

**JUBILANT FOODWORKS LANKA
(PRIVATE) LIMITED
FINANCIAL STATEMENTS TOGETHER
WITH AUDITOR'S REPORT
FOR THE YEAR ENDED
31 MARCH 2021**

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 FoodWorks Lanka (Private) Limited (“the Company”), which comprise the statement of financial position as at 31 March 2021, 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 significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, 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 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 generally comprises the information included in the Directors report, but 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 management does not present any other information and we were not provided with any, 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.



SJMS ASSOCIATES

Chartered Accountants

Colombo

10 June 2021



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

Year ended 31 March 2021

	Notes	2020/2021 Rs.	2019/2020 Rs.
Revenue	3	748,846,656	792,713,131
Cost of sales		(234,809,559)	(329,398,343)
Gross profit		<u>514,037,097</u>	<u>463,314,788</u>
Administrative expenses		(477,446,722)	(589,948,005)
Distribution expenses		(86,606,528)	(83,552,567)
Other income		7,573,192	8,898,338
Finance income	4	4,631,008	4,214,752
Finance expense	5	(28,645,649)	(30,139,689)
Loss before tax	6	<u>(66,457,603)</u>	<u>(227,212,382)</u>
Income tax expense	7.1	(5,551,968)	(11,244,442)
Loss for the year		<u>(72,009,570)</u>	<u>(238,456,824)</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit/(loss):</i>			
Re-measurement (loss) / gain on defined benefit plan	16	(368,000)	(1,821,148)
Other comprehensive loss, net of tax		<u>(368,000)</u>	<u>(1,821,148)</u>
Total comprehensive loss for the year		<u>(72,377,570)</u>	<u>(240,277,972)</u>
Earnings per share			
Loss per share - basic	8.2	<u>(0.33)</u>	<u>(1.13)</u>


The accounting policies and notes on pages 7 through 25 form an integral part of the financial statements.



Jubilant FoodWorks Lanka (Private) Limited
STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Notes	31.03.2021 Rs.	31.03.2020 Rs.
Assets			
Non current assets			
Property, plant and equipment	9	394,086,844	398,198,630
Right-of-use assets	10	224,326,486	179,819,677
Intangible assets	11	11,122,097	16,866,399
Security deposit	13.1	29,284,405	25,813,779
		<u>658,819,833</u>	<u>620,698,484</u>
Current assets			
Inventories	12	46,368,927	40,079,190
Receivables	13	36,047,182	42,510,573
Income tax recoverable		86,862	86,862
Investment in Fixed Deposits		25,000,000	-
Cash and cash equivalents	18	31,678,334	25,590,779
		<u>139,181,306</u>	<u>108,267,405</u>
Total assets		<u><u>798,001,139</u></u>	<u><u>728,965,889</u></u>
Equity and liabilities			
Capital and reserves			
Stated capital	14	2,251,832,430	2,176,175,790
Accumulated loss		(1,842,611,709)	(1,770,234,138)
Total equity		<u>409,220,721</u>	<u>405,941,652</u>
Non-current liabilities			
Lease liability - long term	15	257,532,869	214,208,148
Retirement benefit obligation	16	6,961,959	5,163,366
		<u>264,494,828</u>	<u>219,371,514</u>
Current liabilities			
Lease liability - short term	15	35,485,300	30,859,527
Trade and other payables	17	86,034,319	38,560,226
Bank overdraft	18	592,559	14,108,945
Amounts due to related parties	21	2,173,411	20,124,025
		<u>124,285,590</u>	<u>103,652,723</u>
Total equity and liabilities		<u><u>798,001,139</u></u>	<u><u>728,965,889</u></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 10 Jun 2021.


 Director


 Director

The accounting policies and notes on pages 7 through 25 form an integral part of the financial statements.



Jubilant FoodWorks Lanka (Private) Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2021

	Stated capital Rs.	Accumulated losses Rs.	Total Rs.
Balance as at 31 March 2019	2,055,200,750	(1,482,744,114)	572,456,636
Loss for the year	-	(238,456,824)	(238,456,824)
Effect of change in accounting policy for initial application of SLFRS 16 (Note 24)	-	(47,212,052)	(47,212,052)
Other comprehensive loss for the year	-	(1,821,148)	(1,821,148)
Total comprehensive loss for the year	-	(287,490,024)	(287,490,024)
Issue of stated capital	120,975,040	-	120,975,040
Balance as at 31 March 2020	2,176,175,790	(1,770,234,138)	405,941,652
Loss for the year	-	(72,009,570)	(72,009,570)
Other comprehensive loss for the year	-	(368,000)	(368,000)
Total comprehensive loss for the year	-	(72,377,570)	(72,377,570)
Issue of stated capital	75,656,640	-	75,656,640
Balance as at 31 March 2021	2,251,832,430	(1,842,611,709)	409,220,721

The accounting policies and notes on pages 7 through 25 form an integral part of the financial statements.



Jubilant FoodWorks Lanka (Private) Limited
STATEMENT OF CASH FLOWS
Year ended 31 March 2021

	Notes	2020/2021 Rs.	2019/2020 Rs.
Cash flows from operating activities			
Loss before income tax	6	(66,457,603)	(227,212,382)
<i>Adjustments for:</i>			
Amortisation of intangible assets	11	5,923,685	6,337,487
Depreciation	9.2	95,912,731	113,312,038
Amortization of right-of-use assets	10	34,350,449	33,619,417
Finance income	4	(4,631,008)	(4,214,752)
Finance expense	5	28,645,649	30,139,689
Gratuity provision	16	2,028,000	1,296,000
Inventory write -off		-	1,885,278
Operating loss before working capital changes		<u>95,771,903</u>	<u>(44,837,225)</u>
Changes in working capital			
Increase in inventories		(6,289,737)	27,549,836
Decrease in trade and other receivables		(6,834,900)	4,218,397
Decrease/ (increase) in trade and other payables		47,474,092	(13,624,335)
Increase in amounts due to related parties		<u>(17,950,613)</u>	<u>18,482,855</u>
Cash used in operating activities		<u>112,170,745</u>	<u>(8,210,472)</u>
ESC paid		-	(4,110,940)
Interest received	4	2,649,765	1,858,889
Gratuity paid	16	<u>(597,407)</u>	<u>(1,280,632)</u>
Net cash flows generated from operating activities		<u>114,223,103</u>	<u>(11,743,154)</u>
Cash flow from investing activities			
Acquisition of property, plant and equipment	9.1	(91,800,946)	(30,740,925)
Investment in short term fixed deposits		(25,000,000)	
Acquisition of intangible assets	11.1	(179,383)	(6,670,339)
Proceeds from disposal of property, plant and equipment		-	-
Net cash used in investing activities		<u>(116,980,329)</u>	<u>(37,411,265)</u>
Cash flow from financing activities			
Proceeds on issue of shares	14.1	75,656,640	120,975,040
Lease rental paid	15	<u>(53,295,474)</u>	<u>(59,134,554)</u>
Net cash from financing activities		<u>22,361,166</u>	<u>61,840,486</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	18.1	<u>11,481,835</u>	<u>(1,204,233)</u>
Cash and cash equivalents at the end of the year	18.2	<u>31,085,775</u>	<u>11,481,835</u>



The accounting policies and notes on pages 7 through 25 form an integral part of the financial statements.

Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

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 2020 were authorised for issue in accordance with a resolution of the board of directors 10 June 2021.

2. Basis of preparation and summary of significant accounting policies

2.1 Statement of compliance

The Financial Statements of Jubilant FoodWorks Lanka (Private) Limited has been prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the Companies Act No. 07 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 present value based on actuarial valuation.

All assets and liabilities are classified as current and non-current as per 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.409 Mn is less than half of the stated capital of the company as at 31 March 2021. 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 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. In the immediate subsequent months the company has recorded a better financial performance.



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

2.4 Comparative information

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

Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the company's functional currency and presentation currency. All financial information presented in Sri Lankan Rupees is rounded to the nearest rupee unless otherwise stated.

2.4.1 Summary of significant accounting policies

(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.

(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.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, only when a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

2.4.2 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.

2.4.3 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.

2.4.4 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.

2.4.5 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 saving accounts net of outstanding book overdrafts.

Cash flows are reported using the 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.

2.4.6 Property, plant and equipment

2.4.6.1 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.



2.4.6.2 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.

2.4.6.3 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:

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 % 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%

2.4.6.4 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.

2.4.6.5 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.

2.4.7 Intangible assets

2.4.7.1 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.

2.4.7.2 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 2021

2.4.7.3 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 is as follows:

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

2.4.7.4 De-recognition

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such disposal is included in profit or loss when the item is derecognised.

2.4.8 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.

2.4.9 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 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 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, if any depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



2.4.9 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 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.

2.4.10 Financial assets- recognition and measurement

2.4.10.1 Initial recognition and measurement

All financial assets are initially recognized on the date that the company becomes a party to the contractual provisions of the instrument.

All financial instruments are measured initially at their fair value including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

2.4.10.2 Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification and subsequent measurement

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

2.7.10.3 De-recognition of financial assets

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognize the financial asset and also recognizes the collateralized borrowing of the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety, the company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2.7.10.4 Identification, measurement and assessment of impairment

In relation to the impairment of financial assets, SLFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under LKAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, SLFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

- Debt investments measured subsequently at amortised cost;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of SLFRS 9 apply.



2.4.10.4 Identification, measurement and assessment of impairment (Contd...)

SLFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company will measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. SLFRS 9 (5.5.15. b) the company uses simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables

2.4.11 Financial liabilities

2.4.11.1 Initial recognition and measurement

The company classifies financial liabilities in to financial liabilities at Fair Value through Profit or Loss (FVTPL) or other financial liabilities.

The company recognizes financial liabilities in the statement of financial position when the company becomes a party to the contractual provisions of the financial liability.

(i) Financial liability at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading or designated as such upon initial recognition. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred. The criteria for designation of financial liabilities at FVTPL upon initial recognition are the same as those of financial assets at FVTPL.

(ii) Other financial liabilities

Other financial liabilities are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

2.4.11.2 De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.4.12 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.

Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

2.4.13 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.

2.4.14 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.



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

2.4.15 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 sale of food through 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.

2.4.16 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.

2.4.17 Significant 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 depends 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.

- Deferred tax

Assumptions used for deferred tax asset are give in the note 7.3



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

	2020/2021 Rs.	2019/2020 Rs.
3. Sales		
Sales - Pizza	686,118,793	744,299,389
Sales - Beverages	42,656,254	33,073,264
Delivery charges	20,071,608	15,340,477
	<u>748,846,656</u>	<u>792,713,131</u>
4. Finance income		
Interest income - Savings accounts	2,649,765	1,858,889
Interest income on security deposits	1,981,243	2,355,862
	<u>4,631,008</u>	<u>4,214,752</u>
5. Finance expenses		
Interest expenses on lease liability	28,645,649	30,139,689
	<u>28,645,649</u>	<u>30,139,689</u>
6. Loss before taxation		
Loss before tax is stated after charging all expenses including the following :		
Included in administrative expenses		
Employees' benefits including the following:		
Staff salaries and allowances	147,821,700	168,618,486
Defined contribution plan costs - EPF & ETF (included in employee benefits)	11,474,822	15,337,846
Depreciation	95,912,731	113,312,038
Amortisation of intangible assets	5,923,685	21,884,243
Gratuity	2,028,000	1,296,000
Auditors fees and expenses	918,000	935,000



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

7. Income tax

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

	2020/2021 Rs.	2019/2020 Rs.
Current tax		
Current income tax expenses	-	-
Write-off of ESC receivable	5,551,968	11,244,442
	<u>5,551,968</u>	<u>11,244,442</u>
Reconciliation between taxable profit and accounting profit		
Accounting loss before tax	(66,457,603)	(227,212,382)
Aggregate disallowable expenses	171,491,521	94,745,384
Aggregate allowable expenses	(134,093,945)	(110,308,152)
Adjusted profit / (loss)	<u>(29,060,027)</u>	<u>(242,775,150)</u>
Interest income	2,649,765	1,858,889
Less: Brought forward tax losses	(2,649,765)	(1,858,889)
Taxable profit	<u>NIL</u>	<u>NIL</u>
Current tax at 24% (24% - 2019/20)	-	-
Balance income tax payable	<u>-</u>	<u>-</u>
	2019/2020 Rs.	2019/2020 Rs.
7.2 Tax losses carried forward		
Tax losses brought forward	1,725,815,543	1,489,095,515
Adjustment for previous year	-	(4,196,233)
Loss incurred during the year (Note 7.1)	29,060,027	242,775,150
Loss set off against interest income	(2,649,765)	(1,858,889)
Tax losses carried forward	<u>1,752,225,805</u>	<u>1,725,815,543</u>



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

7.3 Deferred tax assets and liabilities relate to the following

The company has computed deferred tax at the rate of 24% in the current year (2019/20- 28%).

	Statement of financial position	
	31.03.2021	31.03.2020
Deferred tax liability		
Property, plant and equipment	31,229,522	45,163,428
	<u>31,229,522</u>	<u>45,163,428</u>
Deferred tax assets		
Defined benefit obligation	1,582,550	935,821
Re-measurement (loss) / gain on defined benefit plan	88,320	509,921
Tax losses	11,927,848	43,717,686
Right of use asset	17,630,804	
	<u>31,229,522</u>	<u>45,163,428</u>
 Net deferred tax assets / (liability)	 <u>-</u>	 <u>-</u>

Assumption made in recognition of the deferred tax assets

Deferred tax assets on tax losses is recognised in the financial statements only to the extent to setoff against the net deferred tax liability, since it is not probable that the future taxable profits will be adequate to utilize the available tax losses in the future. The unregonized deferred tax assets on tax losses as at 31 March 2021 amounted to Rs. 406,519,797 (2019/20 - Rs. 439,510,666).



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

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 profit/(loss) and share data used in the basic earnings/(loss) per share computations.

	2020/2021	2019/2020
	Rs.	Rs.
Loss attributable to ordinary shareholders for basic earnings per share	<u>(72,009,570)</u>	<u>(238,456,824)</u>
	31.03.2020	31.03.2019
	Rs.	Rs.
Number of ordinary shares used as the denominator:		
Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share	<u>218,343,054</u>	<u>211,639,244</u>
Loss per share	<u>(0.33)</u>	<u>(1.13)</u>



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

9 Property, plant and equipment

	Balance as at 01.04.2020 Rs.	Additions Rs.	Transfers from/ (to) CWIP Rs.	Disposals/ reversal Rs.	Balance as at 31.03.2021 Rs.
9.1 Gross carrying amounts					
Leasehold improvements	389,210,957	50,252,281	-	-	439,463,238
Plant and machinery	425,094,803	35,904,258	9,151,701	-	470,150,763
Furniture and fittings	122,008,604	5,644,406	347,506	-	128,000,516
Office equipment	5,624,270	-	40,392	-	5,664,662
Motor vehicles	34,482,325	-	-	-	34,482,325
	<u>976,420,959</u>	<u>91,800,946</u>	<u>9,539,599</u>	<u>-</u>	<u>1,077,761,504</u>
Capital work-in-progress					
Plant and machinery	17,669,229		(9,151,701)		8,517,527
Furniture and fittings	472,577		(347,506)		125,071
Office equipment	40,392		(40,392)		-
	<u>18,182,198</u>	<u>-</u>	<u>(9,539,599)</u>	<u>-</u>	<u>8,642,598</u>
Total gross carrying amount	<u>994,603,157</u>	<u>91,800,946</u>	<u>-</u>	<u>-</u>	<u>1,086,404,103</u>
	Balance as at 01.04.2020 Rs.	Charge for the year Rs.	Transfers/ adjustments Rs.	Disposals Rs.	Balance as at 31.03.2021 Rs.
9.2 Accumulated depreciation					
Leasehold improvements	250,751,595	38,319,187			289,070,782
Plant and machinery	239,670,680	39,880,927			279,551,607
Furniture and fittings	78,955,619	13,847,441			92,803,060
Office equipment	4,261,670	329,829			4,591,499
Motor vehicles	22,764,963	3,535,347			26,300,310
Total depreciation	<u>596,404,527</u>	<u>95,912,731</u>	<u>-</u>	<u>-</u>	<u>692,317,258</u>
9.3. Net book value property, plant and equipment					
Leasehold improvements				150,392,456	138,459,362
Plant and machinery				190,599,155	185,424,123
Furniture and fittings				35,197,456	43,052,986
Office equipment				1,073,163	1,362,600
Motor vehicles				8,182,016	11,717,362
				<u>385,444,246</u>	<u>380,016,432</u>



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

	31.03.2021 Rs.	31.03.2020 Rs.
9.4 Capital work-in-progress		
Plant and machinery	8,517,527	17,669,229
Furniture and fittings	125,071	472,577
Office equipment	-	40,392
	<u>8,642,598</u>	<u>18,182,198</u>
9.5 Total net book value	<u>394,086,844</u>	<u>398,198,630</u>

Property, plant and equipment consist fully depreciated assets Rs.247,879,126/- as at 31.03.2020 (2020-Rs.176,107,498/-).

10 Right-of-use assets (Buildings - Store outlets)

Cost	31.03.2021 Rs.	31.03.2020 Rs.
Opening balance	376,468,467	-
Recognition during the year	78,857,259	380,208,190
Disposal/ termination	(45,356,475)	(3,739,723)
Closing balance	<u>409,969,250</u>	<u>376,468,467</u>
Accumulated depreciation		
Opening balance	196,648,790	-
Recognition during the year	-	163,029,373
Disposal/ termination	(45,356,475)	-
Depreciation during the year	34,350,449	33,619,417
Closing balance	<u>185,642,764</u>	<u>196,648,790</u>
Net book value	<u>224,326,486</u>	<u>179,819,677</u>



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

	Balance as at 31.03.2020 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31.03.2021 Rs.
11. Intangible assets				
11.1 Gross carrying amounts				
Software	28,579,275	179,383		28,758,658
Store opening fee	16,508,853			16,508,853
	<u>45,088,128</u>	<u>179,383</u>	<u>-</u>	<u>45,267,511</u>
11.2 Amortization				
Software	14,262,305	5,311,517		19,573,823
Store opening fee	13,959,424	612,168		14,571,592
	<u>28,221,729</u>	<u>5,923,685</u>	<u>-</u>	<u>34,145,414</u>
			31.03.2021	31.03.2020
			Rs.	Rs.
11.3 Net book value				
Software			9,184,836	14,316,970
Store opening fee			1,937,261	2,549,429
			<u>11,122,097</u>	<u>16,866,399</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.				
12. Inventories				
Food stock			34,846,136	31,355,364
Traded items stock			1,576,077	1,032,697
Non food stock			9,946,714	7,691,130
			<u>46,368,927</u>	<u>40,079,191</u>
13. Receivable				
Deposits and prepayments			3,659,024	4,897,634
Security deposit - current			2,478,895	2,355,862
ESC & WHT receivables			4,279,956	9,831,924
Sundry debtors			7,956,823	14,720,976
Capex and opex advances			16,771,114	10,704,176
Interest income receivable			901,370	-
			<u>36,047,182</u>	<u>42,510,573</u>
13.1 Security deposit - Non current				
Security deposit - Non current			29,284,405	25,813,779
			<u>29,284,405</u>	<u>25,813,779</u>



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

	2021		2020	
	Number of shares	Value of shares Rs.	Number of shares	Value of shares Rs.
14. Stated capital				
14.1 Issued and fully paid				
At the beginning of the year	217,617,579	2,176,175,790	205,520,075	2,055,200,750
Issued during the year	9,457,080	75,656,640	12,097,504	120,975,040
At the end of the year	<u>227,074,659</u>	<u>2,251,832,430</u>	<u>217,617,579</u>	<u>2,176,175,790</u>
			31.03.2021	31.03.2020
			Rs.	Rs.
15. Lease liability				
At the beginning of the year			245,067,675	277,802,264
New agreements			72,600,319	
Interest expense			28,645,649	30,139,689
Rent payments			(53,295,474)	(59,134,554)
Termination of agreement			-	(3,739,724)
At the end of the year			<u>293,018,169</u>	<u>245,067,675</u>
Non - current			257,532,869	214,208,148
Current			<u>35,485,300</u>	<u>30,859,527</u>
			<u>293,018,169</u>	<u>245,067,675</u>

On May 2020, The Institute of Chartered Accountants of Sri Lanka issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. Current year the company received rent concession from lessor amounting Rs. 6,685,504.



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

	31.03.2020 Rs.	31.03.2020 Rs.
16. Retirement benefit obligation		
Defined benefit obligation		
At the beginning of the year	5,163,366	3,326,850
Current service cost	1,571,000	1,001,000
Interest cost	457,000	295,000
Payments during the year	(597,407)	(1,280,632)
Net actuarial loss/ (gain)	368,000	1,821,148
At the end of the year	<u>6,961,959</u>	<u>5,163,366</u>
16.1 Expense on defined benefit plan-Gratuity		
Current service cost	1,571,000	1,001,000
Interest cost	457,000	295,000
The amount recognized in profit or loss	<u>2,028,000</u>	<u>1,296,000</u>
Net actuarial loss/ (gain)s recognized in other comprehensive income	368,000	1,821,148
	<u>2,396,000</u>	<u>3,117,148</u>

16.2 An actuarial valuation was carried out by an independent professional valuer, Willis Towers Watson Employee Benefits Actuaries LLP, on 31 March 2021, 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 2021, from the commencement of employment.

16.3 The principal assumptions used for this purpose are as follows:

	31.03.2021	31.03.2020
Discount rate	8.20%	9.40%
Salary increment rate	7.00%	7.00%
Staff turnover rates		
Category A	7.00%	7.00%
Category B	40.00%	40.00%
Retirement age	58 years	58 years

16.4 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
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

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.

Sensitivity Level	Discount rate		Future salary increment rate	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Impact on defined benefit obligation - 31.03.2020	(366,000)	422,000	403,000	(353,000)
Impact on defined benefit obligation - 31.03.2021	(578,000)	680,000	673,000	(581,000)

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.

	31.03.2021 Rs.	31.03.2020 Rs.
17 Trade and other payables		
Trade payables	11,901,186	10,640,530
Sundry creditors including accrued expenses	74,133,133	27,919,696
	<u>86,034,319</u>	<u>38,560,226</u>



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

	31.03.2021	31.03.2020
	Rs.	Rs.
18. Cash and cash equivalents in the cash flow statements		
Components of cash and cash equivalents		
18.1 Favourable cash and cash equivalents balance		
Bank balances	29,334,291	22,982,753
Cash in hand	2,344,043	2,608,026
	<u>31,678,334</u>	<u>25,590,779</u>
18.2 Unfavourable cash and cash equivalents balance		
Bank overdraft	(592,559)	(14,108,945)
	<u>(592,559)</u>	<u>(14,108,945)</u>
Total cash and cash equivalents	<u>31,085,775</u>	<u>11,481,835</u>
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 Statement of financial position.		



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

21 Related party disclosures

Details of significant related party disclosures are as follows:

	Jubilant FoodWorks Ltd (India)	
	2020/2021	2019/2020
	Rs.	Rs.
21.1 Transactions with the parent		
Nature of transaction		
Opening balance	(20,124,025)	(1,641,170)
Investment in shares	75,656,640	120,975,040
Payment for investment in shares	(75,656,640)	(120,975,040)
Purchase of raw materials	(21,199,612)	(54,098,189)
Payment for purchase of raw materials	41,939,692	46,532,220
IT services	(2,789,467)	-
Cash received for machineries Sales in Last year		(10,916,886)
Closing balance	<u>(2,173,411)</u>	<u>(20,124,025)</u>

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 2021 except as discussed below :

	2020/2021	2019/2020
	Rs.	Rs.
Short-term employee benefits	<u>18,218,797</u>	<u>9,039,997</u>

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.

23. Going concern

The Company has continuously incurred losses since its inception. The Company's net assets amounting to Rs. 409 Mn is less than half the stated capital of the company as at 31 March 2021. 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 focused.



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

	31.03.2021	31.03.2020
	Rs.	Rs.
24. Financial instruments		
24.1 Categories of financial instruments		
<i>Financial assets</i>		
Cash and cash equivalents	31,678,334	25,590,779
Amortised cost	27,206,832	27,781,015
<i>Financial liabilities</i>		
Amortized cost	88,800,289	72,793,196

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.

24.2 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 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, 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 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.

Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

24.3 Credit risk (Contd...)

The maximum exposure to credit risk at reporting date

	31.03.2021	31.03.2020
	Rs.	Rs.
Cash and cash equivalents (Note 15.1)	31,678,334	25,590,779
Other receivables (Note 7)	27,206,832	27,781,015
	<u>58,885,166</u>	<u>53,371,794</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.

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

31 March 2021

Contractual maturities of financial liabilities

	Carrying amount Rs.	Up to 2 Months Rs.	2-3 Months Rs.	3-12 Months Rs.	More than 1 Year Rs.
Trade payables	11,901,186	11,901,186	-	-	-
Other payables	72,528,117	72,528,117	-	-	-
Retention payable	1,605,016	-	-	-	1,605,016
	86,034,319	84,429,303	-	-	1,605,016

31 March 2020

Contractual maturities of financial liabilities

	Carrying amount Rs.	Up to 2 Months Rs.	2-3 Months Rs.	3-12 Months Rs.	More than 1 Year Rs.
Trade payables	10,640,530	10,640,530	-	-	-
Other payables	13,203,192	13,203,192	-	-	-
Retention payable	831,451	-	-	-	831,451
	24,675,173	23,843,722	-	-	831,451

Maturity profile of lease liabilities

	2021	2020
Lease liabilities repayable within one year from the reporting date	35,485,300	30,859,527
Lease liabilities repayable between 1-5 years from the reporting date	149,776,562	103,553,802
Lease liabilities repayable after 5 years from the reporting date	107,756,307	110,654,347



Jubilant FoodWorks Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

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 and 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.

If the USD to LKR exchange rate had appreciated / depreciated by 1% and all other variables were held constant, the profit before tax for the period ended 31 March 2021 would decrease/ increase by Rs. 181,560/-.

25. Impact of COVID-19

The management has assessed the impact to the financial statements due to the COVID-19 pandemic & its consequences as follows. The Company is now more focused on its main operational KPIs such as fast delivery, which has become a key strength during this period and will continue in the future too. Further, for contactless delivery, more investment on digital will be done with the objective of increasing delivery orders. This will again create a benefit, where customers prefer delivery & takeaway than dine in more.

Additional loss incurred during the year due to COVID 19 Impact are as follow;

Category	Particulars	LKR Mn	LKR Mn
Direct expense	Marketing expense	0.26	0.04
Direct expense	Restaurants cleaning & other additional costs	1.39	0.66
	Total direct	1.65	0.70
Indirect expense	Raw material wastages- Inventory write -off	0.03	1.88
	Total direct	1.69	2.58



JUBILANT FOODWORKS LANKA (PRIVATE) LIMITED

**DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Jubilant FoodWorks Lanka (Private) Limited
DETAILED INCOME STATEMENTS
Year ended 31 March 2021

STATEMENT I

Cost of sale	2020/2021	2019/2020
	Rs.	Rs.
Opening stock	38,323,938	63,071,848
Purchase - raw materials	217,835,361	275,835,641
Purchase - beverages	19,664,755	28,814,791
Closing stock	(41,014,495)	(38,323,938)
	<u>234,809,559</u>	<u>329,398,343</u>

STATEMENT II

Other income	2020/2021	2019/2020
	Rs.	Rs.
Beverages commission income	8,212,710	8,212,710
Other commission income	685,628	685,628
Payable write back	-	-
	<u>8,898,338</u>	<u>8,898,338</u>
	-	-



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

Year ended 31 March 2021

STATEMENT III

	2020/2021	2019/2020
	Rs.	Rs.
Administrative expenses		
Audit fee	918,000	935,000
Asset discard	19,354	70,000
Conference expenses	-	1,759,557
Contribution to EPF	9,179,830	12,258,573
Contribution to ETF	2,294,992	3,079,273
Courier charges	14,647	100,815
Depreciation	95,912,731	113,312,038
Depreciation of right-of-use assets	34,350,449	33,619,417
Diesel expenses	1,585,350	1,471,207
Electricity	46,434,349	62,147,102
Food testing expenses	965,538	476,304
Franchisee expenses	15,029,498	23,782,272
General expenses	175,052	890,326
Gratuity	2,028,000	1,296,000
Insurance expenses	2,709,934	2,759,497
Legal advisory fees	9,657,325	10,979,175
LPG cost	12,026,480	14,844,740
Motor vehicle running expenses	2,868,156	4,248,567
Pest control	4,943,235	5,084,812
Printing and stationary	518,405	1,677,823
Recruitment expenses	118,751	2,773,107
Rent expenses	1,961,810	11,814,506
Repair maintenance	9,168,976	16,591,651
Rewards and recognition expenses	-	399,030
Security expenses	2,167,591	5,292,726
Credit card commission	6,526,837	6,443,969
Staff salaries allowances	147,821,700	168,618,486
Staff welfare	11,197,735	17,210,221
Telephone and fax charges	20,431,380	18,229,597
Training and seminar expenses	305,888	1,068,765
Travelling and conveyance	3,475,515	6,976,706
Travelling overseas	-	2,877,896
Uniform expenses	581,687	831,798
House keeping charges	7,833,353	9,030,740
Water charges	1,281,662	1,622,029
Amortization	5,923,685	6,337,487
Exchange fluctuation	382,229	2,152,057
Medical expenses	1,375,005	1,359,538
Connectivity expenses	10,524,575	10,986,399
Allowance for laptops	1,444,033	1,434,698
Bank charges	3,292,985	1,149,120
Money deposit service fee	-	1,954,980
	<u>477,446,722</u>	<u>589,948,005</u>



Jubilant FoodWorks Lanka (Private) Limited
DETAILED INCOME STATEMENTS
Year ended 31 March 2020

STATEMENT IV

	2020/2021	2019/2020
	Rs.	Rs.
Distribution expenses		
Advertisements	66,767,998	53,746,273
Local store marketing	371,142	1,203,905
Consumable items	6,726,427	7,886,942
Vehicle maintenance charges	197,405	2,131,510
Freight expenses	10,097,207	13,349,081
Commission expenses - others	1,856,231	3,224,020
Petrol expenses	590,118	2,010,836
	<u>86,606,528</u>	<u>83,552,567</u>



Jubilant FoodWorks Lanka (Private) Limited
DETAILED INCOME STATEMENTS
Year ended 31 March 2021

	Statement	2020/2021 Rs.	2019/2020 Rs.
Turnover		748,846,656	792,713,131
Cost of sales	I	<u>(234,809,559)</u>	<u>(329,398,343)</u>
Gross profit		514,037,097	463,314,788
Finance income		4,631,008	4,214,752
Other income	II	7,573,192	8,898,338
Administrative expenses	III	(477,446,722)	(589,948,005)
Distribution expenses	IV	(86,606,528)	(83,552,567)
Finance expense		(28,645,649)	(30,139,689)
Loss before tax		<u><u>(66,457,603)</u></u>	<u><u>(227,212,382)</u></u>

