024 Rs.	31.03.2023 Rs.
<b>11.3 Net book value</b>		
Software	54,543,410	71,628,131
Store opening fee	12,733,328	12,733,328
	<u>67,276,738</u>	<u>84,361,459</u>

Store opening fee is paid to Domino's Pizza International Franchising Inc. and is amortised over 05 years which is in line with the group policy.

	31.03.2024 Rs.	31.03.2023 Rs.
<b>12. Inventories</b>		
Food stock	140,382,327	97,267,040
Traded items stock	7,138,386	8,223,058
Non food stock	24,988,315	37,921,965
	<u>172,509,028</u>	<u>143,412,063</u>



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	31.03.2023 Rs.	31.03.2022 Rs.
<b>13. Receivables</b>		
Deposits and prepayments	19,876,917	27,765,345
Security deposit - current	-	3,489,769
WHT receivables	2,053,790	1,699,997
ESC receivable	-	-
Sundry debtors	33,066,408	11,594,585
Capex and opex advances	69,343,462	59,061,250
Interest income receivable	-	-
	<u>124,340,577</u>	<u>103,610,946</u>

**13.1 Security deposit - Non current**

Security deposit - Non current	62,074,671	45,562,183
	<u>62,074,671</u>	<u>45,562,183</u>

	2024		2023	
	Number of shares	Value of shares Rs.	Number of shares	Value of shares Rs.
<b>14. Stated capital</b>				
<b>14.1 Issued and fully paid</b>				
At the beginning of the year	341,116,994	3,195,148,910	266,611,955	2,568,130,798
Issued during the year	147,860,395	887,162,370	74,505,039	627,018,112
At the end of the year	<u>488,977,389</u>	<u>4,082,311,280</u>	<u>341,116,994</u>	<u>3,195,148,910</u>

	31.03.2024 Rs.	31.03.2023 Rs.
<b>15. Lease liability</b>		
At the beginning of the year	487,240,975	380,486,325
New agreements	88,879,514	143,554,096
Interest expense	82,424,567	54,274,145
Terminations	(13,830,226)	-
Rent payments	(128,275,860)	(91,073,591)
At the end of the year	<u>516,438,970</u>	<u>487,240,975</u>
Non - current	461,436,719	441,319,321
Current	55,002,251	45,921,653
	<u>516,438,970</u>	<u>487,240,975</u>





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	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>16. Retirement benefit obligation</b>		
<b>Defined benefit obligation</b>		
At the beginning of the year	7,572,992	6,305,261
Current service cost	2,786,000	2,237,000
Interest cost	1,116,000	841,000
Payments during the year	(1,193,745)	(1,546,269)
Net actuarial loss / (gain)	2,513,000	(264,000)
At the end of the year	<u>12,794,247</u>	<u>7,572,992</u>
<b>16.1 Expense on defined benefit plan-Gratuity</b>		
Current service cost	2,786,000	2,237,000
Interest cost	1,116,000	841,000
<b>The amount recognized in profit or loss</b>	<u>3,902,000</u>	<u>3,078,000</u>
Net actuarial loss / (gains) recognized in other comprehensive income	<u>2,513,000</u>	<u>(264,000)</u>
	<u>6,415,000</u>	<u>2,814,000</u>
<b>16.2</b> An actuarial valuation was carried out by an independent professional valuer, Willis Towers Watson Employee Benefits Actuaries LLP, on 31 March 2024, to ascertain the full provision applicable in terms of the Payment of Gratuity Act No. 12 of 1983, in respect of all employees of the Company as at 31 March 2024, from the commencement of employment.		
<b>16.3 The principal assumptions used for this purpose are as follows:</b>		
	<b>31.03.2024</b>	<b>31.03.2023</b>
Discount rate	12.9%	16.00%
Salary increment rate	10%	10%
Staff turnover rates		
Category A	7%	7%
Category B	20%	20%
Retirement age	58 years	58 years
<b>16.4</b> Assumptions regarding the future mortality are based on the rates from the 2000-2002 Sri Lanka Life Table issued by the Department of Census and Statistics of Sri Lanka.		



**Jubilant FoodWorks Lanka (Private) Limited**  
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**Year ended 31 March 2024**

**16. Retirement benefit obligation - (contd.)**

- 16.5** The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

<b>Sensitivity Level</b>	<b>Discount rate</b>		<b>Future salary increment rate</b>	
	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
	1%	1%	1%	1%
Impact on defined benefit obligation - 31.03.2023	(466,000)	523,000	549,000	(495,000)
Impact on defined benefit obligation - 31.03.2024	(881,000)	998,000	1,018,000	(913,000)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis when compared to the prior year.



**17. Trade and other payables**

	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>Rs.</b>	<b>Rs.</b>
Trade payables	112,453,235	110,807,471
Sundry creditors including accrued expenses	241,258,694	300,404,450
	<u>353,711,929</u>	<u>411,211,921</u>

**18. Cash and cash equivalents in the cash flows statements**  
**Components of cash and cash equivalents**

**18.1 Favourable cash and cash equivalents balance**

Bank balances	135,816,328	49,977,870
Cash in hand	3,456,230	3,756,361
	<u>139,272,558</u>	<u>53,734,231</u>

**18.2 Unfavourable cash and cash equivalents balance**

Bank overdrafts	-	(40,702)
	<u>-</u>	<u>(40,702)</u>
<b>Total cash and cash equivalents</b>	<u>139,272,558</u>	<u>53,693,529</u>



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**19. Commitments and contingents**

**19.1 Capital commitments**

The Company does not have significant capital commitments as at the date of the statement of financial position.

**19.2 Contingent liabilities**

The Company does not have significant contingencies as at the date of the statement of financial position.

**20. Assets pledged**

There have been no assets pledged as at the date of the statement of financial position.

**21. Related party disclosures**

Details of significant related party disclosures are as follows:

		<b>Jubilant FoodWorks Ltd (India)</b>	
		<b>2023/2024</b>	<b>2022/2023</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>21.1 Transactions with the parent</b>			
<b>Nature of transaction</b>			
<b>Opening balance</b>		(4,062,839)	(85,808,447)
Issue of share		887,162,370	627,018,112
Amount received for share issue		(887,162,370)	(627,018,112)
Purchase of raw materials		(49,708,814)	(238,976,289)
Payment for purchase of raw materials		49,708,814	315,946,874
IT services		(18,596,186)	(20,722,763)
Payment for IT services		15,301,053	25,497,786
Franchise on sales		(9,472,101)	-
<b>Closing balance</b>		<b>(16,830,073)</b>	<b>(4,062,839)</b>

All outstanding balances are unsecured and repayable on demand. No guarantees have been issued or received in respect of any related party balances.

**21.2 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 year ended 31 March 2024 except as discussed below :

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Rs.</b>	<b>Rs.</b>
Short-term employee benefits	36,559,219	30,923,976

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**22. Events occurring after the reporting date**

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

Sri Lankan Rupee witnessed a sharp depreciation against the US Dollar. The Company is exposed to foreign currency denominated transactions. As per the exchange rates published by the Central Bank of Sri Lanka exchange rate as of the end of the quarter and auditor's report date are as follows.

	<b>As of the end of the year 31 March 2024</b>	<b>As of the audit report date</b>
Exchange rate	1 USD = LKR 301	1 USD = LKR 301

**23. Going concern**

The Company has continuously incurred losses since its inception. The Company's net assets amounting to Rs. 1,086 Mn is less than half the stated capital of the company as at 31 March 2024. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to going concern. This going concern basis presumes that the company will continue to receive financial support from its parent company. The company is making progress in achieving its profitability level through focus on growing revenue by improving operational KPI's such as faster delivery and more investments on digital sales. At the same time efficient cost controls over food cost, manpower cost, discounts and re-negotiations on fixed cost such as rents focused.

	<b>31.03.2024 Rs.</b>	<b>31.03.2023 Rs.</b>
<b>24. Financial instruments</b>		
<b>24.1 Categories of financial instruments</b>		
<i>Financial assets</i>		
Cash and cash equivalents	139,272,558	53,734,231
Receivable	81,951,588	76,817,297
<i>Financial liabilities</i>		
Related party payable	16,830,073	4,062,839
Lease liability	516,438,970	487,240,975
Other payable	353,711,929	411,211,921

Carrying values of financial assets and liabilities that have a short term maturity such as receivables, trade and other payables, and cash and cash equivalents are reasonable approximation of their fair value. Therefore, a fair value hierarchy is not applicable.





**24. Financial instruments (contd.)**

**24.2 Financial risk management objectives and policies**

Financial instruments held by the company, principally comprise of cash, short term deposits, receivables, trade and other payables and book overdraft. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the company.

Financial risk management of the company is carried out based on the guidelines established by the parent company which comes under the purview of the Board of Directors of the company and group.

The company identifies, evaluates and mitigates financial risk in close co-operation with the Group's senior management. The operating company provides guidelines for overall risk management, as well as covering specific areas such as credit risk, interest rate risk and foreign currency risk.

The company has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and related controlling. The guidelines upon which the company's risk management processes are based are designed to identify and analyze these risks throughout the company, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products. The company manages and monitors these risks primarily through its operating and financing activities.

**24.3 Credit risk**

Credit risk is the risk that the counterparty will have to incur if it does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

With respect to credit risk arising from the other financial assets of the company, such as cash and cash equivalents, the company's exposure to credit risk arises from default of the counterparty. The company manages its operations to avoid any excessive concentration of counterparty risk and the company takes all reasonable steps to ensure that the counterparties fulfil their obligations.

	31.03.2024	31.03.2023
	Rs.	Rs.
<b>The maximum exposure to credit risk at reporting date</b>		
Cash and cash equivalents (Note 15.1)	139,272,558	53,734,231
Other receivables (Note 7)	81,951,588	76,817,297
	<u>221,224,146</u>	<u>130,551,528</u>



**24.4 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the company's financial investments and financial assets and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.



**Jubilant FoodWorks Lanka (Private) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

**24. Financial instruments (contd.)**

**24.4 Liquidity risk (contd.)**

- a) The following are the contractual maturities of the financial liabilities (excluding amounts due to related parties) at its carrying value:

**31 March 2024**

**Contractual maturities of financial liabilities**

	<b>Carrying amount Rs.</b>	<b>Upto 2 Months Rs.</b>	<b>2-3 Months Rs.</b>	<b>3-12 Months Rs.</b>	<b>More than 1 Year Rs.</b>
Trade payables	112,453,235	112,453,235	-	-	-
Other payables	239,653,678	239,653,678	-	-	-
Retention payable	1,605,016	-	-	-	1,605,016
	<b>353,711,929</b>	<b>352,106,913</b>	<b>-</b>	<b>-</b>	<b>1,605,016</b>

**31 March 2023**

**Contractual maturities of financial liabilities**

	<b>Carrying amount Rs.</b>	<b>Upto 2 Months Rs.</b>	<b>2-3 Months Rs.</b>	<b>3-12 Months Rs.</b>	<b>More than 1 Year Rs.</b>
Trade payables	110,807,471	110,807,471	-	-	-
Other payables	298,799,434	298,799,434	-	-	-
Retention payable	1,605,016	-	-	-	1,605,016
	<b>411,211,921</b>	<b>409,606,905</b>	<b>-</b>	<b>-</b>	<b>1,605,016</b>

**Maturity profile of lease liabilities**

	<b>31.03.2024</b>	<b>31.03.2023</b>
Lease liabilities repayable within one year from the reporting date	55,002,251	45,921,653
Lease liabilities repayable between 1-5 years from the reporting date	262,839,472	237,692,240
Lease liabilities repayable after 5 years from the reporting date	198,597,247	203,627,081

**24.5 Market risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

**a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is not applicable to the company as the company is not having any loans nor borrowings.

**b) Foreign currency risk**

The foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases denominated in currencies other than the functional currency of the Company. The currency giving rise to this risk is primarily US Dollars.





**JUBILANT FOODWORKS LANKA (PRIVATE) LIMITED**

**DETAILED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024**

**Jubilant FoodWorks Lanka (Private) Limited****DETAILED INCOME STATEMENTS****Year ended 31 March 2024**

	Statement	2023/2024 Rs.	2022/2023 Rs.
<b>Turnover</b>		1,894,420,163	1,845,105,051
Cost of sales	I	<u>(882,753,631)</u>	<u>(939,545,023)</u>
Gross profit		1,011,666,532	905,560,028
Finance income		12,299,568	14,428,783
Other income	II	17,978,080	12,293,954
Administrative expenses	II	(1,413,376,594)	(1,047,295,160)
Distribution expenses	III	(291,789,648)	(209,137,369)
Finance expense		(82,424,567)	(54,501,759)
<b>Loss before tax</b>		<u><u>(745,646,629)</u></u>	<u><u>(378,651,524)</u></u>





**Jubilant FoodWorks Lanka (Private) Limited****DETAILED INCOME STATEMENTS****Year ended 31 March 2024**

	2023/2024 Rs.	2022/2023 Rs.
<b>STATEMENT I</b>		
<b>Cost of sale</b>		
Opening stock	163,610,348	115,592,132
Purchase - raw materials	667,682,141	934,748,062
Purchase - beverages	51,461,143	52,815,176
Closing stock		(163,610,348)
	<u>882,753,631</u>	<u>939,545,023</u>

**STATEMENT II****Other income**

Beverages commission income	11,641,848	12,293,954
Other commission income	6,336,232	-
	<u>17,978,080</u>	<u>12,293,954</u>



**Jubilant FoodWorks Lanka (Private) Limited****DETAILED INCOME STATEMENTS****Year ended 31 March 2024**

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>STATEMENT III</b>		
<b>Administrative expenses</b>		
Audit fee	1,400,000	1,170,000
Asset discard	605,183	2,666,206
Contribution to EPF	20,455,749	15,280,227
Contribution to ETF	5,114,004	3,820,047
Courier charges	284,670	155,531
Depreciation	222,718,487	144,301,860
Depreciation of right-of-use assets	77,181,082	57,630,084
Diesel expenses	6,337,934	34,248,333
Electricity	205,540,567	85,392,589
Food testing expenses	1,980,795	1,064,419
Franchisee expenses	66,304,712	55,353,152
General expenses	222,328	438,408
Gratuity	3,902,000	3,078,000
Insurance expenses	7,184,794	5,191,338
Legal advisory fees	12,879,132	13,977,355
LPG cost	84,707,145	66,089,875
Motor vehicle running expenses	10,094,124	3,674,797
Pest control	13,603,049	9,860,153
Printing and stationary	2,652,016	1,790,217
Recruitment expenses	710,048	1,355,574
Rent expenses	8,992,313	14,334,338
Repair maintenance	51,949,009	29,664,183
Rewards and recognition expenses	112,185	10,080
Security expenses	2,625,850	2,828,140
Credit card commission	27,648,330	24,825,452
Staff salaries allowances	390,783,835	297,484,559
Staff welfare	51,102,410	39,851,886
Telephone and fax charges	26,380,896	24,104,777
Training and seminar expenses	1,813,556	1,018,000
Travelling and conveyance	18,074,954	14,485,933
Travelling overseas	8,814,012	4,063,796
Travelling Inland	1,077,894	282,591
Uniform expenses	3,009,452	2,359,895
Vehicle rent charges	-	-
House keeping charges	17,135,698	13,455,273
Water charges	4,208,751	2,964,239
Amortization	25,636,813	20,815,846
Exchange fluctuation	727,668	22,594,512
Medical expenses	6,737,690	6,018,839
Connectivity expenses	17,032,871	13,508,421
CSR expenses	-	2,530
Allowance for laptops	3,722,174	3,118,758
Bank charges	1,912,413	2,964,947
Money deposit service fee	-	-
	<b>1,413,376,594</b>	<b>1,047,295,160</b>





**Jubilant FoodWorks Lanka (Private) Limited****DETAILED INCOME STATEMENTS**

Year ended 31 March 2020

	2023/2024 Rs.	2022/2023 Rs.
<b>STATEMENT IV</b>		
<b>Distribution expenses</b>		
Advertisements	229,713,990	154,484,418
Local store marketing	2,319,747	1,942,244
Consumable items	19,479,290	17,342,455
Vehicle maintenance charges	15,775	25,451
Freight expenses	40,260,846	35,342,801
Commission expenses - others	-	-
Petrol expenses	-	-
	<u>291,789,648</u>	<u>209,137,369</u>

