



Healthy Food - Healthy Living



Trusted Ingredients... A Unique Blend... the new Flavour of Success

Bairaha Farms PLC
Annual Report 2021/22

Trusted Ingredients... A Unique Blend... the new Flavour of Success

Over more than four decades of enterprise, Bairaha has come to be regarded as one of Sri Lanka's most trusted entities in the poultry industry, renowned for premium, nutrient rich chicken products. To these trusted ingredients we blended in enhanced contact with and empowerment of all stakeholders, employees, farmers and partners in our supply chain and an ever developing system protocol.

This blend creates the "new flavour of success" and offers a premium value proposition for all stakeholders.

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About this Report



This Integrated Annual Report for the financial year ending 31st March 2022, includes financial and non-financial information related to Bairaha Farms PLC's main businesses, key functions, and strategic investments. It also provides material information related to the Company's strategy, governance, performance, and sustainability in the context of creating long-term value. The Report aims to provide our stakeholders the information they require to make an informed assessment of the Company's sustainability and the ability to create value over the short, medium and long-term. The content of this Report is built around matters that are most material to the Group and elaborates on how these matters were addressed through our strategy. The Report also provides relevant information on the Group's operating environment and the strategy we adopted to navigate a difficult business operation within a contracted economy further exacerbated by the COVID-19 pandemic.

Reporting Framework

The information contained in this Report, as in the past, is in compliance with all applicable laws, regulations and standards. The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards while the financial reporting and the corporate governance aspects are reported in adherence to the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. In addition, concepts, principles and guidelines provided in the International Integrated Reporting Framework and the Global Reporting Initiative (GRI Standards) were used when crafting the sustainability reporting sections of this Report.

Report Scope and Boundary

The Report covers the 12 month period from 1st April 2021 to 31st March 2022 and is consistent with our usual annual reporting cycle for financial and sustainability reporting. Updates on progress of continuing activities and initiatives are given in the Report and as necessary, references were made to past information for clarity.

The Financial Statements depict the consolidated performance of the Bairaha Group which comprises of Bairaha Farms PLC and its subsidiaries: Siyane Farms Ltd., Hill Country Farms Ltd., Bairaha Foods (Pvt) Ltd., Nature's Best Industry Ltd., and its joint ventures: Fortune GP Farms (Lanka) Ltd. and Fortune Agro Industries (Pvt) Ltd. The Group's Financial Statements have been assured by the External Auditors, Messrs Ernst & Young Chartered Accountants.

Format

This Report is available in print and PDF formats. The PDF version of the Report can be accessed online via the Colombo Stock Exchange website (<https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=BFL.N0000>)

Contact

We welcome your comments, queries, and suggestions. Please channel these to –

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Year at a Glance

Indicator	Unit	2021/22	2020/21
Revenue	LKR Mn.	6,742	5,057
Gross profit	LKR Mn.	1,336	819
Profit from operations (without joint venture)	LKR Mn.	663	256
Profit after tax	LKR Mn.	765	347
Total assets	LKR Mn.	6,201	5,290
Total Borrowings	LKR Mn.	533	510
Total Shareholders' funds	LKR Mn.	4,785	4,114
Gross profit margin	%	19.82	16.20
Operating profit margin	%	9.80	5.0
Net profit margin	%	11.40	6.0
Return on equity	%	17.20	8.0
Return on total assets	%	13.30	6.0
Debt/Capital	%	10	11
Current ratio	Times	2.7	2.0
Earnings per share	LKR	47.83	21.70
Net assets per share	LKR	299.06	257.11
Market price per share	LKR	151.25	137.75
Dividend per share	LKR	6.00	–
Dividend payout	%	12.50	–

Year at a Glance

Manufactured Capital

LKR 485.3 Mn.
investment in property,
plant and equipment

309 acres
Land Bank

100%
vertically integrated
operation

Intellectual Capital

Strong brand
name with more than
46 years in business

Digitalization
across business ,
paperless operations

Human Capital

991
employees

KPI driven
performance culture

**Increase in
female**
participation

**Inclusive
work culture**
fostering job
satisfaction

Social and Relationship Capital

More than 200
maize and rice farmers
benefitted as suppliers
of raw material for
chicken feed

More than 150
out grower farmers
benefitted as suppliers
while gaining skill and
knowledge in chicken
breeding

**More than
1,000**
indirect employment

3,869
shareholders

Natural Capital

Sustainable
Sola power generation
to support national grid

Continued
efforts towards
paperless office by
incorporating all
operational areas

**Employees
gifted**
with plants
to encourage
environmental
protection

**Continued
focus**
on reduction in
the use of natural
resources

This is Bairaha

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About Us

Bairaha Farms PLC, incorporated in 1975, continues to be the leading quality chicken processing Company in Sri Lanka, for the past several decades. With a strong customer base and brand loyalty, the Company is committed to serving its customers with quality, healthy, and nutritious chicken products. To ensure this, Bairaha has its own breeding farms and processing factories. To assist a broader farming community, however, the Group networks with numerous farming establishments for chicken breeding and supports maize growers who produce the raw material for chicken feed. Bairaha continuously explores opportunities to diversify its range of chicken products in order to meet the needs of an evolving and a discerning market, that demands quality in what they consume.



Vision

To be our stakeholders' and customers' preferred company and brand in the poultry and meat production sectors.

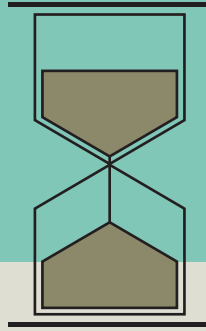


Mission

To provide superior quality poultry and meat products that supports good health.



Our Journey



→ **1975**

Bairaha Farms Ltd. (formerly known as M I M Naleem Hajjar & Co. Ltd.) was incorporated on 17th October 1975.

Being the pioneer in the production of commercial scale chicken for consumption in Sri Lanka, the visionary leadership of the founder of the Company, made chicken an affordable staple food among Sri Lankan households.

1976

The Company established its' Parent Broiler Breeder Farm and Hatchery in Katana.

1980

The Commercial Broiler Farm operation, in a 65 acre site at Pasyala, commenced operation. This was a pioneering project set up with a state of the art chicken processing factory, equipped with machinery imported from Europe.

1986

The Group pioneered and inaugurated a Contract Growing Scheme in the Gampaha District, enabling farmers to grow and supply live broiler birds to the Company. The project has grown to encompass several hundreds of such farmers, spread across several districts in the island.

→ **2011**

Bairaha received the prestigious Forbes Asia Award under "Best under a Billion" category in a ceremony held in Hong Kong.

2016

The joint venture feed-mill commenced its operations.

2017

Marking a milestone in its operations, Bairaha Group reported the highest ever profit and turnover since its commencement in 1975.

→ **1994**

Bairaha Farms Ltd. became a public listed company. On the opening day of its Initial Public offering (IPO), Company share issues were oversubscribed more than 2.04 times the issue, bearing witness to the robust reputation it had built in the market, over the years.

2001

The Company's Annual Report for the year 1999/2000 was awarded a Certificate of Compliance in the category of Food and Beverage Companies, at the Annual Report Competition held by The Institute of Chartered Accountants of Sri Lanka. In the same year Bairaha Group was awarded the internationally-recognized ISO 9002 Certificate for Quality Management System and HACCP Food Safety Certificate.

2004

A landmark agreement was signed between Bairaha Farms PLC and Hybro B V of the Netherlands at the Headquarters of Hybro in Boxmeer, the Netherlands, to set-up a joint venture Grand Parent Broiler Breeder project in Sri Lanka. The first batch of Grand Parent Chicks were imported by the joint venture company, namely, Fortune G-P Farms (Lanka) Ltd. Today our joint venture grandparent operation enjoys more than 50% local market share.

→ **2018**

The Group won an accolade from Cobb-Vantress Inc., in March 2018, which rated its breeder farms productivity among the best in the Asian Region. A key factor in the high performance at the breeder farms is attributed to the consistently high quality feed supplied by our joint venture company, Fortune Agro Industries (Pvt) Ltd. to our farms.

2019

Fortune-GP Farms was recognized as the best grandparent farm in Asia by Cobb-Vantress Inc. Completed implementation of SAP ERP across all the companies in the Group. In the same year, the Company opened a day-old chick sales centre in Kochchikade, Gampaha District. The Joint Venture Company acquired the CIC maize storage facility to strengthen backward integration, while enabling purchase of maize from more than 1,000 farmers in Anuradhapura, Moneragala and Ampara areas.

2020

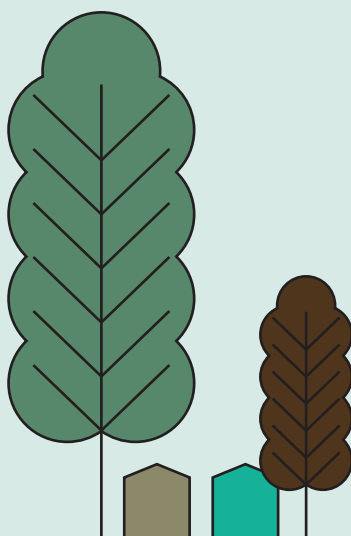
The Company was awarded the "FSSC 22000 Certification" (Food Safety System Certification), the first ever Company in the FMCG meat sub-sector in Sri Lanka to receive this prestigious compliance certification. Venturing into export market with chicken products under the Bairaha Brand name, Bairaha moved six ranks ahead under the Most Valuable 100 Brands by Brand Finance.

2021 →

The Company completed the implementation of the sales force automation system and its digital platforms to facilitate easy access to the Company products by its customer base.

The Company received an award for Environmental and Social Governance (ESG) 2021 at the FMCG Asia Awards, Singapore organized by Retail Asia magazine, for producing a recipe book in Braille for the benefit of the visually impaired.

The Bairaha Family



A pioneer in the industry, Bairaha Farms PLC (BFPLC) is the holding company of a large-scale state-of-the-art chicken processing factory, which it owns and manages. It also owns and operates modern breeder and broiler farms, providing essential Elisa and Bacteriological Laboratory services to both the Bairaha Group and the poultry industry.

100%

Bairaha Foods (Pvt) Ltd

Bairaha Foods (Pvt) Ltd., engages in the manufacture of a range of value added, pre-cooked meat products.

100%

Bairaha Trading (Pvt) Ltd

Our subsidiary company, Bairaha Trading (Pvt) Ltd., was established to import and sell products needed by the poultry industry.

100%

BF Lands Development Ltd Lanka Land Development Ltd HCF Land Development Ltd

Engaged in providing support services to the Group by purchasing and then leasing agricultural lands for setting-up poultry projects.

100%

Siyane Farms Ltd

Its principal activity is breeding poultry for the production of broiler day-old chicks.

100%

Nature's Best Industry Ltd

The Company owns and runs a state-of-the-art broiler farm. It's a BOI-approved company.

100%

Hill Country Farms Ltd

breeder farms and a hatchery for the production of broiler day-old chicks.

50%

Fortune G-P Farms (Lanka) Ltd

Its principal activity is the operation of a grandparent broiler breeder farm and hatchery for the production of parent broiler breeder chicks.

50%

Fortune Agro Industries (Pvt) Ltd

The Company owns and runs a state-of-the-art feed-mill and the principal activity is manufacturing and selling animal feed to the livestock industry. It commenced production in June 2016.

50%

Rajarata Land Development Ltd Cultural Triangle Land Development Ltd Windsor Real Estate Ltd

Engaged in providing support services to the joint venture companies by purchasing and then leasing agricultural lands for setting-up poultry projects.

51%

Care 4 Wellbeing (Pvt) Ltd

Subsidiary Company set up to produce nutraceutical products.

Chairman's Message

This is Bairaha



“Our leadership navigated the Company through these rough waters with visionary insight, steadily powering our progress and overcoming challenges to achieve success”.

Chairman's Message

Dear Shareholders,

It is with great pleasure that I present to you the Annual Report of Bairaha Farms PLC (BF – PLC), for the year ended 31st March, 2022.

Bairaha Farms PLC provides an excellent example of a successful company migrating from a private family owned and managed company, to a public listed company in the Colombo Stock Exchange (CSE) managed by experienced professionals, including those from the family, representing the majority shareholders. The Company complies with and follows assiduously the practices and procedures laid down in its corporate governance framework, and adopts best practices in all its operations and activities, including in the recruitment and training of staff.

The financial year under review saw an unexpected escalation in the challenges experienced by the nation over the past few years. Even as we navigated multiple waves of the COVID-19 pandemic, we also had to contend with the loss of receipts from tourism, the fiscal deficit, and a rapid increase in public debt. Furthermore, National debt repayment problems, widening current account deficit and an unrealistic peg on the US Dollar conversion rate led to foreign exchange (FX) shortages resulting in drastic import restrictions.

Our operations rely quite heavily on the importation of grandparent chicks, machinery and raw materials for feed production. Therefore, the struggle to procure US dollars took priority among the many pressing issues we had to face.

However, we continued to strengthen our team efforts and focused on utilising all available material, machinery and expertise to achieve the year's goals. As a result, we are pleased to report a net profit for the year of LKR 765 Mn., a remarkable achievement considering the aforesaid challenges that reflects both the Company's industry ranking and the popularity of our expanding product portfolio.

Bairaha Farms PLC provides an excellent example of a company migrating successfully from a private family owned and managed company to a public listed company in the Colombo Stock Exchange (CSE) managed by experienced professionals including those from the family, representing the majority shareholders.

Our joint venture companies also played a key role in our trajectory of growth this year. Each company represents a vital segment of our value chain, including the manufacture of feed and the procurement and storage of raw materials, operation of a grandparent farm and a hatchery for producing broiler breeder chicks. Additionally, managing a number of parent breeder farms and hundreds of out-grower and broiler farms located in a number of districts, supported by primary chicken processing and further-processing factories, together enrich and empower rural economies and community livelihoods.

The COVID-19 pandemic led us to introduce a number of measures within the Organization, key among them was to implement measures for our employees' well-being, ranging from relief packages and transport services, to food allowances. These initiatives ensured the health and safety of our employees which in turn helped us to reduce manpower issues in carrying out our operations despite the onset of the pandemic.

Chairman's Message

We also organized vaccination drives in our factories and farms, assuring our employees that our strategy to respond to COVID-19 was continuous. This helped us to regain production momentum and prevented the complete disruption of our activities. More recently, we minimized the adverse impact from Sri Lanka's gas and fuel shortage through the prudent maintenance of reserves for transportation and secondary power generators.

We also established an Investment and Risk Committee comprising of both Non-Executive and Executive Directors and members of the Senior Management. Their expertise will further strengthen us in the areas of investment evaluation, risk assessment and management.

An already well established brand with strong customer loyalty across all social strata, the Bairaha brand was further underscored as the primary choice of customers, when we were applauded for a pioneering ESG initiative in producing a cookbook, containing various recipes, in Braille. Diversity and inclusion being a strong value pillar in our Company, we are pleased we were able to fulfil a long felt need among the visually impaired, in making available and gifting such cookbooks to them.

With well honed expertise and skill over several generations and a corporate culture that speaks of strong values and respect for people of all backgrounds, we are confident the Company is in good standing to face a challenging future. Maximising available resources to produce the desired results at a profit to the Company, offering a good value proposition to our stakeholders while expanding all verticals within our production, will be given priority attention in the coming year.

While planning to expand the current product range within the next three years also contemplating to offer alternatives to chicken based products, and to enter overseas markets. We are hopeful that this would mitigate any risks that may arise in the event of a drop in local sales due to high inflation, that will naturally impact the purchasing power of our customer base, negatively.

It is with a deep sense of loss and sadness that I report the untimely demise of Professor M T A Furkhan, who ably led the Company as its Chairman for the past 28 years. His contribution to the growth of the Company and putting in place corporate governance and best in class business management practices second to none in this country, will always be remembered with gratitude.

He joined the Board as the Chairman on 8th April 1994 and guided the Company to its very successful listing on the Colombo Stock Exchange. He was a tower of strength in helping the Board formulate strategic plans as well as in evaluating and monitoring their performance. His wise counsel and effective contribution to the deliberations of the Board over the years have no doubt helped the Company immensely in its growth story. As his successor, it is my intention to carry forward his legacy into the future as we embark on new horizons in the future. I am sure all stakeholders of the Company will join me in conveying our sincere condolences to his family.

I remain hopeful for the future and trust in Bairaha's resilience and the fortitude of our people. I wish to extend my heartfelt gratitude to the members of the Board, especially to the Managing Director, Executive Directors, the Management Team and to all our employees who played a part in the success we achieved this year.

I wish to extend a special note of thanks to our shareholders, suppliers, bankers and loyal customers who continued to place their trust in us. Your support has always given us much impetus in our growth. I am confident, that Bairaha Team will continue to achieve greater heights in the future, even if we encounter strong headwinds.

As a home-grown Company, I am confident that Bairaha can contribute in a significant manner to revive our economy, as we focus on our industry, create employment opportunities and deliver value.

(Sgd.)

Reyaz Mihular
Chairman

30th May 2022

Remembrance of Desamanya Prof M T A Furkhan

It is with great sorrow and sadness that we note the demise of Desamanya Prof M T A Furkhan, who has served as Chairman of Bairaha Farms PLC from the 8th April 1994 until his demise on the 8th May 2022 having served in the Bairaha Board for a period of 28 years.

He spearheaded the IPO of Bairaha Farms PLC in October 1994, and it was oversubscribed by 2.04 times on the opening day of the share issue. He played a key role in ensuring that the Company put in place systems and procedures to ensure compliance with the requirements of Securities and Exchange Commission (SEC), Colombo Stock Exchange, and to comply with requirements of regulatory and other State authorities specially the Inland Revenue Department.

He brought in a wealth of experience to the Bairaha Board. He guided the Board on many matters including strategy, planning among others.

We cherish the good memories that we have in working with him, while at the same time we also acknowledge and appreciate his service and contribution to the education sector as well as his philanthropical and charitable work.



Managing Director/ Chief Executive Officer's Review

This is Bairaha



The Company was commended for its commitment to community service when it received an award for Environmental and Social Governance (ESG) 2021 at the FMCG Asia Awards organized by Retail Asia (Singapore) magazine, for producing a recipe book in Braille.

Managing Director/ Chief Executive Officer's Review

A Challenging Context

In the financial year 2021/22, while there was a significant global economic recovery, many headwinds were still faced. Prospects were dampened by a resurgence of COVID-19 infections, challenges to labour markets and supply chains, and rising inflationary pressures. Sri Lanka too experienced the adverse impacts of the decelerating global economy, in addition to its own mounting foreign debt payments and an acute shortage of foreign exchange, which led to a range of other crises; in the provision of electricity, fuel, food, medicine and other essential items.

The year ended with a double-digit food inflation rate of 21.5% and a non-food inflation rate of 7.6% (year on year). These challenges were further exacerbated by the spread of the COVID-19 pandemic and its many variants across the country, creating panic and uncertainty among the populace and disrupting people's daily life.

The costs of inputs for the provision of goods and services across all businesses were driven high by these volatile economic conditions. The Government recognized the burden this placed on producers and organizations in the industry and, removed in November 2021 the price control mechanism that regulated poultry products. Currently, prices of both essential and non-essential items continue to escalate.

A Resilient Growth

Bairaha Farms did well in adapting to measures that enhanced health and safety across our own facilities whilst operating our business in a contracted economy and within an environment of strict COVID-19 protocols, involving various restrictions to mobility.

We maintained a steady focus on our core business values, by delivering quality products to our customers while strengthening the strong ties we already have with our valued chain partners. To this end, we continued our focus and attention on both processed chicken and value-added meat products segments, while also widening our customer base.

As part of the ongoing strategic initiatives, we also maximised the use of our existing facilities which are scattered across various locations, including farms, hatchery and processing, among others. We have also acquired another eighteen acres of land in

the Kandy District to expand our facilities, if needed, beyond what has already been planned for the production of broiler day-old chicks. Whenever there are surplus liquid funds available within the Company, the Board decided to consider investing them in residential/commercial properties, land and buildings, when suitable opportunities arise. Accordingly, these investments, if undertaken, would not be in areas directly or indirectly related to the poultry industry. In this regard, the Company has already acquired 28 perches of a land in Mount Lavinia at a cost of LKR 88.4 Mn. and the funds used for this purchase was from the sale proceeds arising from the disposal of an unutilised farm land.

Adaptability Driven by Digitalization

The digitalization introduced by Bairaha Farms in 2020 continues to generate value by providing the necessary information to make the required management decisions speedily. Bairaha's involvement in social media and other online channels will be intensified in the financial year ahead, as we continue to add value to our digital platforms.

As marketplace behaviours evolve within the current socio-economic landscapes and with opportunities for niche markets and online sourcing, we believe that digitalization will help us to quickly recognize changes in customer preferences making the Company both customer focused and proactive.

We plan to build on those efforts and maximise the use of social media platforms to complement digitalization, so that customers may procure our products in a timely and efficient manner.

Developing our Capabilities

We believe that planned learning and continuous up-skilling are invaluable for the Company's sustained growth. To this end, we continued our Management Training Programme, which is designed to attract, build and retain talent.

Managing Director/ Chief Executive Officer's Review

We maintained a steady focus on our core business values by delivering quality products to our customers while strengthening the strong ties we already have with our valued chain partners.

The Management Training Programme involves a process whereby we enrol university students and assign them to factory/farm operations. Later, as part of their training, they are rotated in other areas of the business in order to familiarise them with the entire operation, because we believe that an understanding of the practical aspects of a business operation lends added value to their academic learning. On completion of the training programme, the students present a project report to the Career Committee and based on evaluation of their project report and performance at oral interviews, the Career Committee decides whom to offer permanent employment.

General training sessions for staff, including virtual seminars on poultry production were conducted by experts from overseas. These programmes saw keen participation by the staff as well as Senior Management.

ESG as an Integral Part of our Business

The Company was commended for its commitment to community service when we received an award for Environmental and Social Governance (ESG) 2021 at the FMCG Asia Awards organized by Retail Asia magazine, for producing a recipe book in Braille. The theme of the campaign was Lighting Up Their World With Books. This concept was crafted to encourage greater inclusivity of vision-impaired people in our society and to motivate them to enjoy the culinary arts in a format they can access.

Taking these efforts a step further, we also ensured that all eighteen schools for the vision impaired received gift-packs of the books along with a note from the Company. The social media campaign related to this endeavour was also a great success, reaching a record 0.5% of the population of Sri Lanka. The campaign highlighted the fact that this was the first initiative of its kind in Sri Lanka, communicating the Company's philanthropic efforts to a wider audience through social media.

Retail Asia awards are given to FMCG companies in the Asia Pacific, which have achieved exemplary performance through innovative products and initiatives. Winning of this award was a source of great pride to Bairaha Farms.

The Management Training Programme, mentioned in the previous section, provides an opportunity for aspiring young persons to develop their skills, thereby creating employment opportunities for them. This is one, among many other initiatives, where the Company is socially engaging with the society for fulfilling its needs and expectations.

Stabilising the Price

We are a fully vertically integrated Company that pioneered large scale, intensive and modern farming methods nearly five decades, and took the leadership in growing the market for poultry and related products. This, in turn led to economies of scale in operations, thereby helping to lower the cost per unit of production. This provided the company the opportunity to lower prices and/or stabilise the prices to consumers, contributing to further grow the market. Over the years, Bairaha Farms PLC has leveraged its premier place in the market to stabilise the prices of chicken, broiler day-old chicks and poultry feed, thus contributing significantly in ensuring that poultry meat remains the cheapest source of protein to consumers. The current crisis situation in the country, however, has adversely impacted the Company's leverage and flexibility in regard to pricing. Bairaha Farms PLC remains committed to providing its consumers with poultry meat products at a fair price using its "best in class" processes, latest technology, and nearly five decades of experience in the industry.

Product Range

The Company has been expanding its products range, both processed chicken and pre-cooked chicken products, to meet the diverse needs of customers in terms of affordability, convenience and pack sizes. In the recent months, affordability and requirement for smaller pack sizes have become important factors in encouraging purchases by many consumers, as real value of their disposable income has eroded due to high inflation, job losses, and other factors, arising from the current crisis situation facing the country.

Managing Director/ Chief Executive Officer's Review

Our Commitment to the Well-being of Our Staff

The health and safety of our employees continued to be a top priority in the year under review, as the pandemic persisted. Bairaha Farms conducted a booster vaccination campaign for our employees at Pasyala farm and factories, with the support of Public Health Inspectors (PHI's) and the Wathupitiwala Base Hospital. We thus reduced the risk of exposure at the workplaces and ensured the general well-being of our staff, while also contributing to Government efforts to curb the spread of the virus in Sri Lanka.

Further focusing on good health, we also conducted a training session at the Hatchery with the theme of Good Food, Good Health. This was designed to communicate good food habits that would naturally lead to good health. This programme also included training of staff on the preparation of a healthy meal.

Our Commitment to Sustainability

During the year, we also increased our investments in renewable energy generation, continuing with the installation of solar panels across a number of sites including our joint venture companies while contributing to the national grid. Our farm located in the Kandy District has a small capacity hydropower plant to supply part of the power requirement of the farm, and we plan to expand its capacity to either increase supply to our farm and/or sell power to the national grid.

Further, by treating wastewater we have been reusing it in non-critical areas of our processing and production related activities. We in Bairaha Farms firmly believe that our enterprise should be sustainable, as far as operationally feasible, at every level of our value chain.

Board of Directors

Mr C L de Silva, who had been serving as an Independent, Non-Executive Director for a period of five years resigned on 16th August 2021. For the purpose of record, I would like to acknowledge the contributions made by him for the betterment of the Company during his term of tenure

During the year, Mr Reyaz Mihular FCA, FCMA (UK), formerly Managing Partner of KPMG Sri Lanka and Maldives (Chartered Accountants) joined Bairaha Farms as an Independent, Non-Executive Director. We believe that with his vast experience, both in Sri Lanka and abroad will contribute to strengthen the corporate governance and risk management areas of our business.

Unfortunately the company lost the services of Professor M T A Furkhan, who passed away on May 8th 2022 after a brief illness. He served the Company with distinction as its Chairman for a period of 28 years, guiding it through a very successful IPO and we will always be grateful for the insight and professionalism he brought to the Board deliberations during his stewardship. His demise is a great loss to the company.

The Board at its meeting held on 19th May 2022 unanimously decided to appoint Mr Reyaz Mihular as the Chairman of the Company.

Acknowledgements

The success we have achieved in the year under review is underpinned by a cohesive, diligent and dedicated team efforts. Therefore, I am deeply thankful for the guidance received from the Chairman, the advice and insights from the Board of Directors, and the efforts of our deeply engaged staff and workforce, who strive to deliver the best whatever their role at different level of the Company. I further extend my heartfelt gratitude to our shareholders, our ever-expanding customer base, our suppliers, business partners and bankers. I am also truly grateful to the governmental authorities for the unstinted support the Company has always received, when needed.

Looking Ahead

Bairaha has deep roots in the socio-economic fabric of our country and the Company has steadily grown to what it is today. In light of the forecast declaration of global economies in 2022 which will naturally have an adverse impact on our own economy too, we know we are bound to face further challenges in our business environment. Yet I, remain confident that with our intrinsic value-based governance and corporate culture, our engaged team, together with the goodwill of all our stakeholders, the Company will continue to thrive and grow; constantly creating new opportunities and seeking to deliver sustainable value.

(Sgd.)

Yakoath Naleem

Managing Director/Chief Executive Officer

30th May 2022

This is Bairaha

Business Model

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Operating Environment

The Global Pandemic...a Pivotal Factor

The COVID-19 pandemic turned out to be one of the most cataclysmic events in recent times. The virus continued to rage across the world in 2021 and the rapidly increasing number of infections and other associated negative factors led to soaring inflation rates, disrupting the trajectory of recovery for most world economies.

The disruptive effects of the pandemic combined with unanchored inflation forecasts and financial stresses are expected to add to the deceleration of economies. Less affluent economies may eventually be forced to implement stringent instruments of financial redress that will further slowdown recovery. These challenges have been compounded by job losses and reduction in earnings that have led to widening income gaps and social tensions in many countries. Vaccination regimes were a focus of priority across the globe and Emerging Markets and Developing Economies (EMDE) were forced to carve out and re-direct a large proportion of their constricted budgets towards such efforts.

The poultry industry is the fastest growing agricultural subsector in developing countries, offering nutritious food at affordable prices in comparison to other meat protein. The global poultry markets were quite bullish in the fourth quarter of the calendar year 2021 and a 2% growth is expected in 2022. This value projection is based on population growth, income growth and urbanisation in these countries. The ongoing pandemic however, caused difficulties in relation to production and commercial activity, thereby adversely impacting the projections for 2021. This trend continued into 2022 as recovery slumped due to the multiple negative effects of the pandemic.

The Sri Lankan Experience

The slow economic recovery that was evident in mid-2021 nose-dived in the fourth quarter with the resurgence of the virus. Although momentum in the export sector continued with monthly earnings exceeding USD 1 Bn. for several months, but sustained high expenditure on imports led to a widening trade deficit. Tourist arrivals, which had been showing signs of recovery, was also adversely impacted. The regular import of essential items was curtailed owing to an acute shortage of foreign

exchange. Domestic economic uncertainty began to grow during the year, as several policy and administrative decisions impacted heavily on key areas of enterprise across the country. Further, multiple factors including frequent and increased duration of disruptions to power and energy supplies and scarcities of essential food and other items have led to a rise in social tensions. The anticipated foreign currency inflows did not reach the targeted levels, which in turn made it difficult to allocate adequate amount of specially US dollars to undertake regular import of essential items while concurrently the government serving the dollar denominated debt. The Sri Lankan Rupee recorded a depreciation of 48% to the US Dollar by end March 2022 in comparison to the rate prevailing a year ago while the actual real sharp fall in the depreciation of the rupee in the official open market was avoided by the Central Bank artificially controlling the depreciation of the Sri Lankan rupee, while the rupee in the grey, unofficial market, depreciated much higher. Inflation continues to rise, driven by high domestic demand pressure and elevated global commodity prices.

Sri Lanka now faces a serious financial crisis and is currently negotiating with world financial institutions such as the International Monetary Fund (IMF), in order to obtain financial assistance, while deferring the settlement of loans that have already fallen due as well as those due for payment in the immediate near future, until an agreement is reached with IMF.

Solutions Amid Challenges

1. Impact of the Pandemic

As the fastest growing livestock industry in Sri Lanka, the poultry industry, the broiler day-old chick production grew by 9.7% in 2021 in comparison to 2020 as per data published by the Department of Animal Production and Health (DAP&H). However, the 2020 base figure in regard to broiler day-old chick production was notably reduced due to the inability to sell the chicks as a result of various issues that arose due to the COVID-19 outbreak.

The period after the holiday season of April 2021 saw a resurgence of the pandemic and the year proved to be one of the toughest that the industry had ever experienced. The pandemic forced global food inflation to an unprecedented 30% while in Sri Lanka it rose to 21.5% by December of 2021.

Operating Environment

The restrictions to mobility demanded by the pandemic hampered the smooth operation of not just the sales and distribution processes but the production processes as well, due to the difficulty in maintaining full cadre at some of our main facilities. The need to practice social distancing on the production floor was a major challenge in an industry such as ours, but it was one we faced and overcame so as to continue to meet the demand for an essential food item like chicken, even although we had already been dealing with the problems of a disrupted distribution system. However, although the initial impact of the pandemic resulted in a drop in sales, we continued working with online delivery partners together with other distribution methods to help stabilise sales volumes.

2. Foreign Exchange Crisis

The full impact of the foreign exchange deficit is being experienced across all social and commercial spheres in 2022. In the face of the acute shortage of foreign exchange (FX), the Government restricted imports of several goods and materials. These included certain raw materials required for feed production. Sourcing these at a high cost naturally increased the cost of production across the industry.

We are hopeful that the urgent initiatives now being taken to redress Sri Lanka's financial woes will restore the nation's economic health. The road ahead promises to be difficult, yet it will be one that would lead us to better times.

3. Organic Fertiliser and the High Cost of Production

In an effort to fast track its intention to "grow green" the Government took a policy decision to shift the country's agriculture to an organic fertiliser protocol. The import of chemical fertiliser was halted almost immediately and the use of organic fertiliser was promoted across the country. In the absence of a structured plan for this conversion, the farming community were unable to realise the yields they had hitherto enjoyed under the chemical fertiliser regime. This move drastically reduced agricultural production in the 2021 *Maha* season.

This in turn had a direct adverse impact on the poultry industry, since the locally sourced corn, production of which was already well below the requirement of the country, was further substantially reduced due to lack of availability of specially chemical fertiliser. In addition to restricted imports, the reduction in locally produced raw materials and increasing prices of corn, wheat and soya bean meal in the world market, together with depreciation of the Sri Lankan Rupee, had negatively impacted on our ability to manufacture quality chicken feed at a reasonable price in the last quarter of 2020/21 but more profoundly in the year in progress. Production costs rose significantly as the industry had to explore other markets to source and import the necessary raw materials.

4. Removal of Price Controls

In November 2021, as the cost of production continued to increase for chicken, the Government removed the price control that had been imposed on whole chicken. Prices of all poultry products continue to increase further in the ensuing year due to the reasons mentioned in the previous section. Continued escalation in the prices of chicken may dampen the sales, since real value of consumers' disposable income has been shrinking.

Hence, as part of our plan to geographically diversify the markets for our products, we are exploring ways and means to seek overseas markets. This strategy could help to mitigate, to some extent, the negative effects of any slump in demand in the local market.

Despite the problems of operating in a contracted economy and being hampered by restricted mobility, we have achieved success in the year under review and this is a real affirmation of the Company's resilience and capacity to survive the impacts of the pandemic. It is also evidence of the professionalism and dedication of our employees and management, who reorganized our operations in order to ensure continuity in our production and sales.

From production to delivery, our efforts in the ensuing year will strengthen our resilience and professionalism. We will strive to leverage our digital technologies, pursue market expansion and offer a consistently superior product portfolio to our customers, whilst seeking to satisfy the requirements of all stakeholders.

Operating Environment

5. Competition

Chicken and eggs still enjoy the highest demand of all animal protein products in the market. Therefore, the industry does not face significant competition from other animal products. Nevertheless, as the investment cost of entry into the downstream segment of the industry, in particular broiler farming low, this can lead to periods of glut as well as shortage, due to participation or otherwise of such producers.

Although this could be seen as a risk arising from competitors, but with Bairaha's credentials the Management has the confidence to overcome such challenges. We are a firmly established company with a long history of serving our customers with products of consistently high quality and value. Our pragmatic strategies and business processes have given us a competitive edge in the market. This, together with the vast customer base we serve across the island, gives us confidence that we can face the potential headwinds from competition quite successfully.

The Company's integration of digitalization also serves as proof of its maturity and visionary focus as we look to long-term success in the future. We remain well aware that we need to preserve, strengthen and build on all available platforms, by recognizing and responding fast to the dynamic nature of the market.

6. Credit Risk

The virtual closure of the tourist industry in 2021 also meant that business in the HoReCa sector was adversely impacted. This created a slump in a major local market segment for our products. The problems faced by the HoReCa sector led to difficulties in obtaining sustained settlement of dues for suppliers like Bairaha. Therefore, we implemented strict credit controls and explored other niche markets to make up for drop in the HoReCa segment. It is unfortunate to note that HoReCa sector continued to encounter set-backs due to social unrest and economic crises being faced by the country.

7. An Overhauled Monetary Policy

The Central Bank of Sri Lanka is expected to continue in tightening up the monetary policy, leading to further increase in the cost of borrowing, while the Government is expected to squeeze spending and increase taxes, to comply with stringent conditions to be imposed by the International Monetary Fund (IMF) in the event IMF come forward to assist Sri Lanka.

These measures would bound to lead to a decrease in investment, reduce disposable income and therefore limit consumer spending. The food industry has been affected by the all-time high prices of essential items. However, we do not envisage a drastic drop in demand for poultry as placements continue to be reduced or deferred by small and medium scale producers as a result of a reduction in the manufacture of poultry feed by feed-millers due to lack of availability of raw materials. Cost of funds however, will impact our future plans for expansion and this is a concern.

In Summary

The pandemic and its many adverse outcomes combined with several other negative factors to drastically impact Sri Lanka's economy, sending it on a downward spiral. This was compounded by the acute shortage of foreign exchange and a rapid depreciation of the rupee, giving rise to a shortage of essential items, job losses, social unrest and political instability.

The redeeming factor for our industry and in particular for our Company, has been the high demand for poultry products and the customer confidence that we have been witnessing over several decades.

It is our hope that the initiatives set in motion by international financial bodies together with assistance from foreign governments would help the economy to stabilise to some extent, in the short term.

In the meantime, strengthened by years of experience in volatile markets, we remain confident that our collective management capability, investment acumen and committed team work will stand us in good stead, reinforcing our plans to deliver sustainable value to all our stakeholders, in the future, while consolidating our operations to face the present challenges.

Our Value Creation Process

Deriving Value

Financial Capital

- Shareholders funds
- Finance and lease payables
- Cashflow from operations

Manufactured Capital

- Hatchery capacity (Grandparent, parent, and broiler farms)
- Short production cycle
- Inhouse feed production
- Shorter growing age to achieve targeted weight
- Investment on new plant and equipment

Intellectual Capital

- Research and Development on new products
- New products/ brands
- Brand recognition
- Online promotions
- Social media posts

Social and Relationship Capital

- Broiler production by outgrower farms
- Maize production by farmers of raw material for feed

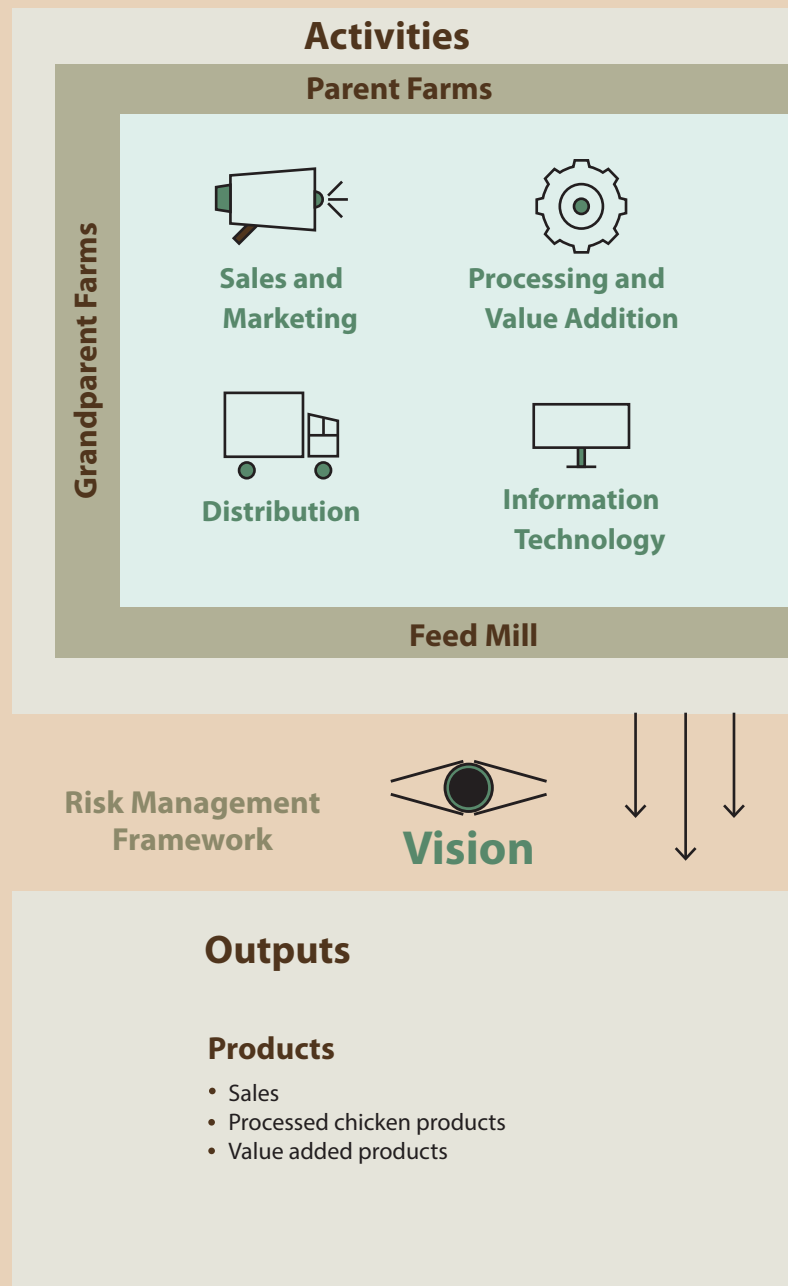
Employee Capital

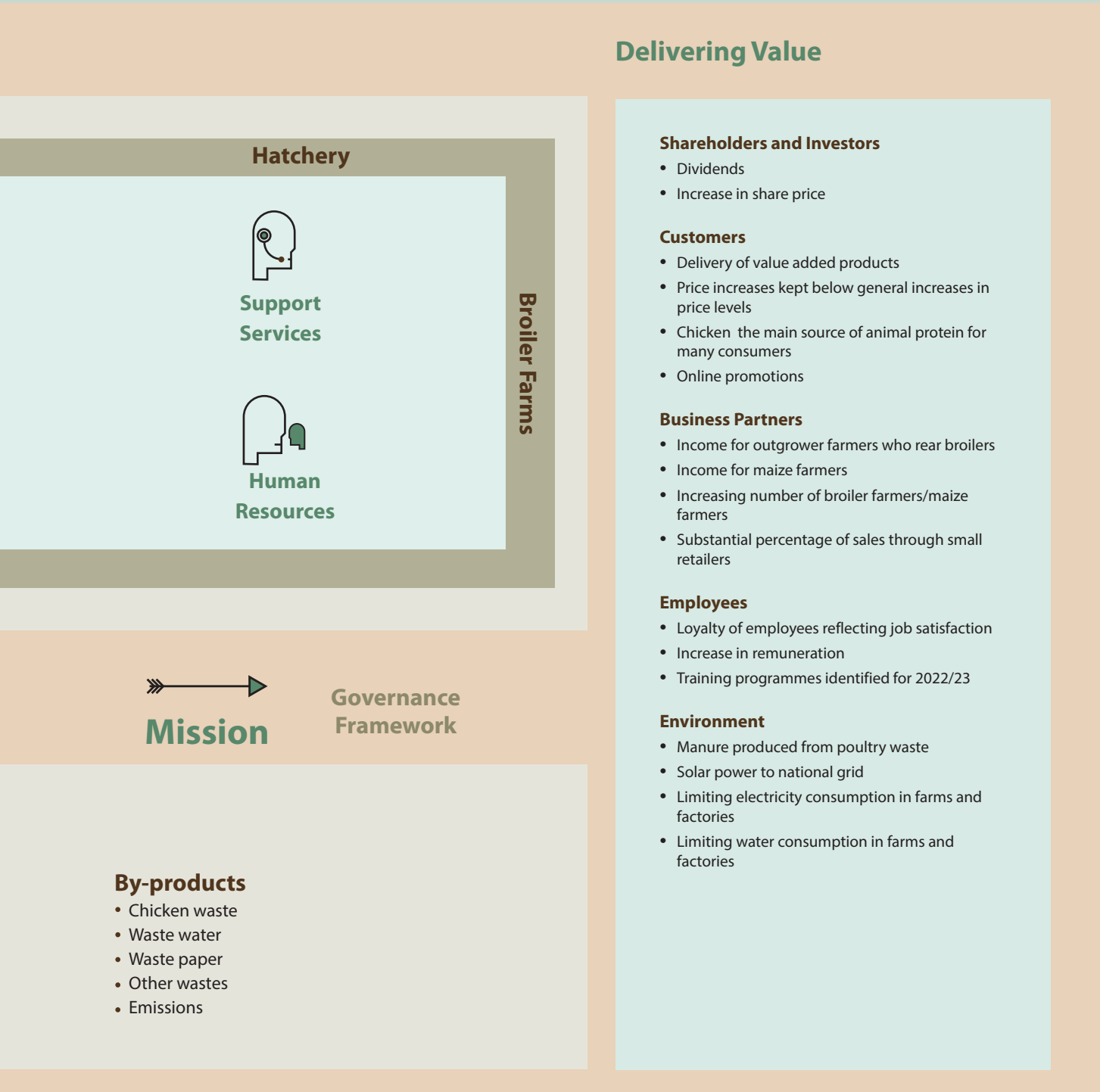
- Permanent employees
- Contract employees
- High numbers of long serving staff
- Commitment to employee training and development

Natural Capital

- Electricity Consumption- farms and factory
- Water consumption- farms and factory

Creating Value





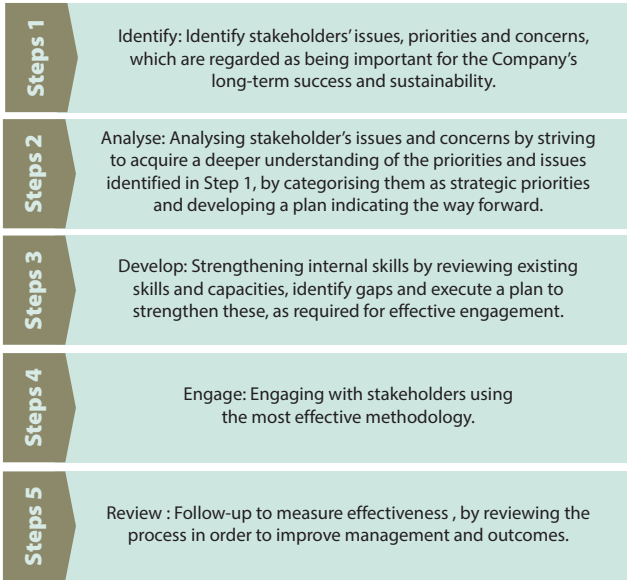
Stakeholder Engagement

At Bairaha Farms, we acknowledge and value the many long-term stakeholder relationships we have formed over the years. These strong ties have endured over several decades, helping the Company to evolve into a business enterprise of immense worth and stature. We also recognize the important role played by these partnerships in supporting the Company’s successful operations during this period of turbulence, in the contracted economic landscape of 2021/22.

We live in a world where information can be instantly conveyed to entire communities through social media. Any perception of Bairaha’s products whether favourable or not can be disseminated in a matter of seconds and we remain very aware of this when managing our stakeholder relationships which include both local and foreign entities, the latter including our principals. Our stakeholder relationships are founded on the United Nations’ Sustainable Development Goal 17 (SDG17), in order to ensure that our partnerships remain robust and durable. Thus, the Company regards as its stakeholders those who can potentially impact our value creation processes and those who are affected by such processes and their outcomes.

The Five-Step Method

We continue to use our Five-Step framework in engaging with our stakeholders.



Stakeholder Engagement

Our Employees

Our employees are a vital pillar of our success. We believe that employee satisfaction plays a major role in the production and supply of superior quality products to our customers, thus reinforcing customer loyalty to our brand and strengthening our position of industry leadership.

We maintain a system of open-door communications to motivate our teams and build a strong rapport with them. While our staff have access to a range of training programmes as required, they are also encouraged to enroll in additional courses of study and training which are appropriate for their role. Financial support is evaluated provided on a case-by-case basis, for such study programme. We have a transparent system to review performance which helps both employer and employee to map their progress. The Company has also established a welfare programme that benefits not only the employees but their families as well.

Our Communities

Given the nature of our products and production processes, we understand that the sustainability of our business is directly linked to that of the communities within which we operate, including the farmer communities from who we source part of our raw materials and live birds, under a contract growing scheme. We strive to maintain mutually beneficial relationships with these people and communities, who remain central to the Company's overall success.

The Company's diverse CSR initiatives are described in detail in the Social Relationship Capital segment of this Annual Report.

Our Consumers

We understand that our products must satisfy the demands of a diverse customer base and that regular engagement with retail, institutional and other customers is vital if we are to understand and meet these requirements, through our wide range of products.

We obtain customer feedback in diverse ways; by conducting surveys, through social media interactions and through direct, face-to-face interaction at various events, including housewives' gatherings and customer/public food-sampling sessions.

Our Joint Venture Partners

The Fortune G-P Farm is a joint-venture company from which we exclusively source our requirement of quality parent broiler breeder chicks for our breeding programme. All our farms obtain their requirement of quality feed manufactured at our state-of-the art feed-mill Fortune Agro Industries Pvt. Ltd. which is another of our joint venture companies. Through structured management interactions we ensure that our joint venture partnerships are aligned with our business, as valued stakeholders in our value chain.

Our Suppliers

A strong and dependable supply chain is imperative for our business. We have a good rapport and maintain close, regular communications with our suppliers through one-to-one engagements, through meetings and other communications, through our interactions during the procurement process and through the training that our suppliers offer to our staff as knowledge-transfer.

Stakeholder Engagement

Our principals also share industry knowledge and expertise with us which helps us to improve our processes, our productivity and quality, resulting in the efficient use of the resources that we use as inputs.

Our suppliers also have direct access to our Senior Management whenever such intervention is necessary to address matters of importance. An uninterrupted supply chain helps our business to function efficiently and deliver the desired outcomes to our customers and we therefore strive to maintain good relationships with all our valued suppliers.

Our Shareholders

An informed shareholder base is an important asset to support the Company's Directors and Management in shaping its future. We keep our shareholders aware of the Company's affairs in a variety of ways; by publishing and making available the quarterly interim financial statements, the Annual Report and our circulars/disclosures to the Colombo Stock Exchange and by enabling access to our corporate website.

Our Distributors

Our distributors provide an important service in making our products available to our customers. Hence, they play an important role in linking the Company, its agents and the end consumer. The Company's sales team maintains good relationships by regularly communicating and interacting with all our distributors.

The Government and Regulatory Authorities

We also maintain close relationships with the relevant state authorities by directly engaging with them, whilst also participating in industry-related meetings and forums.

During the pandemic we worked closely with the Public Health Inspectors (PHIs) and strictly adhered to the official health guidelines in order to ensure the health and safety of our staff and other stakeholders, who have regular interactions with the Company.

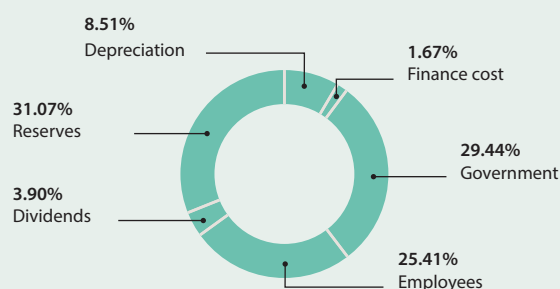
The Value of Digitalization

The programme of corporate digitalization we launched in 2020 is now a sophisticated tool that continues to generate many benefits to our organization. We are able to carry out all our operations, activities and stakeholder communications to our employees, consumers, suppliers, distributors, partners, shareholders and Government authorities, in a timely manner.

We are pleased to note that digitalization has contributed towards strengthening the network and relationships established and nurtured over the years. We look forward to developing these capabilities further, so that we may forge even stronger partnerships with all our stakeholders in the years to come.

Economic Value Added Statement

	31st March 2022		31st March 2021	
	LKR '000	%	LKR '000	%
Revenue	7,440,253		5,586,445	
Less: Cost of materials and services purchased	(4,976,679)		(3,882,190)	
Value added	2,463,575		1,704,255	
To employees as remuneration	626,076	25.41	531,753	31.20
To Government as taxes	725,389	29.44	534,249	31.35
To providers of capital				
Finance cost on borrowings	41,174	1.67	63,417	3.72
Dividends to the shareholders	96,000	3.90		0.00
Retained in the business as				
Depreciation	209,589	8.51	227,629	13.36
Reserves	765,347	31.07	347,207	20.37
	2,463,575	100.00	1,704,255	100.00



Strategy for Growth

Bairaha's growth strategy is formulated by drawing on information, facts, and trend indicators from our operating environment, stakeholder expectations and market conditions. As a business with a competitive edge in the food industry, our strategic pillars have remained unchanged in the year 2021 though our focus and efforts were refined to stay relevant, in an economic environment that was challenging.

Responsible Production

In order to surpass industry standards, we ensure that the highest priority is given to the quality of the products we manufacture. We explore every possibility in attaining an acceptable level of nutritional value in the development of new products while seeking to make them palatable in taste, affordable in terms of pricing as well as healthy. The Company maintains high standards and stringent controls in the areas of hygiene and food safety, from livestock farming to plant and, all across the production and supply chain (Refer page 44 for further details). Our contributions and efforts have helped to improve the overall industry standards over the years, especially in regard to the quality of the poultry feed marketed by the industry which has in turn benefited the organizations and farmers engaged in poultry.

Enhanced Productivity

Digitalization and automation played pivotal roles in enhancing productivity and reducing costs. In real terms, we have seen a streamlining of processes and savings in resources, which have benefited various areas, from our operation to logistics, supply chain, operations to marketing. The performance of some of our farms are in line with the top 20 in the world which is evident from the awards we have won over the past years, and we are planning to replicate some of these best practices and processes in all Company farms over the next 2-3 years.

Sustainable Growth

The importance of sustainable growth has never been more clearly highlighted than in the recent few years. The challenges to business from forces such as the pandemic and worsening local and external operating environments meant that companies that fared well were those with pragmatic and sustainable growth trajectory. Strategic investments and expansion with focus on sustainable growth, as far as it is practical to do so with the limitations the industry operate, continue to be key factors in our strategy for growth. A key factor in sustainability is care for the environment which

Strategy for Growth

Bairaha has been and is very mindful of. At every step, we endeavour to focus on our environmental footprint as far as it is practical to do so. Moreover, as in the past, we have been concentrating on enriching the relationships we have established with our customers, suppliers and farmers. Their well-being continues to play a pivotal role in the operations of the Group.

Financial Stability and Brand Image

We seek to maintain a strong liquidity position, whilst also focusing on investments to generate consistent growth as we have done in the past. We are a strong and resilient organization with investments in both backward and forward integration segments of the industry.

We maintain a strong presence in the market, capitalising on the trust and loyalty that the Bairaha brand enjoys, so as to strengthen it and grow it, for generations to come. Our expansion plans encompass entry into overseas markets, which we have been already exploring. Diversifying to other areas other than food production is also on the cards for the future. With a clear strategic vision and careful planning, we are confident of value delivery through our seamless value creation process in the years to come.

Stakeholder Engagement

Another key area of our focus, is that we consistently work to strengthen the stakeholder relationships that we have built over the years. It is imperative that we have excellent rapport with our consumers, suppliers, distributors, shareholders, government authorities and bankers as it is critical for the success of our Company. (Refer pages 26 to 28 for more details etc). These relationships have generated value to the Group over the years and we are committed to nurture them, in the years to come.

Employee Engagement

Our dedicated, diligent and loyal employees are the backbone of our Company. In the year under review, their loyalty to the Company was put to the test, as they worked under immense pressure, amid a serious and at times with life threatening health hazard. We are committed to enable and empower employees at every instance and endeavour always to offer an environment that facilitates this. (Refer pages 48 to 51 for a detailed description on how we engage with staff)

Material Matters

Material matters are defined as the issues that could shape the Group's business, strategies and activities in the long term. These issues may significantly transform the Company's performance and value creation capabilities and thus lead to serious impacts on its stakeholders. The year 2021/22 presented challenges that fundamentally changed the way we operate, bringing a "new normal" environment in the wake of the COVID-19 pandemic.

Material topics represent emerging issues in the economy and in the industry as well as factors relevant to the Group's strategic agenda and its value creation model. Based on the operating environment, and the opportunities and challenges that have emerged within the new normal, we have maintained our list of priorities, comprising 12 material topics. matrix presented below is based on Bairaha's perspectives and those of its key stakeholders, in line with the guidelines set out by international standard-setters such as the Global Reporting Initiative (GRI). Bairaha will use the insights acquired from the materiality assessment to identify gaps and opportunities, in order to facilitate the allocation of resources in a prudent manner, based on priority and aligning with our business requirements.

1. Employee Health and Safety – Increased in importance – GRI 403: Occupational Health and Safety
2. Macroeconomic issues and impact on the industry – Increased in importance
3. Fair compensation for employees and non-discrimination – GRI 401: Employment, GRI 405: Diversity and Equal Opportunity
4. Financial health and performance – Increased in importance – GRI 201: Economic Performance
5. Responsible production – GRI 416: Customer Health and Safety
6. Responsible supply chain management – Increased in importance – GRI 414: Supplier Social Assessment, GRI 417: Marketing and Labelling
7. Optimising distribution channels – Increased in importance
8. Pollution, waste and effluents – Increased in importance - GRI 301: Raw Materials/GRI 302: Energy/GRI 303: Water/GRI 305: Emissions/GRI 306: Waste and Effluents
9. Innovation – Increased in importance
10. Talent management – GRI 401: Employment/GRI 404: Training and Education/GRI 402: Labour Management Relations
11. Community relations – GRI 413: Local Communities
12. Manufacturing capabilities

Management Discussion and Analysis

34 Financial Capital

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60 Natural Capital

Financial Capital

Financial Performance

Five Year Summary

Year ended 31st March	2022/21 LKR Mn.	2021/20 LKR Mn.	2020/19 LKR Mn.	2019/18 LKR Mn.	2018/17 LKR Mn.
Revenue	6,742	5,057	4,361	4,724	4,215
Profit from operations (without JV)	663	256	(57)	545	552
Net profit	765	347	(196)	413	404
Return on average equity (%)	17.2	8.9	(5.2)	11.1	11.8
Return on capital employed (%)	16.9	9.7	(2.8)	13.6	14.4

Bairaha has had a phenomenal year in terms of its financial results despite the surge in cost of production. This is mainly due to achieving higher Day old Chick prices consistently throughout the year and the removal of the price control on whole chicken by government in Q3. Lifting the price control on whole chicken has enabled the industry to pass on the cost escalations especially that of the poultry feed to a greater extent to the customers. This has given the much-needed revival to the industry and the company. The group has

experienced a higher demand for chicken and day old chicks during the year since consumption of poultry meat is rising in Srilanka as consumers are attracted to poultry due to lower prices, product consistency and higher protein/low fat content amongst other factors. Bairaha was able to react promptly to the market dynamics resulting in a significant growth of the performance from Q3 onwards with recording highest ever profitability levels with an exceptional 4th quarter performance.

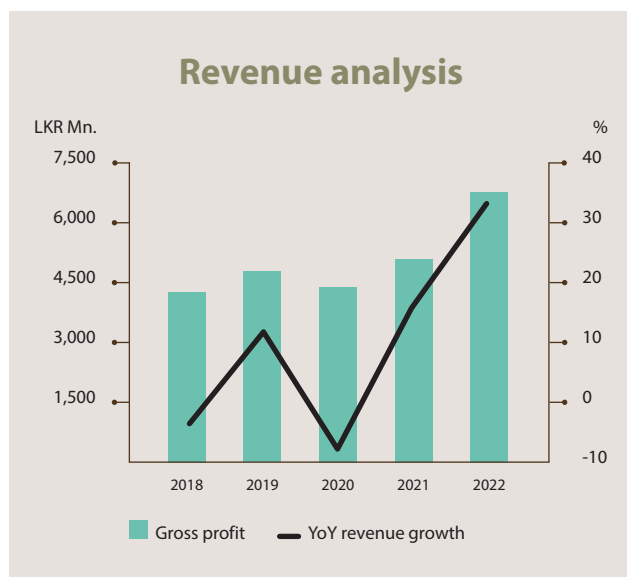
Quarterly Profit

Year	Q1 LKR Mn.	Q2 LKR Mn.	Q3 LKR Mn.	Q4 LKR Mn.
2020/21	(136)	125	121	237
2021/22	99	155	232	279

Financial Capital

Year-on-year Profit and Loss Comparison

	2021/22 LKR Mn.	2020/21 LKR Mn.
Financial summary		
Revenue	6,742	5,057
Gross profit	1,336	819
Operating expenses	702	595
Operating profit	663	256
Share of profit from joint ventures	172	167
Profit before tax	794	359
Profit for the year	765	347
Key ratios		
Gross profit margin (%)	19.8	16.2
Operating profit margin (%)	9.8	5.1
Net profit margin (%)	11.4	6.9
Return on equity (%)	17.2	8.9



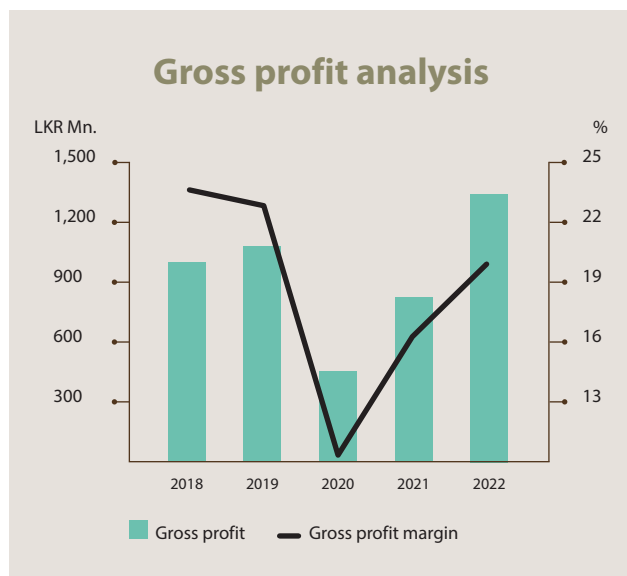
Revenue for the year has increased by LKR 1,686 Mn. a 33.3% increase compared to last year mainly driven by price increases in the day-old chick and chicken segment with recovery of prices from low levels that prevailed in preceding year. Producers were also forced to pass on some of the cost escalation to consumers, specially increase in feed prices.

Although the volume in the HoReCa sector has still not returned to pre covid level ,we were able to increase volume in other channels such as general trade and modern trade, while expanding the market segments.

Gross profit

Gross profit for the year has increased by LKR 517 Mn. compared to last year with gross profit margin increasing to 19.8% from 16.2% a year earlier. The gross profit margin has reached the highest ever level due to increase in day old chick prices and removal of control price on whole chicken amidst the higher operating cost of production arising mainly as a result of increase in the prices of raw material used for feed manufacturing and increase in fuel cost owing to higher prices and increased consumption due to power cuts.

Financial Capital



Operating costs

Distribution costs increased by LKR 96 Mn. compared to the previous year mainly as a result of higher staff costs including salary increments and introduction of performance based sales incentives and increase in advertisement and promotion expenses owing to social media campaigns and commercials.

Administration cost increased by LKR 11 Mn. mainly as a result of additional expenses on salary increments and performance incentive payments made to employees in line with the improved performance during the year.

Finance cost

Finance cost has decreased by LKR 22 Mn compared to the previous year due to lower interest rates prevalent during the year.

Financial Position

Group Financial Position

	2021/22 LKR Mn.	2021/20 LKR Mn.	Change	Change %
Financial summary				
Total assets	6,201	5,290	911	17.2
Total borrowings	533	511	22	4.3
Total equity	4,785	4,114	671	16.3
Key ratios				
Debt to capital	10%	11%		
Financial leverage	1.3	1.3		

Total assets rose by LKR 911 Mn. to LKR 6.2 Bn., an increase of 17.2% year on year. Main increases are from increase in cash balance by LKR 304 Mn. in line with improvement in profitability and Increase in trade and other receivables by LKR 196 Mn.

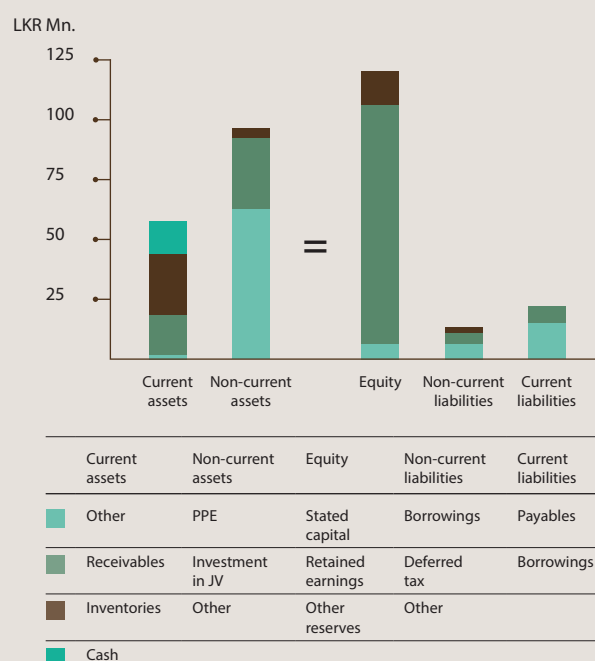
Bairaha's long-term liquidity position is quite strong with a very low gearing to support borrowings for any future expansion plans while having a healthy short-term liquidity position with a current ratio of 2.7 times, well above the acceptable threshold level.

Financial Capital

Profits from Joint Venture Operations

The profitability of the joint venture operations increased marginally from a profit of LKR 167 Mn. in the previous year to a profit of LKR 172 Mn. in the year under review. The profits were sustained amidst higher raw material prices mainly due to the improved performance in the feed-mill operations with the strengthening of operational processes and stability in pricing.

Group financial position as at 31st March 2021



Cash Flow Management

	2022/21 LKR Mn.	2021/20 LKR Mn.	Change %
Financial summary			
Net cash from operating activities	1,227	1,058	169
Net cash used in investing activities	(850)	(840)	(10)
Net cash generated by financing activities	(82)	(90)	8
Cash and cash equivalents	457	163	294
Key ratios			
Quick ratio	1.4	1.0	
Working capital turnover	6.2	5.0	

Financial Capital

Group has posted strong operating cash flows during the year bringing the cash balance net of overdraft to LKR 457 Mn. and both the working capital turnover and quick ratio improved as a result of the increased revenue mainly chicken in the year under review.

Shareholder Returns

	2021/22	2020/21
Per share data		
Earnings per share (LKR)	47.83	21.70
Net assets per share (LKR)	299.06	257.14
Dividend per share (LKR)	6.00	–
Market price per share (LKR)	151.25	137.75
Key ratios		
Price earnings ratio	3.2	6.3
Price to book value	0.5	0.5
Dividend payout (%)	12.5	0.00
Dividend yield (%)	4	N/A

Bairaha has paid a LKR 6/- per share dividend during the year comprising of the final dividend of LKR 3/- per share for the year 2020/21 and an interim dividend of LKR 3/- per share for the year 2021/22. This has resulted in a positive dividend payout and dividend yield ratio.

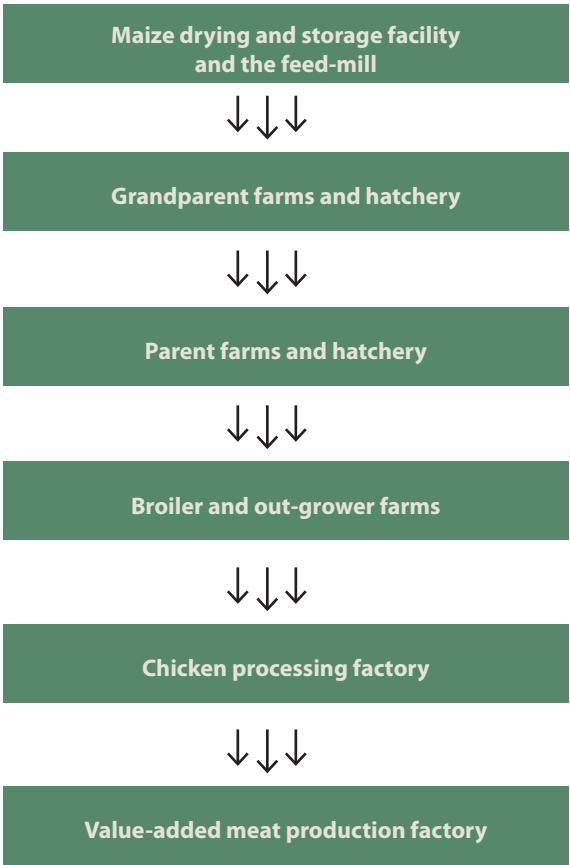
Further, A second interim dividend of LKR 6/- per share for 2021/22 was paid in April 2022 in view of the increased performance during the year 2021/22.

Manufactured Capital

Manufactured Capital refers to physical infrastructure, IT infrastructure and other fixed assets that form an integral part of our value creation process across the manufacture of goods and services. Efficient use of these resources enables us to present a high quality end product to the customer while contributing towards the sustainable development of our business.

A Strong Foundation

The Company's manufactured capital is an asset base accumulated in almost five decades, post its incorporation in October of 1975. With the commencement of the Parent Breeding Farms and Hatchery in Katana in 1976, the Company expanded its facilities to encompass commercial broiler operations, a state-of-the-art chicken processing factory, and layer and breeder operations that were later converted to a major Parent Breeding Farm. The Company then created its vertical value chain by inaugurating the Contract Growing Scheme in Gampaha, Puttalam, and Kurunegala Districts, enabling farmers to grow and supply live broiler birds to the Company. Currently, there is a network of such contract growers, who add value to the Company's business.



Manufactured Capital

Contribution to Value Creation

In a difficult year and in the context of a contracted national economy where we were challenged in managing our operational logistics, we ensured that our maize drying/storage, feed manufacturing, production, distribution of our product range and meeting market demand all maintained momentum. In containing the many issues related to production and distribution, we are pleased to acknowledge the key role played by our growing digitalization regime. We will, therefore, focus on strengthening our digital platforms in the coming year.

Property and Equipment

Our joint venture companies ably supported our value creation process by continuing to provide superior quality chicken feed and quality broiler parent chicks for breeding. With state-of-the-art, well equipped facilities in the joint venture companies and a strong brand loyalty in the market, the Bairaha Group was able to navigate the turbulent economic conditions that made 2021/22 a difficult year. Our vertically managed production process from breeding to product manufacturing continued to be a distinct advantage, as we moved through 2021/22 and remains so, as we transition to 2022/23 seeking as always, to deliver value to all our stakeholders.

Backward integration that we embarked on decades ago for feed production paid high dividends in the year under review. As a result, even with the pandemic raging unrelentingly for two consecutive years, the quality of our feed continued to remain superior. Among the many facets of our manufactured capital, this is a valuable link that sustains the quality of an end product, that the customer values most – hence the high levels of brand loyalty and the strong customer base that prevails today.

To maintain our pre-eminent positioning in the market for poultry products, it is imperative that our production facilities and processes are also well maintained and upgraded. This is an ongoing effort, irrespective of market conditions or economic challenges. Enhanced productivity works in tandem with well-maintained facilities and automated production lines, and in the year under review, much effort and attention was focused in this direction. This is an area that will continue to be the focus of our attention in 2022 and in the years to come. Technology and digitalization are used to maximum advantage and we reiterate that those areas will continue to remain key areas of focus in the coming year as well.

We continue to receive advice and guidance of our Principal, Cobb-Vantress Inc, of the USA particularly relating to poultry production and breeding. Their input is helpful to maintain our productivity and hygiene standards while it also gives the opportunity to benchmark our performance against companies in other countries, as they share comparative information by region of companies engaged in poultry production.

Sales and Distribution

Sales and distribution arm for overall goods and services across the country continued to be hampered by the ongoing pandemic and resultant mobility restrictions. Our vendor points, however, devised effective home-delivery modes and sale of our product range continued, unhampered. In addition, the leveraging of digital platforms too supported our sales drive and the Company was able to achieve good results, despite the pandemic. As we reap the benefits of digitalization in the year 2022, we are confident that our Company will continue to deliver value to customers and shareholders.

Manufactured Capital

Vision for the Future

Expansion Beyond Borders

The Board and the Management is pursuing opportunities available for investment abroad in related sectors with the know-how the management of the Group has including those in the joint venture companies.

Although such a move is not easy, and progress may be slow, it is desirable as there are severe difficulties and limitations prevailing in Sri Lanka for the growth of the industry, specially due to the economic and social challenges that have been encountered recently.

Prudent Investment

A subsidiary company invested in acquiring a 28 perch land in Mount Lavinia after disposing of a unutilised agricultural/farm land. This property was bought to hedge to some extent from the depreciation of the rupee in the event the sale proceeds from the sale of agriculture/farm land is kept as cash deposit in the bank.

This commercial land could be re-sold at a higher value and/or developed as a real estate project, depending on the opportunities that may arise in the future.

Prudent management and timely investments have helped our Company to tide over many challenging times and to continue to be the strong brand that we are today. We are pleased to report that through an unforgiving pandemic relentlessly battering many global economies as well as our own from 2020 to 2021, Bairaha delivered an excellent year under review, through such insightful management decisions and prudent investments. We assure our shareholders that the management has the capability to navigate the Company successfully against the many odds that 2022 may offer, as it unfolds.

Operational Risk

We understand that a reputed Group like ours needs not only to focus on growth, but ensure that growth is sustainable and well rooted. As such, while broadening our manufactured capital base, we continue with the many checks and balances to ensure any operational risk glitches are identified early and fixed immediately.

Intellectual Capital

Intellectual capital is an intangible asset consisting of the various resources a company has at its disposal, that give it a competitive advantage. These resources include employee skills and knowledge, training, innovation, brand value, product development, the customer base and the Company's ability to create and strengthen relationships with its stakeholders. Simply defined, it is the sum total of employee expertise, business processes, stakeholder goodwill and other intangibles that help drive a company's profits.

In-house Expertise...Prime Human Capital

In this respect, the Bairaha Group's pride is our team of employees. Their collective wealth of knowledge and their experience in managing our products and processes are invaluable assets to the Company. Their business acumen is of exceptional quality and this is complemented by the well-honed skills they have acquired, which are deployed across every area of operations. The Company's excellent performance in a year as challenging as 2021/22 bears eloquent testimony to this aspect of our Intellectual Capital and it is this key asset that will drive our business evolution and expansion.

Bairaha is committed to nurturing and developing this asset by retaining our current talent pool and by recruiting experts and professionals from different fields to our team as required. We also enrol university graduates to our Management Training Programme. The Company with its training to these aspiring apprentices seek to enhance the intellectual capital of these trainees. Under this programme after they complete their training in specific processes and areas of the company, they submit and do the presentation of their thesis, followed by interviews conducted by the Career Committee, before deciding whom to absorb into the Company's cadre.

We plan to continue these training programmes and build our intellectual capital to be a powerful resource which will help us to progress, whatever the future may hold.

Innovation

We also understand the importance of giving our employees, and other third party Sri Lankan technical specialists, the freedom and space to apply their creative skills and thinking to various aspects of the Company's development.

In this regard, for instance, a project initiated by the Company's IT Department along with other key stakeholders with the assistance from third party software engineers, developed and rolled out a customised industrial vertical software across many divisions in the Company that in turn contributed to reduction in paper usage and the Company's environmental footprint. Our operations and sales have embraced an online reporting system, giving the management real-time data access while reducing paper usage across functions. Similarly, an in-house designed software system is used to monitor the cold storage and reefer trucks temperature, thereby helping to supply and distribute quality products to our dealers/retailers. The company also introduced a third party software for tracking the movement of sales vehicles, which helps to improve the efficient use of distribution vehicles. In this manner we have been diligently building the Company's intellectual capital, which is an integral component of our sustainable growth.

Intellectual Capital

We have no hesitation in looking further afield as well, for innovation processes and technology that would support the strategic development of our business. It is in this spirit that Bairaha is now working in partnership with a renowned Sri Lankan innovator to design and build certain critical plants to undertake new activities as well as for up-grading and replacement of plants for our processing factory. Again, if we were to import these, it would have resulted in a substantial outflow of foreign exchange from the Company and the nation ,at this critical juncture facing the country,and which we have avoided by building them locally,as far as it is practical to do so.

In today's world, specially within the Sri Lankan context, a company's success depends on its capacity to continuously innovate processes and products and integrate new technology in a timely manner. We plan to stay firmly on track in relation to these two important factors, in order to achieve sustainable success in a competitive and specially very challenging market and production environment in view of the economic crises facing the country.



Digitalization

As the Managing Director observes in his message, we have reaped great benefits from the company-wide digitalization that we embarked upon last year. Not only were we able to establish closer access and contact with our widespread customer base, but we have also been able to significantly improve decision-making process by using real-time data and the information received through our digital portal. Our next priority is to create a customer-friendly website combined with online delivery portal, and our Marketing Department has been tasked with this project as a priority.

Intellectual Capital

A Strong Brand

Bairaha is a strong and established brand in Sri Lanka. Our success is measured by the market demand for our processed chicken product and our diverse range. It is also evidenced by the fact that top-line supermarkets that sell their own poultry products have been willingly stocking our products in their stores, affirming the premium quality of the Bairaha brand.

As a trusted brand for generations it is vital that we consistently maintain our position of market leadership. The social media campaign designed in this context was excellently received by Sri Lankans, as demonstrated by the accolades we received and the number of followers the Company acquired, post its launch. The Company's fine performance in the year under review also shows that our primary product line is very popular among our customers and we believe that digitalization will further strengthen our brand, and widen the customer reach and base.

As a foresighted strategy, we have further expanded our range, with the launch of farm fresh brand and thereby keeping alive our diversity initiatives.



Corporate Culture

As a home-grown company, Bairaha has a rich heritage, with values and ideals that are inherent to Sri Lanka. Our corporate culture blends unbiased, value-based human interactions with up-to-date business processes. Recruitment and promotions are solely based on merit and our employees are evaluated against key performance indicators as well as a value-based scoring card, for promotions and incentives. Employees are required to score well in both aspects to be ranked at the top.

The Bairaha Management is sensitive to the diversity of our employees. We strive to maintain inclusivity across our multi-talented workforce and encourage open communications from our staff. We also appoint experts and professionals to the Board as needed when a vacancy arises.

Product Development

We are currently in the process of finalising plans for a dedicated, state-of-the-art factory, where we plan to manufacture a diverse range of products. We are hopeful that operations will commence towards the end of 2023. Currently, as part of our products development protocol, when new products are developed, first they are tested by an internal panel. Thereafter, we invite an external panel of targeted consumers to test the products. Thus product development, evaluation, sampling and up to the point of commercial production, we follow processes to address the concerns and feedback that we receive. The year under review was no exception in terms of following these processes, even though we have been operating under challenging circumstances, in a contracted economy.

The quality of our meat products is assured by Bairaha's own laboratory tests, as well by internal and external audits carried out regularly to ensure compliance relating to food safety. Company's and its subsidiary Company's products are processed/manufactured under hygienic conditions, complying with all regulatory standards required by a meat processing/food-processing businesses. We also ensure that our broiler chicks are free of diseases by following best management practices and also by carrying out regular tests by our in-house laboratory.

Intellectual Capital

Get tangled with Bairaha chicken to maintain your balanced diet for a healthy lifestyle.

BAIRAHA
Healthy Food - Healthy Living

Per kg
Rs. 930/-
Free delivery up to Rs. 3,000/-



BENEFITS OF Chicken

BAIRAHA
Healthy Food - Healthy Living

1 Good source of protein

2 Warm chicken soup gives relief from common cold and sore throat

3 Intake of chicken instead of red meat lowers risk of cholesterol and heart disorders

4 Helps in preventing cataracts and skin disorders

5 Useful in controlling blood pressure

BAIRAHA
Healthy Food - Healthy Living
Pre Cut
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BAIRAHA
Healthy Food - Healthy Living

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40
Years of Excellence

Chicken Kochchi Bites
චීස් කොච්චි බයිට්ස්

Chicken Mini Kiev
චීස් මිනි කිව්ස්

Chicken Kochchi Bites
චීස් කොච්චි බයිට්ස්

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Products





Human Capital

Our Company was founded on the family values that are now inherent to our corporate culture. These ideals have been infused across the Group and we value our human capital as the driving force behind our success story, especially in the year under review. The loyalty and commitment of our team who worked under immense pressure in challenging circumstances brought about by the pandemic proved to be indispensable to the Company's sustainability and growth.

Our leadership team consists of professionals who are qualified in diverse fields, with experience in various corporate environments. Their collective business acumen and visionary foresight are what drive our corporate strategy, enabling us to leverage on market conditions and economic trends.

Standing at the frontline in the implementation of our strategies in our factories, farms, hatcheries, sales, distribution and administration were our steadfast employees, some of who have worked at Bairaha for few decades. The year 2020 through 2021 presented the Company with unprecedented challenges because of the pandemic, yet we were proud to note that our Bairaha team worked tirelessly to ensure that our systems and processes continued to function smoothly, quickly aligning with the "new normal" environment that we all had to accept, nation-wide. This was by no means an easy task but our employees' resilience and grit drove us to overcome seemingly insurmountable difficulties and deliver success in 2021. Thus, the pandemic turned out to be a significant learning experience for staff at every level.

Pandemic and our Resilience

As the COVID-19 pandemic raged throughout the country, it was our responsibility to ensure that the risks were mitigated by the health and safety measures we adopted in our work environments. Scrupulous implementation and painstaking attention to detail were key factors in achieving success in this context; we adhered to all guidelines issued by the Ministry of Health, provided safe transportation to our workers and ensured that subsidised meals and accommodation facilities were available where necessary. We also adopted work from home concept whenever the exigencies of the job permitted.

The Company maintained a smooth relationship with the Public Health Inspectors (PHIs) of the area. We also conducted a vaccination campaign for our staff and provided them with masks and sanitisers.

Sharing Our Success

Our performance appraisal and reward scheme are designed to ensure fairness and improve staff retention. A flat salary increment of LKR 200 per day (an increase of 22%) and a one-month bonus were granted for the shop floor and non-executive staff. Two factors influenced this decision. Firstly, to bring our employees' salaries in line with market rates. Secondly, to align with the Government announcement of salary increments of LKR 5,000, for the public sector employees, as this is expected to be extended to the private sector as well. Executive staff remuneration and rewards were based on a scale of measurement that depended on the degree to which Company's expectations were met. In our drive to establish a performance-based culture, increases averaging 10% was paid as annual salary increases, excluding market-based adjustments and a bonus scheme. In addition to salary increments, the staff and shop-floor employees are also entitled to monthly incentives if they achieve production and sales targets. In 2021 we introduced a variable bonus scheme to motivate executive staff, based on their actual performance against Key Performance Indicators (KPIs).

As part of our corporate philosophy at Bairaha, we believe that performance should be evaluated within a value/team-based culture. Accordingly, our performance evaluation systems track and measure employee contributions to achieve this balance. This directly impacts and improves our team-based culture and our employees' overall productivity. The objective of our performance-based, value-based and team-driven culture is to maximise profitability and develop a sustainable and result-oriented team, even during periods of turbulence in the economic and social spheres and technological change.

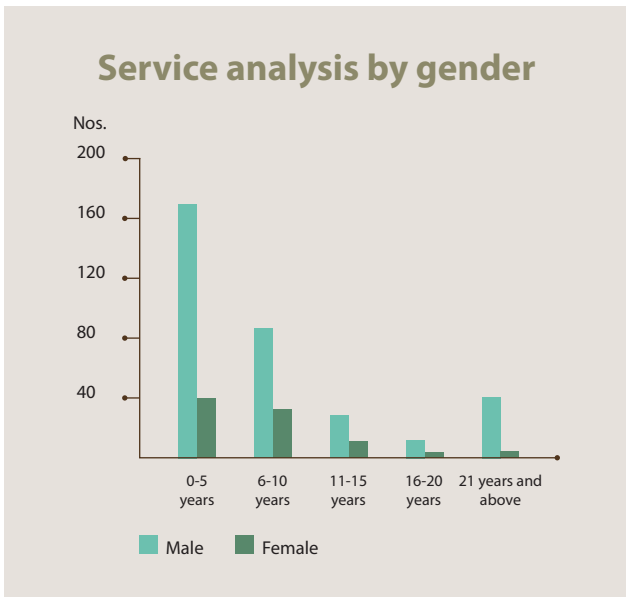
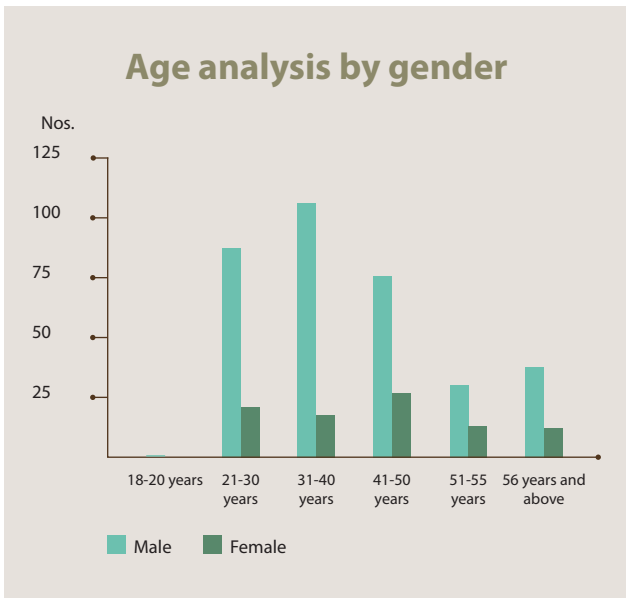
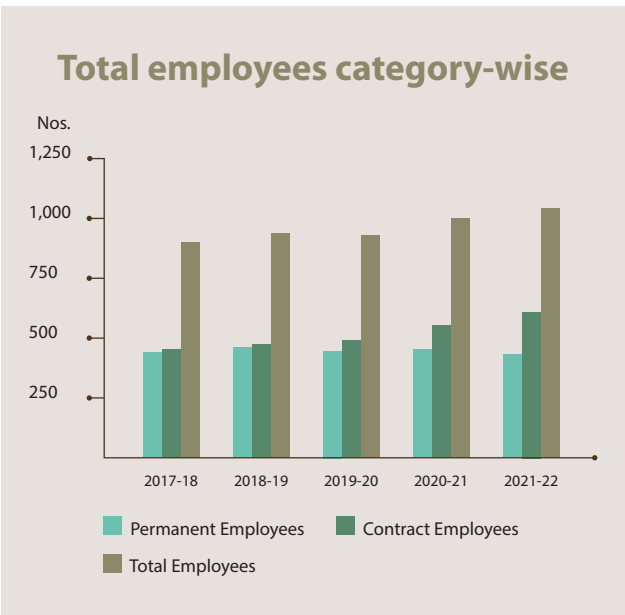
Human Capital

Health and Safety

Bairaha also has KPIs to track safety for each category of employees, in order to monitor the health and safety of our work environment. This also provides insights as to which safety standards are the most significant to achieve the Company's key goals and objectives. Quantitative measures of health and safety provide useful information to manage the risks relating to illness and injury among our employees. Our concern is not only to avoid or minimise on-the-job accidents and injury but also to minimise incidence of ill-health among our staff. The Company recorded a zero-fatality rate for 2021/22 with a 0.2% incident rate. This is especially commendable in view of the range of machinery and equipment involved in our production processes. Our target is to achieve a zero-accident rate.

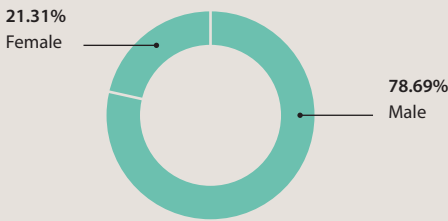
Our Cadre Numbers

An analysis of our employee numbers by employee type, age, length of service, gender and grade is shown below.

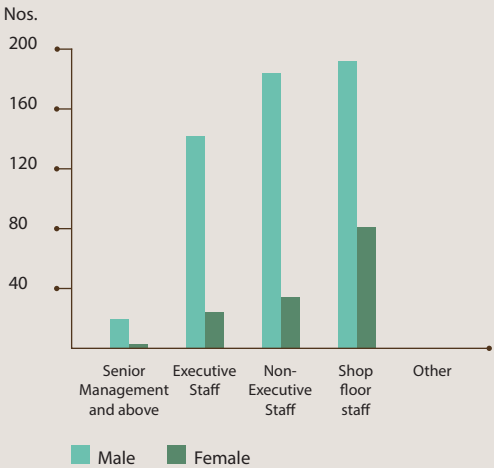


Human Capital

Gender analysis



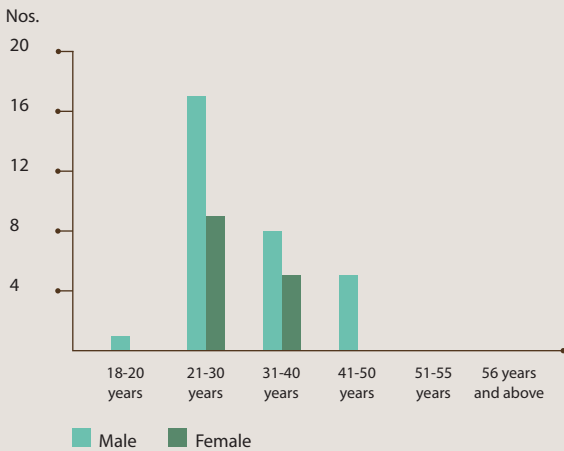
Analysis by grade



Motivation is Key

We would like to re-emphasise the fact that 2021/22 was a year that brought about severe hardship to bear upon our workforce, because of the COVID-19 pandemic. Maintaining optimum levels of motivation was a challenge, since the planned training and other programmes designed to enhance their skill levels, could not be held. However, the Company conducted several programmes that could be delivered within the confines of the strict health protocols, to boost employee morale and to improve their skills.

Recruitment by age



Employee turnover by age and gender



Human Capital

The selection of Best Employee of the Month went ahead in our Processing Factory and the Hatchery. Factors that were considered as part of the selection criteria were their attitude towards their job and team work, efficiency, skills, attendance, leadership quality and achievements. Forty-eight such employees were acknowledged, commended and rewarded in 2021/22.

International Women's Day was also celebrated at the Pasyala Hatchery, with the representatives of the senior leadership team in attendance. The day included several activities and the Company acknowledged and rewarded the women of Bairaha, who make up 21% of its cadre. A comprehensive medical screening was also arranged on that day for the benefit of the staff.

Developing Multi Skilled Employees

In recognition of the need to upskill the diverse talents and capabilities of our teams, we successfully introduced a Skill Matrix concept in the Hatchery and Processing Factory. These matrices measure the evolving nature of skill-sets- i.e. granularity and dynamism-to provide overview of the available skills and aptitudes amongst our employees. Such data and insights are vital in adapting our employees' skills to the Company's growth-trajectory. The rapid identification of skill-gaps can also be achieved through this process, which is vital in allocating resources to various job functions and in offering training and knowledge-sharing. Employees are offered monetary and non-monetary incentives to motivate them to acquire skills, as needed.

Innovation is another key area of priority for the Company. Our employees have often demonstrated their innovative spirit, for example by developing a chicken incubating machine in-house. Our IT Department too, has also introduced and implemented certain innovative IT solutions which have led to cost savings and improvements in the productivity.

Going Beyond

While ensuring our employees' well-being, we underscored our holistic commitment to our human capital by rewarding the children of our staff who performed well at school. This tied in with our belief in continuous learning, for our staff as well as their children-the future generation of our country.

The Company's Help to Learn project has supported 600 such children so far, in matters related to their education. Advanced Level students who gained admission to university were felicitated and given assistance towards meeting their expenses. Similarly, winners of the Grade Five Scholarship were also felicitated with gift packs.

In June 2021, we donated dry food pack ration to 1000 of our employees, at a time when the pandemic was taking its toll across the country.

Investment in our human capital remains a key priority for the Bairaha Group. We understand the need to continuously motivate, incentivise and upskill our employees. In this context, our retention strategy plays a significant role in recruiting and retaining key talent in the Company. Our employees' inputs form an important part of Bairaha's success story and we will always ensure that they can work in an environment with dignity and equality.



One of 48 employees who received Certificate of Appreciation and Cash award

Social and Relationship Capital

In a challenging year, it is our deep rooted and long- standing partnerships with all our stakeholders that propelled us forward to deliver an excellent result through our value proposition. Confidence placed in us by our channel partners, suppliers, communities and customers was further strengthened during the year under review, as we mutually supported our inter-dependent businesses. The Company took advantage of its online delivery platforms to further expand its reach to stakeholders and to minimise to some extent disruption to the business flow, due to lockdowns caused by COVID 19 pandemic.

Our Company's social and relationship capital is what we have built and solidified over the years with the community in which we serve. We prioritise in managing this valuable resource for a sustainable and mutually beneficial partnerships.

Customer Centricity

Over the years, our Bairaha brand has been the sought after brand of chicken and broiler day-old chicks by consumers/ business to business (B2B) users of chicken and poultry farmers/organizations, respectively. Further the company has been widening its customer base for Chicken, which would help to further strengthen and increase its sale once the economic and political situation in the country improve.

With prices of almost everything escalating over the last many months and, increasing even at much faster rate over the last three months, combined with foreign exchange crises, among others, the Company and the industry are facing relentless challenges to sustain production. Company has been making every effort to continue supplying products to its various segments, even to those segments with low margins. We view this as our social responsibility to our community that has supported us through the past several decades.

Diversity and Inclusion

Diversity and inclusion being a hallmark of our Company whether in recruitment or serving our customer, we embarked on a challenging project to allow the vision impaired community to pursue their passion in culinary adventures, unabated. We produced a recipe book in Braille and presented it to all institutions for the visually impaired. Acknowledging the fact that they are currently well empowered in many other respects, we felt that there was a vacuum in enabling them to engage in culinary work, for want of a tool that is designed specially for them.

For this endeavour, we were greatly rewarded. The project was honoured as the Winner of the Environmental Social Governance Initiative of the year in Sri Lanka for 2021, at the FMCG Asia Awards hosted by Retail Asia magazine of Singapore. A prestigious and an exciting event that gathers

Social and Relationship Capital

the region's leading retailers, and Retail Asia recognizes the most outstanding initiatives in different sub-sectors of FMCG with the awards that they present. Judges are selected from an international panel, representing a variety of professions including those associated with multinational companies, who are enjoying market leadership position in the FMCG sector. A first-ever project in Sri Lanka, the Company was applauded for its policy of inclusivity in reaching out to the visually impaired.



Social Media

Building further on the inclusivity in all our processes and relationships, we launched a social media campaign for our brand that highlighted the harmonious co-existence of all ethnicities, within a Sri Lankan family set up. The video was well received and the first highlighted achievement noted by the judging panel of Retail Asia was that a total of 96,000 people were reached by this campaign. In addition, it was able to tally a total of 97,000 video views during the campaign and

attained 53,842 post clicks from its social media sites. Besides the recognition the Company received, we are pleased to note the appreciation it received from the community as a value based campaign.

Valued Partnerships

We continued with the partnerships we have built with our farmer communities. Within the context of a difficult year, we were able to continue our farming partnerships with poultry out-grower farmers thereby ensuring that their earnings and their families' livelihood were not adversely affected.

Our distributor system also caters to small retail shops across the country as well as to established supermarkets and Hotel-Restaurant-Catering (HoReCa) sectors. Our products were also distributed via online deliveries where the retailers designed their own delivery systems to our customers. HoReCa sector was negatively impacted as the lock-downs forced their operations to either scaled down or temporarily put up the shutters as both, domestic travel and international tourist arrivals came to a standstill. Valuing their long standing partnerships with us, we assisted them by deferring the recovery of their outstandings, to support them through the difficult period, in the year under review.

The Company engaged in and funded a variety of social and community service activities, as part of its Environmental, Social and Governance (ESG) initiatives, which underpinned our commitment to be of service to the community.

Sports and Youth

The Company sponsored a volleyball tournament in the Ellakkala area, where Bairaha's Pasyala Breeder Farm is located. It was well attended tournament, and the Company is pleased that it could support the youth in the area to engage in outdoor activities, in an environment where digital addiction among youth has resulted in disturbing lifestyle trends. The Company offered prizes to the winning teams, including cash grants.

Social and Relationship Capital



Ellakkala team sponsored by Bairaha in a Volleyball tournament held in Attanagalle

Community Support

As the country continued to face economic crises and shortage of essential goods and based on a request made by the Priest of Ellalamulla Temple to assist the affected people of the area, the Company came forward to help them. The Company unhesitatingly acceded to this request by donating 400 parcels containing dry food ration and, in addition another 380 parcels containing dry food rations were given to the people of Ellalamulla through the area Mosque. In total distribution of these food ration cost the Company LKR 1.9 Mn. A further donation of LKR 250,000 was made in April 2022 to hold the Sinhala Tamil New Year celebrations by Ellalamulla Udaya Sports Club.



Dry food ration packs (780 nos.) distributed to people residing near the factory



Dry food ration packs (780 nos.) distributed to people residing near the factory

Social and Relationship Capital

An air conditioning unit was donated to the newly built CT Scan Control Room of Wathupitiwala base hospital at the request of the Chairman of the Hospital Development Foundation. Computers were donated to the Udappuwa and Nittambuwa Police Stations to assist them to ease their work specially during the pandemic.



Donation of IT equipment to Nittambuwa police station to ensure smooth running of day-to-day activities

Other assistance programmes were also carried out to benefit the children of our employees including the continuing initiative for the provision of school books and school bags to the children of the employees under the "Help to Learn project". A total of 600 children benefitted under this project. Certificates and gifts were also awarded to the children who had scored the highest marks in the G.C.E. (A.L.) examination in 2021. A felicitation ceremony was also held for the children who had passed the Grade 5 Scholarship examination. We believe that by doing these activities we have been able to inculcate, an inclusive feeling of being part of a "Bairaha Family", not only among the employees but also among their families as well.



Gifts packs for children of employees who got through the Grade 5 Scholarship



An employee receiving a food ration pack

Social and Relationship Capital

International Women's Day was celebrated on 8th March at the Pasyala Breeder Farm as a mark of recognition and also to offer Management's sincere thanks to the female staff for their dedicated services. The employees of the farm and the Hatchery, together with some of the senior managers, participated in the event. Further, all provided with gifts as well as with an opportunity to participate in a free medical checkup.

Ours is a brand built on quality and trust. In all our business processes and relationships, we continue to embody these values. We listen to our customer feedback, which helps us, to ensure that we deliver a superior quality product. While serving the customer, we do not forget our social responsibilities to the community at large.



Award of certificate and gifts to the employees' children who had scored highest marks in GCE AL examination



Distributions of White Cane and gift packs to 300 Visually Impaired persons in Chilaw



School bags, stationery and utensils given to around 600 children of employees

Investor Relations

Twenty Major Shareholders as at 31st March 2022

Name	31st March 2022 No. of Shares	%	31st March 2021 No. of Share	%
1 Mr M N M Yakooth	1,701,867	10.64	1,701,867	10.64
2 Mr M N M Mubarak	1,660,908	10.38	1,660,908	10.38
3 Mr M N M Kamil	1,603,924	10.02	1,603,924	10.02
4 Employees Trust Fund Board	863,466	5.40	1,199,922	7.50
5 Mr M Y M Riyal	824,305	5.15	824,305	5.15
6 Mrs F S Imran	612,047	3.83	612,047	3.83
7 Mr M E N Mohamed Ilyas	536,418	3.35	536,418	3.35
8 Mr M I Ilyas Naleem	536,396	3.35	536,396	3.35
9 Mrs A W M S Rafeeka	290,000	1.81	290,000	1.81
10 Mrs F F Ilyas Naleem	268,197	1.68	268,197	1.68
11 Prof M T A Furkhan	239,550	1.50	239,550	1.50
12 Mrs F I Mohamed Rauff	191,570	1.20	191,570	1.20
13 Amana Bank Plc/ Hi Line Trading (Pvt) Ltd	153,193	0.96	NIL	NIL
14 Sandwave Limited	148,117	0.93	123,470	0.77
15 Access Engineering Plc	140,173	0.88	163,340	1.02
16 Hatton National Bank Plc/Senfin Growth Fund	130,000	0.81	NIL	NIL
17 Seylan Bank Plc/Mohamed Mushtaq Fuad	114,013	0.71	322	0.00
18 Mr R Pestonjee	108,127	0.68	119,691	0.75
19 Peoples Leasing & Finance PLC/ Hi Line Trading (Pvt) Ltd	107,694	0.67	198,193	1.24
20 Mrs V Saraswathi & Mr S Vasudevan	106,000	0.66	NIL	NIL
	10,335,965	64.60	10,270,120	64.19
Others	5,664,035	35.40	5,729,880	35.81
	16,000,000	100.00	16,000,000	100.00

Investor Relations

Directors' and Chief Executive Officer's holding in shares as at 31st March 2022

	Name		No. of Shares	%
1	Mr Reyaz Mihular	Chairman (Appointed on 19th May 2022)	5,400	0.03
2	Desamanya Prof. M T A Furkhan	Chairman (Demised on 8th May 2022)	239,550	1.50
3	Mr M N M Yakooth	Managing Director/CEO	1,701,867	10.64
4	Mr M Y M Riyal	Executive Director	824,305	5.15
5	Mr M N M Kamil		1,603,924	10.02
6	Mr M N M Mubarak		1,660,908	10.38
7	Emeritus Prof H Abeygunawardena		–	0.00
8	Mr M I Wahid		2,000	0.01
			6,037,954	37.73
	Others		9,962,046	62.27
			16,000,000	100.00
			16,000,000	100.00

Share Price for the Year

Market Price per Share

	As at 31st March 2022		As at 31st March 2021	
Highest	320.00	14th December 2021	185.00	25th January 2021
Lowest	121.00	27th April 2021	72.00	12th May 2020
Closing	151.25		137.75	

Share Trading

No. of Shares Traded during the year	15,009,091
Value of Shares Traded during the year	2,969,723,887.75
Number of Transactions during the year	23,160

Investor Relations

		No. of Transaction (Trade Volume)	Share Volume (No. of shares traded)	Turnover Volume (Value of Shares)
01.04.2021	30.06.2021	4,711	3,047,747	455,248,078.25
01.07.2021	30.09.2021	4,864	3,167,263	500,407,620.00
01.10.2021	31.12.2021	8,794	6,683,967	1,447,849,184.00
01.01.2022	31.03.2022	4,791	2,110,114	566,219,005.50
		23,163.00	15,009,091.00	2,969,723,887.75

Shareholding as at 31st March 2022

From	To	No. of Holders	No. of Shares	%
1	1,000	3,240	687,378	4.30
1,001	10,000	491	1,625,809	10.16
10,001	100,000	116	3,148,602	19.68
100,001	1,000,000	19	5,571,512	34.82
Over 1,000,000		3	4,966,699	31.04
		3,869	16,000,000	100.00

Categories of Shareholders

Local Individuals	3,647	12,298,212	76.86
Local Institutions	194	3,303,018	20.64
Foreign Individuals	23	171,653	1.07
Foreign Institutions	5	227,117	1.42
	3,869	16,000,000	100.00

Public Holding

The percentage of shares held by the public as at 31st March 2022 is 62.26% comprising of 3,862 shareholders. Float adjusted market capitalization as at 31st March 2022- LKR 1,506,759,457.50

Natural Capital

Natural capital refers to both the natural resources and environmental assets—water, air, the environment and eco-systems—from which we derive benefits in conducting our business. The preservation of natural capital also requires systemic management of waste and the efficient use of energy to ensure our sustainability. At Bairaha we strive to conserve and preserve our natural resources in every sphere of our business operations.

As a responsible and accountable corporate citizen, we conduct our primary business in a manner that nurtures this important capital, and as we pursue growth, expansion and commercial success in our business, we recognize and appreciate that our long-term success depends on the responsible and efficient management of our Natural Capital.

Regulatory and Industry Compliance

Since Bairaha Farms PLC is engaged mainly in food processing, its activities are governed by the Food Act No 26 of 1980 and its subsequent amendments. In addition, the fact that it is also a major player in the livestock sector, its activities are also regulated by the Department of Animal Production and Health (DAP and H). In order to assure food safety and product quality we ensure compliance with applicable standards including ISO 9001: 2015, ISO 22000:2018, HACCP, GMP, SLS product certification and GSO/Halal certification. In regard to periodic third party independent audits as well as those undertaken by global fast food chains for assurance of our business processes, we are pleased to report that we have consistently met the required standards for operations of our factories, hatcheries and farms. International franchise restaurant operators employ external auditors to conduct periodic audits to ensure that our practices are in line with their requirements and we are pleased to report that we have successfully achieved the desired standards in all such audits. This reflects our stringent adherence to the highest standards of quality, management and animal welfare, across all our operations.

The nutrition/feed regime employed for our broilers is completely free of antibiotics. Our growth and manufacturing protocols integrate advanced practices, plants and infrastructure to ensure that we deliver top quality, healthy, end-products that are free of antibiotics to all Bairaha consumers. The entire production process is documented, in order to support the relevant audits and help regulatory bodies verify compliance with ease.

Biosecurity and Animal Welfare

We continue to take adequate measures to ensure the biosecurity of the farms. As a primary measure, we maintain the required distances between the poultry-houses as well as the distance between our farms and those of neighbours' properties. These are known as biosecurity buffer-zones which help to minimise the contamination of our farms and issues relating to environmental pollution.

We follow laid down procedures to ensure compliance in regard to hygiene, management and quality related standards in our farms to ensure the health status of flocks of birds. Entry to farms is controlled and the staff is required to follow certain procedures before entry, such as taking shower and wearing farm uniforms, change of footwear —are mandated in order to maintain the highest standards of hygiene at all times.

Bairaha strictly complies with animal welfare protocols as stipulated in the welfare guidelines issued by key customers.

Environment

Poultry production continues to be the animal-sector industry that is least hazardous to the environment. As a responsible corporate citizen, we continually strive to reduce such hazards still further, in all our processes. To this end, we continued to encourage the use of renewable resources through several initiatives; by recycling waste water after treatment for non-quality critical processes as well for watering our

Natural Capital

teak and other plants, using solar power and sale of poultry dung as a replacement for chemical fertiliser. Application of digital processes across sales and operational functions also contributed towards the reduction of our environmental footprint.

Another factor in our efforts to improve the quality of our Natural capital relates to the preservation and enhancement of the natural environment and it was in this context that we organized and distributed fruit bearing plants for our staff. It is our hope that the Company's commitment to preserving the environment will be reflected in our employees' and their children's involvement in activities leading to preservation and promotion of environmental sustainability.

As the preservation of our environment is a global priority, we continue to include the relevant key performance indicators in our staff performance appraisals, to ensure that the Company is in full compliant with this requirement.

Factory Management

The Bairaha Group conforms to the stringent standards set by the Central Environmental Authority (CEA) which is the governing authority for environmental regulation in Sri Lanka. The monitoring of emissions and disposal of effluent and solid waste at our factory sites strictly comply with the terms of our CEA license and we have implemented several initiatives over the years to ensure our compliance with these requirements.

Another notable initiative is the use of digitalization to reduce the use of paper. Various paper-intensive administrative functions—including the management and monitoring of the sales force, obtaining feedback and progress reports from our hatcheries, inter-departmental communications and other reporting requirements—all benefited from the shift to digital technologies.

The biomass boiler installed at our processing factories has virtually eliminated the need for furnace oil while the advanced bird-chiller system installed at our processing factory continues to yield savings in energy consumption.

Bairaha manages waste in a systematic, environmentally-friendly manner. The Company's factories comply with all health and safety measures required by our industry and the storage of chemicals and pesticides is done as per the guidelines issued by the CEA.



An employee's child planting a tree gifted by the Company

Natural Capital

Stringent environmental regulations have been established all over the world and the Company with a Sri Lankan heritage and with its proud, home-grown values, is committed to preserving and enhancing the environment, while managing our business operations in a profitable manner. We are aware that the preservation of our natural capital is vital, not only for the sustainability of our business but also for the greater good of society and therefore, we are steadfastly pledged to advancing the value and well-being of our environment.



Solar panels installed at the rooftop of the Processing Factory



Tree planting project by the Children of the employees

Stewardship

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Board of Directors

Stewardship



Reyaz Mihular
Chairman



Yakooth Naleem
Managing Director/
Chief Executive Officer



**Emeritus Professor
Harischandra
Abeygunawardena**
Non- Executive Director



Riyal Yakoob
Executive Director



Kamil Naleem
Executive Director



Mubarak Naleem
Executive Director



Mohamed Imtizam Wahid
Executive Director-Operations

Board of Directors

Reyaz Mihular

Chairman

Reyaz Mihular was the Managing Partner of KPMG Sri Lanka and Maldives, having served in that role since April 2012. He served a three (3) year term as the Chairman of the KPMG MESA (Middle East and South Asia) Regional Board until September 2021 and previously as the Chief Operating Officer of KPMG's MESA Regional Office where he was responsible for coordinating strategy and activities of KPMG member firms across 17 countries. Reyaz also served on KPMG's EMA (Europe, Middle East and Africa) Board and the Global Council of KPMG. Reyaz counts over 40 years of experience in Audit & Advisory Services. He previously served as a member of the KPMG's Global IFRS Panel, which determines firm policy on application of IFRS for member firms across 148 countries.

Reyaz served on the Board of the International Accounting Standards Committee (IASC) for a period of 5 ½ years from 1995 to 2000 and on the IFRS Advisory Board (formerly known as Standards Advisory Council) for a period of 6 years thereafter. Reyaz chaired the Steering Committee which developed IAS 41 on Agriculture and also served as a member of the Committee which developed IAS 19 - Employee Benefits, in 2012 Reyaz was invited to serve on the Board of the International Ethics Standards Board for Accountants (IESBA) for a period of 6 years ending 2018. He also served on IESBA's Planning Committee during this period.

Reyaz is a Past President of the Institute of Chartered Accountants of Sri Lanka (ICASL) and presently chairs the Ethics Committee of the Institute. He also served as Chairman of the Board of Chartered Institute of Management Accountants Sri Lanka (CIMA Sri Lanka).

Reyaz is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and a Fellow Member of the Chartered Institute of Management Accountants – UK (FCMA). He has also completed Executive Educations programs at INSEAD France, London Business School and Harvard Business School.

Yakooth Naleem

Managing Director/Chief Executive Officer

Mr Yakooth Naleem is the CEO of the Company. He has been the Managing Director since 1990. He has a BA Econ. (Hons.) Degree from the University of Manchester (formerly known as the Victoria University of Manchester) of the United Kingdom. He was awarded the Entrepreneur of the Year 2000 – Merit

Award in the extra-large category in the Western Province by FCCISL. In January 2013, he was elected as the first Chairman of the Standing Committee on Dairy and Livestock of the National Chamber of Commerce of Sri Lanka.

Emeritus Professor Harischandra Abeygunawardena

Director

Emeritus Professor Harischandra Abeygunawardena (BVSc, MSc, and Ph.D.) is a renowned academic with extensive experience in the fields of animal production and health, and higher education. He commenced his academic career in 1978 as an Assistant Lecturer at the Faculty of Veterinary Medicine and Animal Science of the University of Peradeniya. He was later promoted to the grade of Senior Lecturer in 1987, Professor in 2000, and Senior Professor in 2008. In 2000, he became the Dean of the Faculty of Veterinary Medicine and Animal Science and continued in this capacity until he assumed duties as the Vice-Chancellor of the University of Peradeniya in 2006. In October 2009, he was appointed as a member of the University Grants Commission and served in that capacity until March 2015. He retired from the university service in April 2015. In 2017, Emeritus Prof Abeygunawardena was bestowed with the honour of being one of the most outstanding alumni of the University of Peradeniya at its Diamond Jubilee Ceremony, and in 2022, he was felicitated again by inducting as the Chancellor of the University of Vocational Technology.

Board of Directors

Emeritus Prof Abeygunawardena also served as a Member of the Governing Boards of many government organizations and statutory bodies and undertook several overseas consultancy assignments for the Animal Production and Health Division of FAO/IAEA, and local consultancy assignments in the fields of animal production and health and higher education. He was a prolific researcher, and supervised many graduate students, published many research articles, and co-authored many academic publications.

Currently, he serves as the Chairman of the National Education Commission, the apex body for national education policy and standards formulation, and serves as a member of Governing Councils of the University of Kelaniya, Gampaha Wirckramaarachchi University of Indigenous Medicine, and the National Institute of Education.

Riyal Yakoob

Executive Director

Mr Riyal Yakoob is an Executive Director of the Company. He worked as a Senior Assistant Accountant of Bairaha for seven years and subsequently was appointed as an Executive Director of the Company, a position he has held since 1990. He received his Higher National Diploma (Business and Finance) from the Southwest London College of the United Kingdom.

Kamil Naleem

Executive Director

Mr Kamil Naleem has been a Director of the Company since 1984. He previously looked after the operations of the Golden Rooster Restaurant chain until the operation was discontinued. He was also educated in the United Kingdom.

Mubarak Naleem

Executive Director

Mr Mubarak Naleem joined the Company in January 1994 as an Executive Director and was in-charge of the supermarket chain until it was discontinued. He was also educated in the United Kingdom.

Mohamed Imtizam Wahid

Executive Director-Operations

Mr Mohamed Imtizam Wahid has been working with the Company for more than 30 years. He has in-depth experience in all aspects of poultry management, including hands-on management especially on contract farming as well as broiler farming. He has attended workshops held in the USA and the Netherlands on Advanced Poultry Production and Management. In addition, he participated in a Corporate Management Programme held in Japan. In his long career with Bairaha Farms PLC, he has held the positions of an Executive, Assistant Manager (Contract Farming), Manager – Extension Services, Group Manager (Broiler Operations), Chief Operations Officer and presently holds the position of Director Operations.

Corporate Governance

Bairaha's corporate governance structure and policies play a pivotal role in the direction and the long-term success of the Group. We have adopted international best practices while meeting the mandatory guidelines set out for Sri Lankan companies in this regard.

Standard/Principle/Code	Adherence
The Companies Act No. 07 of 2007 and amendments thereto	Mandatory provisions – fully complied
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory provisions – fully complied
Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987, including applicable directives and circulars	Mandatory provisions – fully complied
Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)	Mandatory provisions – fully complied
Code of Best Practices on Corporate Governance (2017) issued by The CA Sri Lanka	Voluntary provisions – complied with almost all the requirements as applicable to Bairaha
Shop and Office Employees Act No. 19 of 1954 and amendments thereto	Mandatory provisions – fully complied
Inland Revenue Act No 24 of 2017	Mandatory provisions – fully complied
Custom Ordinance No 17 of 1869	Mandatory provisions – fully complied
Exchange Control Act No 22 of 2017	Mandatory provisions – fully complied

Key Internal Policies

- Articles of Association of the Company
- Terms of Reference and Charters of the Board and Management Committees
- Recruitment and selection policies
- Rewards and recognition policy
- Code of conduct, which also includes policies on gifts, entertainment, proprietary and confidential information
- Disciplinary procedures
- Policy on grievance handling
- Policy on communications and ethical advertising
- Group accounting procedures and policies
- Policies on enterprise risk management and internal controls
- IT policies and procedures, including data protection, classification and security
- Policies on energy, emissions, water and waste management
- Policies on product quality standards and services

Bairaha's Corporate Governance Structure



Corporate Governance

The Responsibilities of the Board

Board members are collectively responsible for the creation of long-term value for shareholders. The Board ensures proper stewardship of the Company's affairs by reviewing and approving business strategies and policies while monitoring the effective implementation of the set strategies. In addition, the Board provides leadership to the business by:

- Monitoring the Group's overall financial performance;
- Ensuring effective internal control and risk management practices, corporate governance practices and succession plans;
- Reviewing and approving annual budgets and monitoring the actual performance against budget;
- Approving major investments as well as capital expenditure to support long-term growth;
- Reviewing and approving the quarterly interim financial statements and annual accounts;
- Approving dividends after considering the capital expenditure requirements to support the Company's growth plans, level of debt (gearing) balanced against the need to give shareholders a cash return on their investment in the Company;
- Ensuring compliance with statutory provisions of the Companies Act, rules and regulations of Securities and Exchange Commission, Colombo Stock Exchange and other laws and regulations applicable to the business;
- Ensuring the adoption of appropriate accounting policies where necessary to comply with financial regulations and reporting requirements;
- Ensuring compliance with corporate governance best practices;
- Incorporating a sustainable approach to the decision-making process to ensure all stakeholder interests are considered when making decisions.

Areas of Focus during the Current Financial Year

In the financial year under review, eleven Board meetings were held focusing on the following:

1. Review of the Company's cash flow and working capital management with particular attention to efficient management of account receivables and inventory;
2. The contingency plans in place to manage uncertainties;
3. Expansion plans and strategic direction of the organization;
4. Succession planning to develop the second layer;
5. IT Security, Policies and Procedures;
6. KPI driven performance culture;
7. Marketing strategies to achieve growth in sales while being competitive;
8. Salary revision of staff and other reward policies to retain key staff members;
9. Risks facing the organization specially those in regard to the current volatile economic condition prevailing in the country and the plans to mitigate them;
10. Donations towards Environmental Social Governance (ESG) initiatives and other contributions.

Board Subcommittees

The Board has formally delegated certain governance responsibilities to three Board sub-committees, namely the Audit, Remuneration, and Related Party Transactions Review Committees. These Committees have been established in accordance with the requirements of the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka and the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka. The subcommittees meet regularly to discuss and deliberate matters under their

Corporate Governance

responsibility. The board has set up the Risk and Investment Committee as a new sub-committee which will be effective from the financial year 2022/23 to specifically focus attention on the material risks faced by the group in order to take timely preventive measures and to evaluate new projects which the board would deem attractive and in line with the strategy of the board.

The areas of oversight of the sub-committees are set out below and the Reports of the sub-committees are available on pages 83 to 86 of this Report.

Audit Committee: The Audit Committee's key responsibilities include reviewing the integrity of financial statements and reviewing the effectiveness of the internal control procedures and risk management practices. Further, the Committee conducts discussions with Internal and External Auditors based on independent audit reports to identify areas for improvement while following up on Management actions on the matters identified. The Audit Committee is also responsible for the appointment, compensation, and oversight work of the Auditors.

Remuneration Committee: The Remuneration Committee oversees the remuneration policy, ensuring that it is aligned with the long-term value creation goals of the Company. It reviews and recommends the remuneration of Executive Directors and Executive staff, and fees plus allowance payable to the Non-Executive Directors while providing guidance on the broader remuneration policy.

Related Party Transactions Review Committee: The main function of this Committee is to review and approve related party transactions to ensure that those are being entered into at reasonable prices with a view to ensure that they are in the best interests of the Company while safeguarding interests of various other stakeholders.

Risk and Investment Committee: The main function of this Committee is to identify and evaluate the key risks and their impact on the organization to manage, monitor and mitigate them in the best interest of the group. Further the Committee will evaluate the viability of the investment opportunities identified by the Management.

Executive Management Committee (EMC): The Executive Management Committee, which is chaired by the CEO, concentrates on the day-to-day management of the Group and the execution of the strategy set out by the Board. Members of EMC have a range of responsibilities based on their background and expertise. The EMC meets every week and the members of this Committee are the Managing Director/Chief Executive Officer, Executive Director, Director Operations, Chief Financial Officer, and Heads of Divisions.

The Composition of the Board

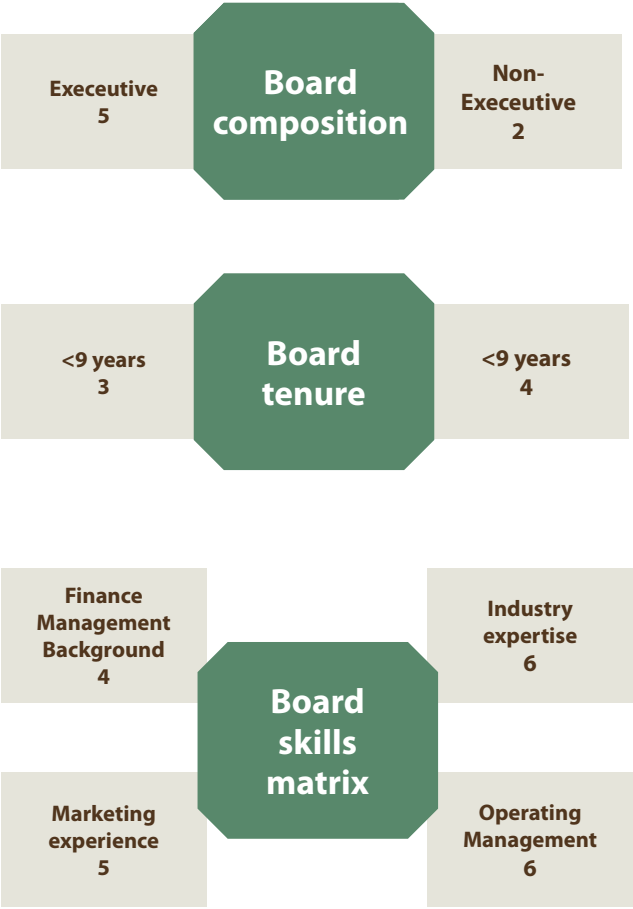
Bairaha is headed by a Board of Directors comprising seven Directors with diverse skills, knowledge and experience, which are necessary to oversee the business and deliver long-term shareholder value.

The composition of the Board of Directors of the date of this report is follows:

Mr Reyaz Mihular	Chairman Independent Non-Executive Director
Mr Yakooth Naleem	Managing Director/ Chief Executive Officer
Emeritus Prof H Abeygunawardena	Independent Non-Executive Director
Mr Riyal Yakoob	Executive Director
Mr Kamil Naleem	Executive Director
Mr Mubarak Naleem	Executive Director
Mr Mohamed Imtizam Wahid	Executive Director, Director of Operations

The profiles of the Directors are given on pages 64 to 66 of this Report.

There were changes to the Board composition during the year under review. Prof MT A Furkhan, the Chairman, passed away on the 08th of May 2022. During the year under review, Mr C L de Silva resigned from the Board after serving for five years and Mr Reyaz Mihular was appointed subsequently as his replacement as a new Board member. Mr Reyaz Mihular was subsequently appointed as the Chairman of the Company on the 19th May 2022.



Roles and Responsibilities

Chairman

The Chairman provides leadership to the Board to ensure the effective functioning of the Board's responsibilities. He provides direction and focus by setting the Board agenda and promotes a culture of openness and active participation of each Director in discussions and debates to support sound decision-making. In addition, the Chairman ensures effective communication within the Board to inculcate mutual respect among Executive and Non-Executive Directors and facilitate the smooth functioning of the Board

Chief Executive Officer

The CEO is responsible for the day-to-day management of the operations of Bairaha. He chairs the Executive Management Committee (EMC) and guides the Senior Management to implement the recommendations, the strategies and policies approved by the Board and ensures achievement of the agreed objectives. In addition, the CEO and EMC members have frequent dialogues with the stakeholders to identify opportunities and risks facing the business and keep the Board informed, as needed.

Independent Non-Executive Directors

The Non-Executive Directors (NEDs) contribute by providing an external perspective and objectivity to the Board's discussions, using their wide and varied experience. The NEDs help to shape proposals submitted on strategy and policies to ensure their effectiveness. When necessary, the NEDs support or constructively challenge the Management and scrutinise their performance to ensure the successful achievement of the Company's objectives.

Corporate Governance

Executive Directors

The Executive Directors provide critical insights at the Board discussions using their extensive understanding of the business and the greater access that they have to the Company's information. They support the CEO in implementing the strategies and policies agreed upon by the Board while overseeing the day-to-day activities of the Company.

Company Secretary

The Company Secretary guides the Directors on Board procedures, corporate governance, statutory and disclosure requirements and other corporate administrative matters. Moreover, the Company Secretary ensures effective information flow within the Board by preparing and distributing the Board agenda, Board minutes and other relevant documents. In addition, the Company Secretary acts as a point of contact for the shareholders.

Independence of Non-Executive Directors

The independence of the NEDs was evaluated against the following criteria as set out in the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka and Continuous Listing Requirements of the Colombo Stock Exchange.

Criteria for the Evaluation of the Independence of Non-Executive Directors

Criteria	Adherence by the NEDs
Employment at the Company, two years immediately preceding the appointment.	None of the NEDs have been employed by the Company and its subsidiaries.
Material business relationship with the Company, within two years immediately preceding appointment.	None of the NEDs had a material business relationship with the Company.
A close family member is a Director, CEO or a Key Management Personnel of the Company.	No family member of NEDs are Directors, CEO or key management personnel.
Significant shareholder of the Company or associated directly with a significant shareholder of the Company.	None of the NEDs have a significant shareholding in the Company or associated with a shareholder with significant shareholding. Refer to page 58 of this Report.
Served on the Board continuously for a period exceeding nine years from the date of the first appointment.	None of the NEDs have served in the Board for a period exceeding nine years.
Employment, directorship, material business relationship or significant shareholding in another Company or business that has a material business relationship, business connection or a significant shareholding in the Company, directly or indirectly.	None of the NEDs are employed, hold directorships, have material business relationships or have a significant shareholding as defined in the criteria.

Note: Material business relationship – income and benefits equivalent to 10% of Director's annual income/Business connection – transaction value equivalent to 10% of the turnover of the Company/Significant shareholding – carrying more than 5% of voting shares.

Corporate Governance

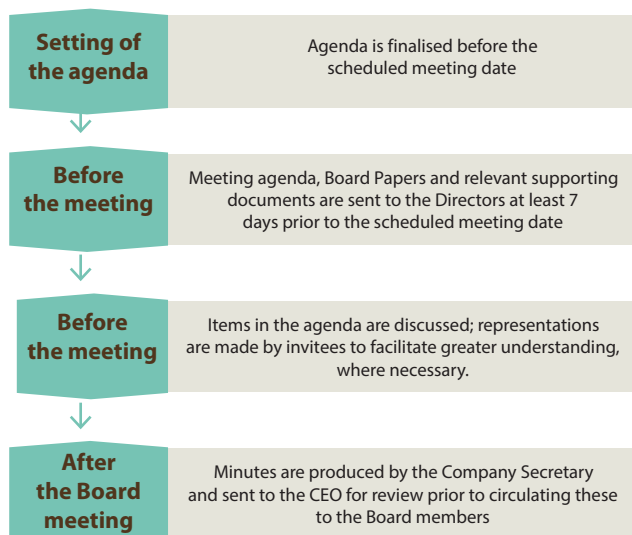
Based on the declarations submitted, the Board deemed that Emeritus Prof H Abeygunawardena and Mr Reyaz Mihular are independent.

Procedures are in place to avoid potential conflicts or bias that can impair the Independence of the NEDs, where the Directors submit relevant disclosures of interests at the start of the financial year as well as during the financial year when necessary.

Board Meetings

The Board functions on a well-planned agenda and the Management provides the Board with comprehensive information that is relevant to the discussions prior to the Board meeting, to ensure that its members have enough time to review the documents. In addition, senior executives who are members of the Executive Management Committee are invited to the Board meetings when necessary.

The steps involved prior/subsequent to the Board Meeting.



The Directors have the freedom and access to the Management to request further information or to seek any clarifications on any matters presented to the Board. The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings and the minutes of each meeting are circulated to the Directors prior to the next Board meeting.

The Board generally meets on a monthly basis and during the year under review, the Board met 11 times.

Name of Director	Number of meetings held	Attendance
Prof M T A Furkhan (Demised on 08th May 2022)	11	10
Yakooth Naleem	11	11
Reyaz Mihular (Appointed on 20th January 2002)	03	03
Emeritus Prof H Abeygunawardena	11	10
Riyal Yakoob	11	11
C L de Silva (Resigned on 16th August 2021)	03	03
Kamil Naleem	11	11
Mubarak Naleem	11	11
Mohamed Imtizam Wahid	11	11

Appointment of Directors

The need for an appointment of a new Director arises either when an existing Director resigns or when the Board feels it is necessary to bring in knowledge and expertise to strengthen the Board. A collective decision is made between the Board to ensure proper talent is acquired to oversee the affairs of the Company.

Corporate Governance

When a new Director is appointed to the Board, the Company communicates the new appointment to the Colombo Stock Exchange by means of a Corporate Disclosure which includes a brief résumé of the Director, covering the educational background and the expertise, directorships held in other companies, details of shareholding in the Company and status of independence.

Induction and Training

On joining the Board, a new Director is provided with appropriate induction enabling him to gain an understanding of all aspects of the business. Each new Director receives a general induction which covers his duties and responsibilities as a Director of a listed Company as well as matters specific to the Company including details of its operations, policies, values, and the culture of the Company. When a Director joins a sub-committee, an induction is offered to familiarise the new Director with the role of the sub-committee. The Board reviews training and development needs when necessary and the Directors are kept up to date on new developments on regulatory and governance matters through Board papers and through briefings conducted by the Company Secretary as well as by other internal and external advisers.

Re-election of Directors

At each Annual General Meeting, one-third of the Directors retire by rotation subject to the guidelines set out in the Articles of Association of the Company. The Directors who are subject to retire by rotation are those who have been longest in office since their last election/appointment. The Directors who have been newly appointed to the Board are required to stand for re-election at the first General Meeting after their appointment. In addition, the Directors who are over the age of 70 years are required to submit themselves annually for re-election. The notice for Annual General Meeting includes the names of the Directors submitted for election; thus, shareholders are notified in advance enabling them to make an informed decision on their election.

Directors' Remuneration

(i) Policy and Procedures

Company policies and procedures are in place to ensure that none of the Directors are involved in deciding his own remuneration. The Remuneration Committee is entrusted with the responsibility to make recommendations to the Board regarding the remuneration of the Executive Directors. The Remuneration Committee consists of two Independent Non-Executive Directors. The Committee composition is set out on page 85 of this Report. The Remuneration Committee consults the CEO about his proposals relating to the remuneration of Non-Executive Directors and the Committee has access to professional advice from both within and outside the Company, in discharging its responsibilities. The Board as a whole determines the remuneration of the Non-Executive Directors.

(ii) Level and Structure

When determining an Executive Director's remuneration, the Remuneration Committee ensures that the level of remuneration is adequate to retain experienced Directors who are essential to achieving the corporate goals. The Remuneration Committee takes into account the remuneration are paid by other companies to ensure are level and structure of the Executive Directors' remuneration competitive. Executive Directors are entitled to a performance-based incentive scheme which is applicable for others in the Company as well.

Presently, the Company does not have an Executive Share Option Scheme. Non-Executive Directors receive a fee and an allowance for being a Director of the Board and for being a member of Board sub-committees. Non-Executive Directors are not entitled to performance-based incentives. During the year under review, the Company made payments of LKR 52,313,399/- as an aggregate emolument to the Directors.

Relations with Shareholders

Understanding the needs of our shareholders is critical to help the Management create value. Hence, we communicate with them to understand and respond to their concerns. The Company encourages the active participation of the shareholders at the Annual General Meeting and provides suitable answers and clarifications on issues and matters raised by shareholders. In addition, by making available the quarterly and the annual financial statements on a timely basis as well as by other forms of communications, the Board makes every effort to keep the shareholders informed of the progress of the Company.

Our compliance with the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka on corporate governance practices is set out in the Continuing Listing Requirements of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka are given on pages 75 to 78.

Compliance Status with the Code of Best Practice on Corporate Governance

Statement of Compliance Under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Mandatory provisions – Fully compliant

Rule	Compliance status	Reference in Annual Report
(i) Names of persons who were Directors of the entity	Yes	Board of Directors
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	The Bairaha Family section and Notes to the Financial Statements
(iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Yes	Investor Relations
(iv) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the minimum public holding requirement	Yes	Annual Report of the Board of Directors on the Affairs of the Company
(v) A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year	Yes	Annual Report of the Board of Directors on the Affairs of the Company
(vi) Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management
(vii) Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Management Discussion and Analysis
(viii) Extents, locations, valuations, and the number of buildings of the Entity's land holdings and investment properties	Yes	Notes to the Financial Statement
(ix) Number of shares representing the Entity's stated capital	Yes	Annual Report of the Board of Directors on the Affairs of the Company
(x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Investor Relations
(xi) Financial ratios and market price information	Yes	Financial Capital
(xii) Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Notes to the Financial Statements
(xiii) Details of funds raised through a public issue, rights issue and a private placement during the year	N/A	
(xiv) Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	
(xv) Disclosures pertaining to Corporate Governance Practices in terms of Rules 7.10.3, 7.10.5 c., and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance Report
(xvi) Related party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	The Notes to the Financial Statements and Annual Report of the Board of Directors on the Affairs of the Company

Compliance Status with Colombo Stock Exchange Listing Rules on Corporate Governance

Statement of Compliance under Section 7.10 of the Listing Rules of the CSE on Corporate Governance

Mandatory provisions – Fully compliant

CSE Rule	Compliance status	Reference in Annual Report
7.10 Compliance		
a./b./c. Compliance with Corporate Governance Rules	Yes	The Bairaha Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable.
7.10.1 Non-Executive Directors (NED)		
a./b./c. At least two members or one third of the Board, whichever is higher, should be NEDs	Yes	Two Board members out of seven are NEDs. The Bairaha Group is conscious of the need to maintain an appropriate mix of skills and experience in the Board and to refresh progressively its composition overtime.
7.10.2 Independent Directors		
a. Two or one third of NEDs, whichever is higher shall be “independent”	Yes	Two NEDs are Independent.
b. Each NED to submit a signed and dated declaration of his/her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and the two Independent NEDs have submitted signed confirmation of their independence.
7.10.3 Disclosures relating to Directors		
a./b. Board shall annually determine the independence or otherwise of NEDs	Yes	Each NED discloses a formal declaration to the Board of all their interests on an annual basis.
c. A brief résumé of each Director should be included in the Annual Report including the Directors’ experience	Yes	Board of Directors section of the Annual Report.
d. Provide a résumé of new Directors appointed to the Board along with details	Yes	Board of Directors section of the Annual Report, detailed résumés of the new NEDs appointed are submitted to the CSE.
7.10.4 Criteria for defining independence		
a. to h. Requirements for meeting the criteria to be an Independent Director	Yes	Corporate Governance – Section – Roles and responsibilities of the Board.
7.10.5 Remuneration Committee		
a.1 Remuneration Committee shall comprise NEDs, a majority of whom will be independent	Yes	The Remuneration Committee consists of two Independent NEDs.
a.2 One NED shall be appointed as Chairman of the Committee by the Board of Directors	Yes	An Independent NED is the Chairman of the Committee.

Compliance Status with Colombo Stock Exchange Listing Rules on Corporate Governance

CSE Rule	Compliance status	Reference in Annual Report
b. Remuneration Committee shall recommend the remuneration of the Chairman and the Executive Directors	Yes	The remuneration of the Chairman and the Executive Directors are determined as per the remuneration principles of the Bairaha Group.
c.1 Names of Remuneration Committee members	Yes	Corporate Governance Report – Report of Remuneration Committee.
c.2 Statement of remuneration policy	Yes	Corporate Governance Report – Report of Remuneration Committee.
c.3 Aggregate remuneration paid to EDs and NEDs	Yes	Corporate Governance Report – Director's remuneration.
7.10.6 Audit Committee		
a.1 Audit Committee (AC) shall comprise NEDs, a majority of whom should be independent	Yes	The Audit Committee comprises of two Independent NEDs.
a.2 A NED shall be the Chairman of the Committee	Yes	Chairman of the Audit Committee is an Independent NED.
a.3 CEO and CFO should attend AC meetings	Yes	CEO and CFO are permanent invitees to all Audit Committee meetings.
a.4 The Chairman of the AC or one member should be a member of a recognized professional accounting body	Yes	Mr Reyaz Mihular is a Fellow Member of both The Institute of Chartered Accountants of Sri Lanka and CIMA (UK).
b. The functions of the Audit Committee	Yes	The Audit Committee carries out all the functions prescribed in this section.
b.1 Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/LKAS	Yes	Refer the Report of the Audit Committee
b.2 Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations	Yes	Refer to Report of the Audit Committee
b.3 Overseeing the process to ensure the internal and risk management controls, are adequate, to meet the requirements of the SLFRS/LKAS	Yes	Refer to Report of the Audit Committee
b.4 Assessment of the independence and performance of the Entity's External Auditors	Yes	Refer to Report of the Audit Committee
b.5 Make recommendations to the Board pertaining to External Auditors	Yes	Refer to Report of the Audit Committee
c.1 Names of the Audit Committee members shall be disclosed	Yes	Refer to Annual Report of the Board of Directors on the Affairs of the Company
c.2 Audit Committee shall make a determination of the independence of the External Auditors	Yes	Refer to Report of the Audit Committee
c.3 Report on the manner in which the Audit Committee carried out its functions	Yes	Refer to Report of the Audit Committee

Compliance Status with the Continuing Listing Requirements of Colombo Stock Exchange on the Contents of the Annual Report

Mandatory provisions – Fully compliant

Rule	Compliance status	Reference in Annual Report
(a) Details pertaining to non-recurrent related party transactions	Yes	Report of the Related Party Transactions Review Committee and Notes to the Financial Statements
(b) Details pertaining to recurrent related party transactions	Yes	Report of the Related Party Transactions Review Committee and Notes to the Financial Statements
(c) Report of the Related Party Transactions Review Committee	Yes	Corporate Governance, Report of the Related Party Transactions Review Committee
(d) Declaration by the Board of Directors in the Annual Report as an affirmative statement of compliance with the rules pertaining to RPT, or a negative statement otherwise	Yes	Annual Report of the Board of Directors on the Affairs of the Company

Statement of Compliance pertaining to Companies Act No. 07 of 2007

Rule	Compliance status	Reference in Annual Report
168 (1) (a) The nature of the business together with any change thereof	Yes	Notes to the Financial Statements and About Us
168 (1) (b) Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c) Auditors' Report on Financial Statements	Yes	Independent Auditors' Report
168 (1) (d) Accounting policies and any changes therein	Yes	Notes to the Financial Statements
168 (1) (e) Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors on the Affairs of the Company
168 (1) (f) Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements and Corporate Governance Report
168 (1) (g) Corporate donations made by the Company	Yes	Notes to the Financial Statements and Annual Report of the Board of Directors on the Affairs of the Company
168 (1) (h) Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors on the Affairs of the Company
168 (1) (i) Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j) Auditors' relationship or any interest with the Company and its subsidiaries	Yes	Report of the Audit Committee
168 (1) (k) Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/Annual Report of the Board of Directors on the Affairs of the Company

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Bairaha Farms PLC have the pleasure in presenting their Annual Report together with the audited financial statements of the Company for the year ended 31st March 2022.

General

Pursuant to the requirements of the new Companies Act No. 07 of 2007, the Company was re-registered on 14th February 2008 and bears registration number PQ122. Accordingly, the name of the Company has changed to Bairaha Farms PLC.

Group Activities

The core activities of the Group are vertically integrated poultry farming, chicken processing and manufacturing of pre-cooked meats and in particular the following:

Breeding poultry and operating of hatcheries for the production and sale of both parent and commercial broiler day-old-chicks;

- Operating hundreds of outgrower farms as well as a few large-scale own broiler farms;
- Processing, distributing and selling of packeted whole broiler chicken and broiler chicken portions (cut-ups);
- Manufacturing, distributing and selling of pre-cooked meats including chicken sausages, chicken meat balls, chicken sandwich slices and marinated chicken;
- Importing and distributing, as the exclusive local agent, the world-renowned "Antec" brand disinfectants from DuPont Animal Health Solutions of USA;
- Marketing and selling of other products for poultry farming, including sales of hypromel (produced by recycling the by-products of poultry processing) to feed millers.

Details on Directors of subsidiaries and subsubsidiaries are on page 192.

Financial Statements

The financial statements of the Company are given on pages 108 to 113.

Summarized Financial Results

	31st March 2022 LKR '000	31st March 2021 LKR '000
Group revenue	6,742,247	5,056,659
Total comprehensive income	766,696	416,274
Retained earnings	3,960,977	3,284,213

Auditor's Report

The Report of the Auditors on the financial statements of the Company is given on page 104.

Accounting Policies

The financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and the policies adopted thereof are given on pages 114 to 130.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 64 to 66.

Executive Directors

Mr Yakooth Naleem (Managing Director)

Mr Riyal Yakoob

Mr Kamil Naleem

Mr Mubarak Naleem

Mr M I Wahid

Annual Report of the Board of Directors on the Affairs of the Company

Independent Non-Executive Directors

Mr Reyaz Mihular (Appointed on 20th January 2022)

Emeritus Prof H Abeygunawardena

Desamanya Prof M T A Furkhan (Chairman) –
Demised on 8th May 2022

Mr C L de Silva resigned from the Board on 16th August 2021.

Mr Reyaz Mihular was appointed to the Board as an Independent Non-Executive Director on 20th January 2022.

Desamanya Prof M T A Furkhan, Chairman of the Company, passed away on 8th May 2022. Further to his demise Mr Reyaz Mihular was appointed as Chairman on 19th May 2022.

In accordance with Articles 87 and 88 of the Articles of Association of the Company, Mr Mubarak Naleem retires by rotation and, being eligible is recommended for re-election.

Mr Reyaz Mihular who was appointed to the Board during the year, will retire from the Board in terms of section 94 of the Companies Act No. 07 of 2007 and being eligible is recommended for election.

The Directors have recommended the re-appointment of Emeritus Prof H Abeygunawardena who is 73 years of age, as a Director of the Company; and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the said Re-appointment

Interest Register

The Company maintains an Interest Register in terms of the Companies Act No. 07 of 2007.

All related party transactions which encompass the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period is recorded in the Interest Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31st March 2022 are recorded in the Interest Register and details are given in this Report under Directors' shareholding.

Directors' Remuneration

The Directors' remuneration is disclosed in Note 32.2 to the financial statements on page 181.

Directors' Interests in Contracts

The Directors have no direct or indirect interest in any contract or proposed contracts with the Company except for the transactions referred to in Note 32.2 to the financial statements.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of financial statements of the Company and to ensure that they reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 103.

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review. As far as the Directors are aware, the Auditors' only relationship with the Company is in regard to their work relating to the audit and the computation that they do in regard to Taxation.

The audit fee payable for the year under review is LKR 5,042,050/-.

The Auditors have also provided tax compliance services during the year and the fee payable in this regard amounts to LKR 1,201,552/-.

The Auditors have expressed their willingness to continue in office. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Independence of Auditors

Based on the declaration provided by Messrs Ernst & Young, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

Annual Report of the Board of Directors on the Affairs of the Company

Stated Capital

The Stated Capital of the Company is LKR 256,305,197/- divided into 16,000,000 Ordinary Shares.

Directors' Shareholding

The shareholdings of the Directors of the Company are as follows:

As at 31st March	Number of shares	
	2022	2021
Directors		
Mr Reyaz Mihular	5,400	N/A
Desamanya Prof. MT A Furkhan	239,550	239,550
Mr Yakooth Naleem	1,701,867	1,701,867
Emeritus Prof H Abeygunawardena	Nil	Nil
Mr C L de Silva (joint) – Resigned on 16th August 2021	N/A	85,000
Mr C L de Silva – Resigned on 16th August 2021	N/A	47,133
Mr Riyal Yakoob	824,305	824,305
Mr Kamil Naleem	1,603,924	1,603,924
Mr Mubarak Naleem	1,660,908	1,660,908
Mr M I Wahid	2,000	N/A

Major Shareholders, Distribution Schedule, and other Information

Information on the twenty largest shareholders of the Company, distribution schedule of the shareholders and market value per share are given as per the Listing Rules of the Colombo Stock Exchange on pages 57 and 59 under Investor Information.

Public Holding

Float adjusted market capitalisation – LKR 1,506,759,457.50, 62.26.% of the issued shares of the Company are in the hands of 3,862 public shareholder. The Company complies with option 5 of the Listing Rules 7.14.1 (a).

Reserves

The movement of reserves during the year is given under the Statement of Changes in Equity on page 111.

Land Holdings

Details of the Company's ownership of lands are given in note 4 of the financial statements.

Capital Expenditure

The total capital expenditure during the year amounted to LKR 485.3 Mn compared to LKR 154.7 Mn incurred in the previous year. Details of movements in property, plant & equipment are given under Note 4 to the financial statements.

Dividend

An Interim Dividend of LKR 3.00 per share for the year ending 31st March 2022 was declared on 25th October 2021.

A Second Interim Dividend of LKR 6.00 per share for the year ending 31st March 2022 was declared on 28th March 2022

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, and all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the balance sheet date have been paid or, where relevant provided for.

Donations

The Company has made donations for charitable purposes amounting to LKR 3,305,808/- (2021 - LKR 1,692,319/-) for the year ended 31st March 2022.

Events occurring after the Balance Sheet Date

No circumstances have arisen since the reporting date, which would require adjustment to, or disclosure in the financial statements except the items in Note 33 of the financial statements in regard to dividend.

Annual Report of the Board of Directors on the Affairs of the Company

Corporate Governance

Corporate governance practices and principles with respect to the management and operations of the Company are set out on pages 67 and 74 of this Report. The Directors confirm that the Company has complied with the rules on corporate governance contained in the Listing Rules of the Colombo Stock Exchange.

An Audit Committee, Remuneration Committee and Related Party Transactions Review Committee function as sub-committees of the Board and they are composed of Directors with the requisite qualifications and experience. The composition of the said Committees is as follows:

Audit Committee

Mr Reyaz Mihular- Chairman (Appointed on 31st January 2022)
Mr C L de Silva – (Resigned on 16th August 2021)
Desamanya Prof M T A Furkhan (Demised on 8th May 2022)
Emeritus Prof H Abeygunawardena

Remuneration Committee

Desamanya Prof M T A Furkhan – (Demised on 8th May 2022)
Mr Reyaz Mihular – Chairman (Appointed 3rd March 2022)
Mr C L de Silva (Resigned on 16th August 2021)
Emeritus Prof H Abeygunawardena

Related Party Transactions Review Committee

Emeritus Prof H Abeygunawardena – Chairman
(Appointed Chairman on 25th October 2021)
Mr C L de Silva (Resigned on 16th August 2021)
Desamanya Prof M T A Furkhan (Demised on 8th May 2022)
Mr Reyaz Mihular (Appointed on 31st January 2022)
Mr Riyal Yakoob

The Related Party Transaction Review Committee has reviewed all related party transactions that require their review for the year ended 31st March 2022.

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2022.

The Corporate Governance framework of the Company reinforces the strong belief of the Board in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on pages 67 to 74 explains the measures adopted by the Company during the year.

Annual General Meeting

The Annual General Meeting will be held at the Auditorium, Sri Lanka Foundation, 100, Padanama Mawatha, Independence Square, Colombo 07 at 11.30 a.m. on Thursday the 30th June 2022. The Notice of the Annual General Meeting appears on page 193.

By Order of the Board
Bairaha Farms PLC

(Sgd.)
Yakooth Naleem
Managing Director

(Sgd.)
Riyal Yakoob
Executive Director

(Sgd.)
P W CORPORATE SECRETARIAL (PVT) LTD.
Secretaries

30th May 2022
Colombo

Report of the Audit Committee

The primary function of the Audit Committee (hereafter referred to as the Committee) is to assist the Board of Directors (hereafter referred to as the Board) in fulfilling its oversight responsibility. The main functions of the Committee include the review of financial statements, internal control procedures, risk management processes, the compliance with relevant accounting standards whilst the ensuring independence of the External Auditor. These functions are carried out with a view to safeguarding the interests of shareholders and other stakeholders. The Committee assists the Board in discharging its duties by expressing an independent and objective view on the financial report taking into consideration compliance with mandatory, statutory, and other regulations laid down by the authorities. Where necessary, the Committee makes suggestions and recommendations to the Board in areas within its purview.

Membership

The Committee consists of Non-Executive Directors all of whom are independent.

1. Mr Reyaz Mihular is the Chairman (on 20th January 2022) of the Committee and is a Fellow of The Institute of Chartered Accountants, in Sri Lanka as well as a Fellow of the Chartered Institute of Management Accountants, UK.

The other members of the Committee are:

2. Mr C L de Silva (Resigned on 16th August 2021)
3. Prof M T A Furkhan (Demised on 08th May 2022)
4. Emeritus Harischandra Abeygunawardena, who has a MSc and PhD in animal production from the University of Illinois at Urbana Champaign, USA. He had also served as the Dean of the Faculty of Veterinary Medicine and Animal Science and the Vice-Chancellor of the University of Peradeniya. Currently, he serves as the Chairman of the National Education Commission and the Chancellor of the University of Vocational Technology.

Meetings

The Committee held five meetings during the year under review. The Chief Executive Officer, Executive Director, Director Operations and the Chief Financial Officer attended those meetings on invitation.

Attendance at Audit Committee Meetings held during the Period 1st April 2021 to 31st March 2022

Name of the Director	Attendance
1. Mr Reyaz Mihular (Appointed on 20th January 2022)	2/2
2. Mr C L de Silva (Resigned on 16th August 2021)	2/2
3. Prof M T A Furkhan (Demised on 8th May 2022)	4/5
4. Emeritus Prof H Abeygunawardena	4/5

Internal Controls and Risk Management Processes

The Committee reviewed and assessed the Company's risk management processes including the adequacy of the overall control and assessment of controls in areas considered as posing significant risks.

The Committee verifies the adequacy of internal controls through both internal management reports as well as independent reports from both Internal and External Auditors.

The internal audit function has been outsourced to Messrs BDO Partners, Chartered Accountants. Generally, the audits are carried out on a quarterly basis. The Internal Auditor carries

Report of the Audit Committee

out the audits as per a scheduled programme approved by the Committee. The Committee monitored and reviewed the scope, extent, and effectiveness of the internal audit activity. The processes covered and the regularity of audits depend on the level of risk of each process, with higher risk processes (which have more impact on the business) being audited more frequently.

During the year the Committee met with the Internal Auditor to consider the findings, Management responses, and matters requiring follow-up. The Committee discussed and briefed the Board on the reports relating to risks, controls and assurance including the assessment of the system of internal controls. The Committee approved the fee to be paid for the services of the Internal Auditor.

Financial Reporting Framework and Financial Statements

The Committee assists the Board in assuring the integrity of financial statements and disclosures.

Before finalisation and signing off by the External Auditor, the Committee met with the External Auditor to discuss “key audit matters” and issues relating to the final accounts, particularly with regard to the valuation of biological assets. Subsequently, the members of the Committee recommended to the Board the adoption of the final accounts.

The Committee further reviews the appropriateness of the significant estimates and judgments made by the management.

External Auditor

As far as the Committee is aware, the Auditor does not have any relationship (other than that of the Auditor) with the Company. The Committee has also received a declaration from Messrs Ernst & Young, Chartered Accountants as required by the Companies Act No. 07 of 2007, confirming that they do not have any relationship with the Company, which may have a bearing on their independence within the meaning of the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka and the Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

The Committee has recommended to the Board that Messrs Ernst & Young be re-appointed as the External Auditor for the financial year ending 31st March 2023, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)

Reyaz Mihular
Chairman
Audit Committee

30th May 2022

Report of the Remuneration Committee

The Remuneration Committee meets once a year to review salaries of executive staff and to rectify any anomalies and/or to revise salaries of staff, as far as possible, to be in line with market rates for the following categories of staff:

- i. Executive staff
- ii. Chief Executive Officer and Executive Directors
- iii. Non-Executive Directors – Fees and allowances

When deciding on the remuneration of executive staff, the members of the Remuneration Committee take into account their qualifications, skills, and more importantly their commitment and contribution to the business; as well as the prevailing market rates and remuneration offered by other companies to the staff of similar grades. The main purpose of a good remuneration policy would be to maintain the balance between the Company's over-riding financial goal of maximising shareholders' wealth and striving to maximise dividend pay-out, while at the same time keeping the staff and the Management, motivated and committed to the Company's, both short-term and long-term financial goals by adequately compensating them for their performance and contribution.

Besides salaries and allowances for sales and production staff, incentives are also being paid to them covering both Executives and Non-Executives alike, including staff in the farms and other production units, provided they achieve certain specific KPI targets set by the Management. These measures have been introduced to motivate the staff while assisting the Company to achieve its sales and production targets stated in the budget. To standardize the executive remuneration with market rates, we have introduced an executive grading system and structure along with a salary scale.

As we have already communicated in our last year's annual report, we have been laying the foundation for a "Performance-based Culture" whereby the "Employees' Rewards and Recognition" policy is linked to the three key elements, that is, individual's, team's, and organization's overall performance. This would while motivating employees would also give a strong message to them that the Board of Directors and the leadership of the Organization are fair and just to all staff, who actively continue to contribute by delivering expected results for the well-being of the Organization.

In determining the remuneration, in the ensuing year, of the employees, staff, senior executives and executive directors, the members of the Remuneration Committee took into consideration the escalating cost of living and high inflation that prevailed. Accordingly, for Shop Floor and non-executive employees, a LKR 200/day increment, amounting to a 22%

increase, together with one month's salary as a bonus was recommended to the Board, and approved by the Board.

In our drive to establish a performance-based culture for the executives, managers and all other senior executives including the executive directors, the Committee recommended salary increment and incentive bonus payments, and which ranged from 4 percent to 20 percent and 0 to 4 months, respectively. The total amount of remuneration payable was considered and recommended to the Board, and approved by the Board.

Composition of the Committee

Members of the Committee consist of two Independent Non-Executive Directors

- Desamanya Prof M T A Furkhan - Chairman (Demised on 8th May 2022)
- Mr Reyaz Mihular (Appointed on 31st January 2022)
- Mr C L de Silva (Resigned on 16th August 2021)
- Emeritus Prof H Abeygunawardena

Mr Reyaz Mihular was appointed as the Chairman of the Remuneration Committee on the 19th May 2022.

Meetings

The Committee meets only once a year.

Attendance at Remuneration Committee Meetings held during the Period 1st April 2021 and 31st March 2022

Name of the Director	Attendance
1. Prof M T A Furkhan (Demised on 08th May 2022)	0/1
2. Mr Reyaz Mihular	1/1
3. Mr C L de Silva (Resigned on 16th August 2021)	–
4. Emeritus Prof H Abeygunawardena	1/1

(Sgd.)

Mr Reyaz Mihular
Chairman
Remuneration Committee

30th May 2022

Report of the Related Party Transactions Review Committee

This Committee was established to advise the Board on related party transactions as defined by LKAS 24, ensuring compliance with both the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

Duties and Responsibilities of the Committee

- To monitor all related party transactions to ensure that they are carried out at arm's-length commercial terms and that they are not in any way disadvantageous to the Company and its minority shareholders;
- Obtain expert knowledge and advice either from within the Company or from outside to assess the pricing of recurrent related party transactions;
- To review both recurrent and non-recurrent related party transactions;
- Recommend to the Board and obtain their approval before executing related party transactions;
- To review proposed related party transactions prior to them being entered into.

Composition of the Committee

Members of this Committee consist two Independent Non-Executive Directors and one Executive Director.

- Emeritus Emeritus Prof H Abeygunawardena - Chairman (w.e.f. 25th October 2021) (Independent, Non-Executive Director)
- Mr C L de Silva (Resigned on 16th August 2021) (Independent, Non-Executive Director)
- Desamanya Prof M T A Furkhan (Demised on 8th May 2022) (Independent, Non-Executive Director)
- Mr Reyaz Mihular (Appointed on 20th January 2022) (Independent, Non-Executive Director)
- Mr Riyal Yakoob (Executive Director)

Meetings

The Committee held (4) four meetings, one in every quarter during the year under review. Information on the attendance at these meetings by the members of the Committee is given below:

Attendance At Related Party Transaction Review Committee held during the Period 1st April 2021 and 31st March 2022.

Name of the Director	Attendance
1. Emeritus Emeritus Prof H Abeygunawardena	2/4
2. Mr C L de Silva (Resigned on 16th August 2021)	1/1
3. Desamanya Prof M T A Furkhan	4/4
4. Mr Reyaz Mihular (Appointed on 20th January 2022)	1/1
5. Mr Riyal Yakoob	4/4

The views/observations of the Committee were properly documented in the minutes of the Committee meetings and were communicated to the Board of Directors.

Review of Related Party Transactions

During the year, there were no non-recurrent transactions that exceeded the threshold limits specified in the Listing Rules, requiring disclosure in the Annual Report. The details of the recurrent related party transactions are disclosed in Note 32 of the Annual Report.

Declaration

There were no recurrent or non-recurrent related party transactions which required additional disclosure in the Annual Report under the Colombo Stock Exchange Listing Rule 9.3.2 except for the disclosure made in Note 32 to the Financial Statements.

The Related Party Transaction Review Committee has reviewed all related party transactions that require their review for the year ended 31st March 2022.

A declaration by the Board of Directors on compliance with the rules pertaining to the Related Party Transactions appears in the Report of the Board of Directors on page 82 of the Report.

(Sgd.)

Emeritus Prof H Abeygunawardena

Chairman

Related Party Transactions Review Committee

30th May 2022

Risk Management

Recognizing, managing, and mitigating risk is key to sustaining business operations and performance. The poultry industry has inherent risks within its value chain including: the risk of raw material sourcing for feed manufacturing, procurement of breeding chicks for day-old chick production, and selling and distribution among others.

The degree of risk varies based on the nature, size, and complexity of the business.

Bairaha takes great care in managing and operating a sustainable poultry and food manufacturing business. Being a household name in Sri Lanka with a strong brand presence, we embrace risk management as a vital part of our management process. The Company has a risk management system to identify the risks and their nature, to rate the risk to the Company, and accordingly undertake timely action to avert or mitigate the risk involved.

We are mindful of the need to have a sustainable business model, and where there are opportunities to undertake sustainable initiatives and provided, it is feasible and practical do so, the company would be willing to embrace and internalize such initiatives.

The major critical challenges encountered in the year under review included the shortage of foreign exchange to undertake essential imports like raw materials for poultry feed production, a drastic drop in the local production of maize for

poultry feed production, and fuel shortage that seem to be deteriorating further as the year 2022 progresses.

The management of both Bairaha and joint-venture companies have identified the risk factors affecting the sectors concerned, and based on the assessment of their impact, have taken the necessary actions to minimize the exposure to the identified risks; however they have limited flexibility in decision making due to the constraints imposed by a severely contracted economy as a result of the economic crises that country continues to face .

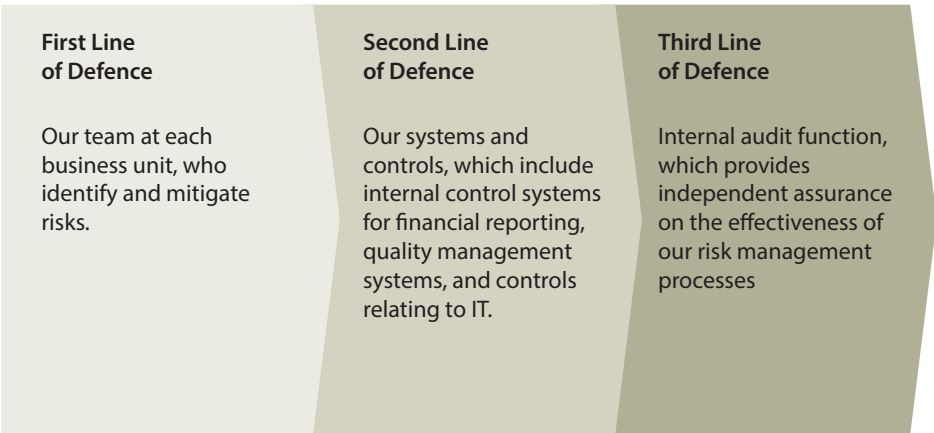
Risk management

The Board has delegated responsibility to the Senior Management led by the Managing Director to conduct the Company's business activities within the risk parameters and guidelines set by the Board. Accordingly, the Senior Management provides leadership and direction to employees on risk management.

Since value creation is a function of risk and return, the risk becomes an integral part of our pursuit of value creation.

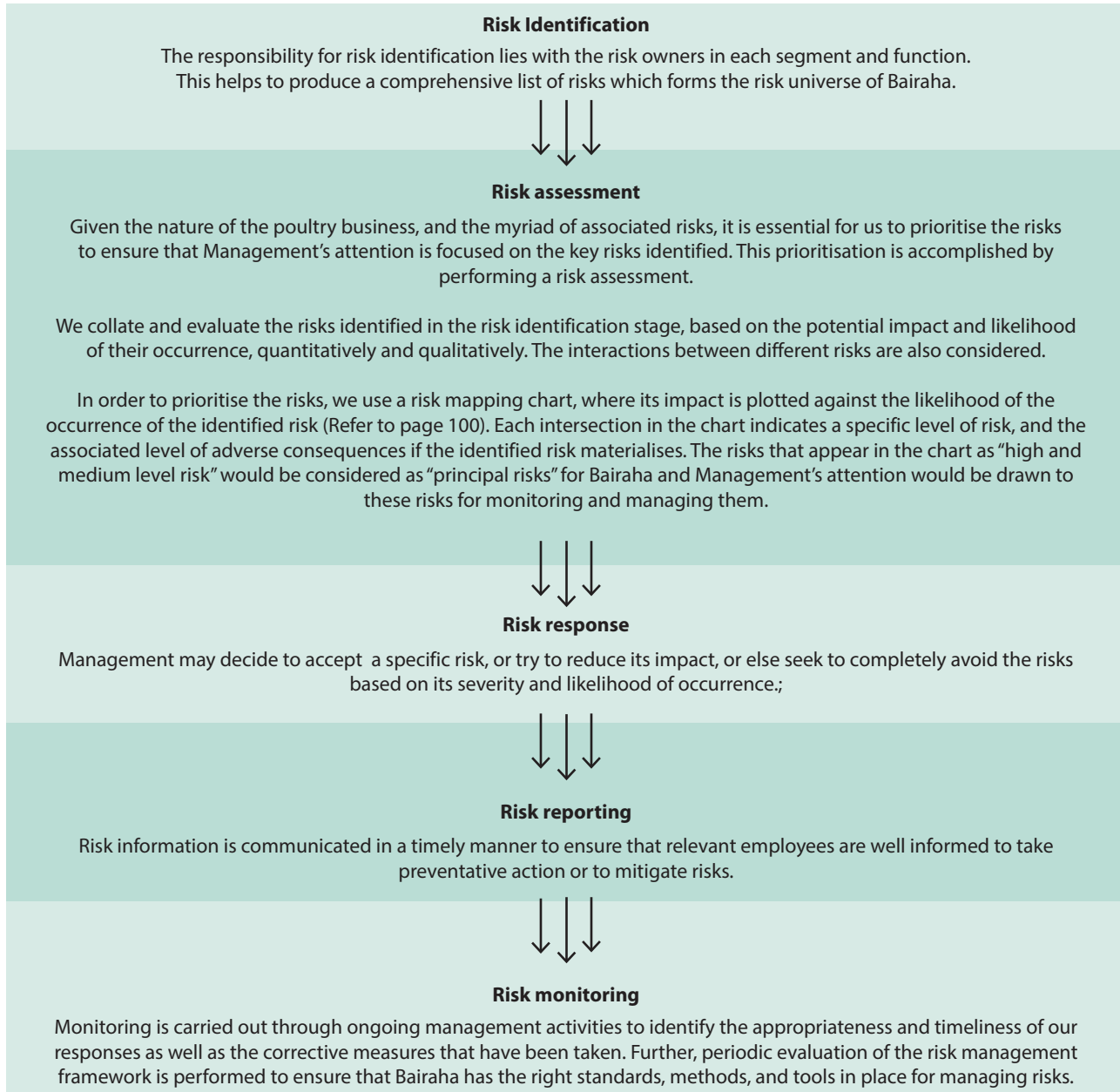
We take risks, considered to be manageable, within our resources, to effectively pursue our strategic goals.

Bairaha risk management framework



Risk Management

We follow a five-step process to manage risk at Bairaha.



Principal Risk Factors

Listed and discussed below are the principal risks that we see as being most material to Bairaha's business and performance at this point in time. We have commented on the actions that we have taken or are planning to take to manage identified risks. In the event we are not successful in managing these risks to our satisfaction, it could impair our ability to meet the set targets and adversely impact our cash flow, profitability, financial position, and/or reputation.

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
1. Macroeconomic risk	1. Foreign Currency availability & Exchange rate fluctuations	R: Constraints on importing raw materials and increased prices O: In-house innovation by staff members to curb the outflow of foreign exchange	• High level of vertical integration reducing the need to rely on imports of parent breeding birds for day old chick production.; • Planning to undertake export of the product to hedge part of the risk exposure. • Engaging with more banks to secure the required foreign exchange to undertake imports of raw materials, plant and machinery etc. • Limited the usage of foreign exchange facilities with longer maturity period to reduce the currency devaluation risk.
	2. Interest rates	R: Increased cost of borrowings O: Investment in Treasury Bills in the short term, as the deposit rates have almost doubled	• Strong balance sheet with a low gearing level. • Healthy cash reserves have been maintained; • Long-standing relationships with banks facilitate in obtaining competitive interest rates for funding.
	3. Inflation	R: Increased costs of inputs O: Achieve cost reduction by taking full advantage of a paperless office and digitalization to curb spending	• Continuous initiatives to improve productivity, such as automation of processes; • Continuous monitoring of prices of inputs and seeking wherever possible fixed prices with suppliers for an agreed period; • Inflation affects both costs and revenue, and thus has a neutralising effect;

Risk Management

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
	4. GDP growth rate (Adverse movement in macroeconomic factors can create direct and indirect price pressures on inputs affecting cost of 'production while also impacting consumer spending, leading to fluctuation in demand across all business segments)	R: Reduced purchasing power of consumers	The strong brand name together with the fact that chicken is the cheapest source of dietary protein for human consumption minimises the threat of significant drop in consumption during an economic downturn. But, a drop in sales could be expected if economic crises impinge on disposable income. We closely monitor continuously these trends and introduce affordable smaller pack sizes as needed in regard to "chicken" as well as popular products in the pre-cooked range and intensified direct delivery operations to "households" to expand the Company's market segment and to widen the customer base.
2. Industry risk	1. Pathogens and diseases	R: Reduced outputs and quality O: Pitching Bairaha as an antibiotic free superior food product for daily consumption	The Company follows internationally accepted practices and standards in regard to bio-security, and these include the following: - Maintaining buffer zone in regard to bio-security. - Operational safety and sanitation procedures for farm staff and visitors. - Regular analysis of blood samples of every parent breeder flock by the in-house laboratory to ensure that birds stay healthy and disease-free and to take early remedial action if and when needed. - Organize periodic staff training on bio-security programmes and essential sanitation procedures. - Safe disposal of carcasses.
	2. Adverse weather	R: Reduced feed quality and birds' health O: Explore innovative ways to store rainwater in a sustainable mode, to lessen the burden on the national water supply and also reduce costs	- When the locally produced is available the grain drying and storage facility greatly helps to maintain buffer stock and to dry the maize that is delivered with high moisture due to farmers' inability to dry them during rainy and wet season. - Climate controlled facilities in our farms protect poultry birds from stress that would arise otherwise being exposed to adverse weather, thereby enabling to maintain good performance.

Risk Management

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
	3. Non-availability and quality of inputs for feed production	R: Heavy reliance on imported feed especially in the context of constraints on foreign exchange O: Stronger working relationship with the maize growers and out-grower community to ensure quality raw material as well as developing a 2nd and 3rd generation group of farmers, through the process. Inculcate the ethos of 'Grow with the Company, Stay with the Company'	• Since our joint-venture feed-mill operation has raw material storage and drying facilities, the Company is in an advantageous position in regard to the procurement and storage of raw materials. • End-to-end integration of the production process mitigates the dependence on external parties for sourcing inputs, although the Company is dependent on farmers for maize and overseas suppliers for other raw materials for feed production. • Quality of feed is maintained at a high standard, through in-house production norms.
	4. Supply chain risk	R: Unexpected increases in raw material prices cannot be immediately passed on to customers as a whole, and it will also impact the profit margin. This has an impact on the production process and business process as the right raw materials are not available at the right time in accepted quality O: Consistently growing our supply chain to infuse fresh blood and innovation to the process	Supply chain risk is mitigated by the Company's integrated operation, through wholly owned and joint venture entities. Further quality control measures have been introduced when it comes to procurement from third parties. In addition risk is mitigated by: • Long term contracts with existing suppliers while maintaining good relationships. • Developing alternate suppliers and sourcing alternate raw materials. • By reviewing suppliers periodically to ensure their quality standards. • Reformulate the recipes without any deviations in quality and nutrients.
	5. Competition	R: Squeezing of profit margins O: Although Bairaha is the best established premium brand, competition propels the Company to diversify its' food range and the overall business strategy	• Reliability and consistency of product supply together with strong brand equity and reputation help Bairaha to remain a market leader despite fierce competition from a diverse group of competitors. • ESG initiatives also help to strengthen the brand.

Risk Management

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
	6. Employee attrition	R: Loss of experienced staff leading to lower productivity O: Allows for fresh recruitment of qualified and motivated younger generation, as well as harnessing experienced mature skill from other sectors infusing a repertoire of soft skills and specialised technical knowledge	• Great place to work initiatives keep staff motivation levels high, leading to reduced attrition. • Employee empowerment in decision-making. • Bonus payments based on Company performance. • Periodic training to build a highly skilled, competent and motivated team. • Availability of labour contractors helps to mitigate the risk of attrition among unskilled workers. • Digitisation and automation of work processes. • Setting up work culture where innovative ideas are recognized and rewarded.
	7. Risk of re-imposition of Controlled price on whole chicken	R: Squeezing of profit margins O: Diversification of the business portfolio, expanding into other areas of non-food business	• There may be a need to agree with the authorities concerned on a formula based pricing , if such a situation arises. • Focusing on segments with stable margin such as value added meat segment for expansion.
	8. Occupational Health	R: Risk of business interruptions and lower productivity O: Periodic and structured inspections to ensure overall staff welfare, contributing to job satisfaction and prevention of disease among the staff cadre	• Use of technology in the production operation, together with a high degree of focus on quality, hygiene and bio-security help to keep both staff and products safe. • Management commitment to regularly perform inspection of premises, equipment, workplaces and work practices to ensure compliance.

Risk Management

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
	9. Market demand	R: Impacts on the smooth operation of business activities due to continuously changing of government policies and economic conditions (fast depreciation of Rupee value against US dollar, continuous import restrictions, and diminished purchasing power) O: Seeking opportunities overseas for expansion	• Explore opportunities to embark on geographical diversification into the export market. • Expanding the out-grower base. • Identifying and preparing for cyclical demand. • Penetrate and widen the market base. • Replace imported machinery with locally fabricated machinery where possible. • Innovate new products with available raw materials. • Leverage close relationships with consumers to identify their needs to develop new strategies.
	10. Cyclicality	R: Seasonal fluctuations create fluctuations in cash flow and difficulties in planning O: Allows for upgrading of systems and controls	• In-house experience in dealing with cyclical nature of the market.
3. Risk of being exposed to a single business sector	1. Global epidemics, such as bird flu, can impact the entire business	R: Loss of business continuity O: Diversification, which is already underway	• The Company believes in specialisation and has taken measures to minimise adverse consequences from an epidemic. The principal supplier, Cobb-Vantress Inc., has operations across USA and in other countries around the world. Diversifying the geographic locations from where the grandparent broiler chicks are imported, help to source from other parts of the world unaffected or less exposed to an epidemic. • Although the business is focused and specialised in poultry, the Company has diversified across various product segments of the market.

Risk Management

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
	2. Sustainability in the face of market volatility	R: Loss of business continuity and fluctuations in cash flow O: The Company's strong brand reputation underpins its business ventures	Poultry meat enjoys a comparative advantage over other meat products on factors such as affordability, convenience, and absence of religious restrictions. It is also recommended by nutritionists as a great source of dietary protein for children and adults. Additionally, healthy image, limited GHG emissions, lower production cost and short rearing time along with relatively low cost of investment, has contributed to a steady growth in poultry production and consumption.
	3. The Company's customer base is confined to a single geographic market, which exposes the Company extensively to vulnerabilities of the single market in which it operates.	R: Vulnerability to fluctuations in turnover O: Company has already embarked on exploring overseas markets	- The Company is presently exploring export markets to achieve geographic diversification. - The Company's sales and distribution network covers the entire country and targets customers across the value chain. This diversification of customer-base helps to mitigate the risk arising from geographic concentration in the country.
4. Operational risk	1. Breakdown of internal controls	R: Potential for loss of smooth operational continuity due to failure and inadequacy of internal controls and internal systems as a result of human and natural occurrences Inaccuracy or delays in decision making due to wrong information passed to top management and not receiving information at right time O: Opportunities to improve systems, procedures and controls which can lead to wide benefits	- Rigid internal controls adapted by implementing strong authorisation metrics, clearly stating the responsibilities and authorities in each employee level. - Long-term effective company policies for all areas that are not altered, unless there is a compelling reason to do so. - Internal and external audits to ensure compliance of policies, processes, procedures, and systems.

Risk Management

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
5. Environmental risk	1. Proximity to human habitats and other farms	R: All indicators have impact on Company's reputation and ongoing operations as well as risk of punitive action by regulatory authorities O: Interaction with the community is already at a high level. Company has the opportunity to engage with it, at a deeper level	- The Company maintains international standards with regard to hygiene at all its facilities, and besides regularly monitoring compliance, staff is also trained periodically on maintaining bio-security procedures. - Careful site selection has enabled the Company to establish operations at a safe distance away from residential neighbourhoods and other farms.
	2. Farm/Factory odour	O: Introducing robust controls to contain this risk, allows Bairaha to be recognized as a responsible corporate citizen	- Bio-security buffer zone (a safe distance away from the boundary of the land). - Climate controlled farm with proper planning. - Scrubber system for odour treatment in factory. - Frequent internal audits to check waste management practises.
	3. Disposal of manure (litter)	O: Recycling enables and empowers the maize farmer, thereby impacting a quality produce for chicken feed	Manure is presently being sold to farmers and organizations involved in agriculture and plan to produce and market organic fertiliser using poultry manure.
	4. Carcass disposal	O: Proper disposal contributes towards the image of a responsible corporate citizen that does not pose a threat to the environment or the community	Safe disposal of carcasses.
	5. Waste water management	O: Contributes towards the image of a responsible corporate citizen that does not pose a threat to the environment or the community	- Waste water treatment and re-cycling. - An accredited laboratory analyses the quality of treated waste water to ensure compliance with the accepted levels that are stipulated under the EPL.

Risk Management

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
	6. Energy management	O: Company's contribution to lessen the burden on the national grid is an opportunity to participate in reviving the economy, when our nation is at a critical juncture	- Investment in solar power to provide electricity to the national grid. - Use of firewood for bio-mass boiler in generating steam. - One of the farms has a small hydro power generation plant to partly meet its power requirements. - Maintaining additional fuel storage to meet the electricity requirement with stand-by generators. - Operating night shifts where possible to avoid power cut time slots. - Precise scheduling of deliveries to minimize fuel wastage.
5. Regulatory risk	1. Non-compliance with regulatory requirements including: (a) Food and safety standards (b) Accounting standards (c) Tax compliance (d) SEC and CSE regulations (e) Industry guidelines (f) Labour laws (g) Environmental regulations	R: Can result in legal prosecutions and fines O: Strict adherence to regulatory compliance ensures a sustainable and robust business venture, fully geared to fit a responsible and accountable framework	- Professionally qualified management staff with diverse backgrounds provide the necessary knowledge and skills to comply with regulatory requirements. - Validation of all nutritional standards in accordance with gazetted regulations.
	2. Imposition of taxes tariffs or levies	R: Unforeseen increases in costs	Senior Management maintains a regular dialogue with the authorities and represents the industry at key forums. We are a member of the industry lobby, which addresses the industry's concerns.

Risk Management

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
	3. Government policy inconsistencies	R: Unexpected constraints on operations O: Meaningful engagement with government authorities, as a stakeholder in the poultry industry	This is a problematic area with no easy solutions. An example is the shortage in the maize supply due to the delays in granting of the import permits. Further, transition into organic farming has led to a severe shortage in the local production of maize, and this has resulted in maize price being very high, while the available quantity has drastically reduced thereby affecting the long-term sustainability of the industry.
7. Food safety, quality, and risk relating to business reputation	1. Presence of bacteria in processed meat or value-added products	R: Poor quality of product O: Intrusive focus on producing a quality end product, contributing to further enhancing an already strong brand	- Adequate quality assurance programme implemented throughout the process to ensure food and safety. - Independent team conducts regular quality and food safety audits to ensure compliance with accepted standards. - External assurance/guarantee on processes provided by third-party independent audit, including following certifications: ISO 9001 2015, ISO 22000:2018, HACCP, GMP, SLS product certification, and GSO/Halal certification. We are also the first company in the meat sub-sector to be awarded with the Food Safety System Certification (FSSC 22000). This demonstrates the Management's commitment towards quality and food safety. - Continuous GMP practices are implemented throughout the process. - Implementing a robust complaint handling process. - The Company receives technical advice and support from our principal Cobb-Vantress Inc. and ensures that international standards are maintained in all the processes. - Products samples are regularly tested in the in-house laboratory under the approved test method. - Bairaha monitors its freezer truck temperature using tracking software and monitors and requires that customers too maintain freezer temperatures at recommended levels to maintain food safety.

Risk Management

Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
	2. Processed food contamination	R: Poor quality of product	- Bairaha maintains stringent quality control measures to ensure that no contamination occurs within its facilities. - The Company uses mainly in-line machine printed pouches to pack and seal pre-cooked and ready-to-eat meat products.
	3. Defamatory propaganda	R: Damage to corporate image	Bairaha is a trusted brand built over a period of nearly five decades and hence customers trust the brand despite occasional fear mongering and negative propaganda in regard to presence of hormones in chicken misrepresenting the facts.
8. Natural disasters	1. Floods 2. Fires 3. Storms 4. Earthquakes 5. Other natural calamities	R: Risk of business interruptions	- Company has production facilities at multiple locations to minimise the possibility of any devastating impact to the business operation. - Insurance coverage to safeguard our assets from loss or destruction due to unexpected events. - Employee training and drills to prepare the staff to deal with calamities.
9. Continuation of COVID-19 Pandemic	1. Disruptions to business due to an outbreak of COVID-19 in farms and factories where there are large numbers of employees working at a given location 2. Increase in global commodity prices which are key inputs for feed as well as increase in local raw material prices	R: Business interruptions and drop in productivity O: Opportunity to seek alternative working arrangements, attention to staff welfare resulting in staff loyalty, further segregation of work environment in smaller teams, contributing to possibly higher output R: Increased cost of production	- Provision of transport facilities by the Company to minimise exposure. - Precautions taken in the farms and factories by insisting on the wearing of masks. - Priority given to cash flow management to deal with the volatility in the market. - Developing multiple sourcing channels and markets to mitigate against being unduly concentrated in one industry. - Motivating employees by providing them safer environment to work while providing them with an attractive remuneration. - By serving a number of market segments with varying product mix, have been able to pass on the cost escalation to the customers while maintaining and where possible improving productivity within the operations.

Risk Management

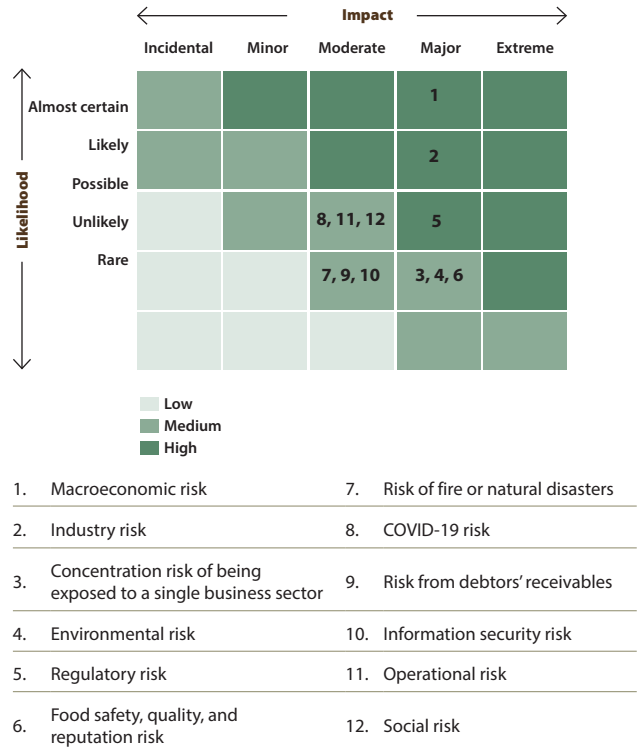
Principal Risks	Risk Indicators	Impact to business (R: Risks; O- Opportunities)	Mitigating Factors and Measures
10. Debtors receivables	2. Default by customers	R: Constraints in cash flow O: Introduction of stringent credit frameworks and incentivising to avoid possible defaults	• All distributors need to provide bank guarantees as security for their purchases. • ERP system provides real-time information for monitoring outstanding balances. • Proper due diligence on customer's track record. • The Company closely tracks ageing reports to ensure timely recovery and to grant, as needed, additional extension in credit period only to reliable customers. • Prompt action is taken to recover overdue debts by working out and agreeing to a payment plan or where necessary legal action is taken to recover the outstanding amount. • Incentivising the sales staff to improve cash collection and to reduce the outstanding amount.
11. Information security risk	1. Cybersecurity risks associated with various software and IT systems used by the Company 2. Access to Bairaha's critical business information including own recipes and management data by third parties	R: Business interruptions and access of confidential information by unauthorised persons O: Allows the IT staff to engage in innovative software production, thus encouraging creativity within the staff cadre, recognition, reward and long-term stays with the Company	• Implementation of IT governance and policy control mechanisms. • Periodically undertake a third party External IT audit to confirm the effectiveness of the IT security and controls, governance, and control practices that are in place. • Non-disclosure agreements with all vendors and contractors. • Next generation firewall has been introduced with new AI capabilities.
12 Social risk	1. Business interruptions due to turbulent conditions	It impedes smooth operations and continuity of business due to unexpected & sudden civil unrest and rebellions in the country	

Risk Management

Principal Risk Heat Map

The principal risks are summarised below, and the likelihood of the risks are mapped against their impact in the principal risk heat map. A noteworthy change in the risk map in the year under review is attributed to the deteriorated macro-economic situation and the relevant risk has been re-classified from moderate to major. Therefore, the risk map for the year under review was crafted being cognizant of the global pandemic (in addition to certain internal economic issues), that resulted in an acute loss of foreign exchange earnings for the country.

This in turn brought in its wake, a host of other critical issues such as reduced purchasing power due to inflation, job losses that tightened consumer spending, lockdowns that restricted mobility, and increased Company’s costs on staff wellbeing. Currently the trend continues as shortages of fuel impairs the supply chain, the delivery systems, and generally inconveniences all other operations. In the table above, and throughout the report, we have detailed the proactive steps we have taken to address this crisis situation.



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Financial Calendar

Interim Financial Statements Calendar

	2021/22	Target set for 2022/23
1st Quarter (ended 30th June)	30th July 2021	30th July 2022
2nd Quarter (ended 30th September)	28th Oct 2021	31st October 2022
3rd Quarter (ended 31st December)	31st January 2022	31st Jan 2023
4th Quarter (ended 31st March)	30th May 2022	25th May 2023

Annual General Meeting Calendar

	2021/22	Target set for 2022/23
Annual Report and Financial Statements to shareholders	30th May 2022	30th May 2023
Annual General meeting (to be held)	30th June 2022	30th June 2023

Statement of Directors' Responsibilities

The Directors are responsible for ensuring that the Company keeps sufficient accounting records which disclose the financial position of the Company with reasonable accuracy and that the financial statements are prepared in conformity with the Sri Lanka Accounting Standards (SLFRS/LKAS) and comply with the provisions of the Companies Act. The Directors have adopted the going concern basis for the preparation of the financial statements.

The Directors are responsible for taking reasonable measures to safeguard the assets of the Company and in that regard maintain effective controls.

The Directors confirm that all statutory payments for the financial year have been made.

By Order of the Board,
Bairaha Farms PLC

(Sgd.)
P W CORPORATE SECRETARIAL (PVT) LTD.
Company Secretaries

30th May 2022
Colombo

Independent Auditors' Report


EY

Building a better
working world

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To the shareholders of Bairaha Farms PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the financial statements of Bairaha Farms PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2022 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 of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2022, and of their financial performance and 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 Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Partners: H M A Jayasinghe FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA W R H De Silva ACA ACMA Ms. Y A De Silva FCA Ms. K R M Fernando FCA ACMA
N Y R L Fernando ACA W K B S P Fernando FCA FCMA Ms. L K H L Fonseka FCA D N Gamage ACA ACMA A P A Gunasekera FCA FCMA A Herath FCA
D K Hulangamuwa FCA FCMA LLB (Lond) Ms. A A Ludowyke FCA FCMA ACMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajewani FCA
N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA C A Yalagala

Principal G B Goudian ACA Ms. P S Paranavitane ACA LLB (Colombo) T P M Ruberu FCMA FCCA
A member firm of Ernst & Young Global Limited

Independent Auditors' Report

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the

risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters common to both Group and the Company

Key audit matter	How our audit addressed the key audit matter
(1) Fair valuation of bearer biological assets The Group carried bearer biological assets at fair value amounting to LKR 543,756,753 in accordance with its accounting policy as disclosed in Note 2.3.8 to the financial statements. This was a key audit matter due to: • Magnitude of the balances and their significance to the overall financial statements which represents 9% of the group's total assets. • Key judgments used in significant assumptions made by management such as internal rate of return, day-old chick prices, egg – production rate, hatchability and mortality rate and as further described in Notes 2.2, 2.3.8, 12.2 and 30.1.1.1 of the financial statements	Our audit procedures included the followings; • Understood, evaluated and tested the key internal controls and the methodology adopted in the valuation of bearer biological assets; • Tested the capitalized amounts by tracing amounts to related supporting documents; • Evaluated the reasonableness of the estimated cash flows and the key assumptions used such as internal rate of return, day-old chick prices, egg – production rate, hatchability and mortality rate relating to fair valuation by comparing those assumptions with entity's historical experiences and with relevant available market information. • We also assessed the adequacy of the related disclosures in Notes 2.2, 2.3.8, 12.2 and 30.1.1.1 to the financial statements.

Independent Auditors' Report

Other information included in the 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover 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 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. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance

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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group'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 judgment 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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report

- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

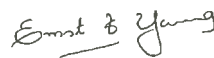
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 appears from our examination, proper accounting records have been kept by the Company.

The Institute of Chartered Accountant of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2965.



30th May 2022
Colombo

Statement of Financial Position

		Group		Company	
As at 31 March	Notes	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Assets					
Non-current assets					
Property, plant and equipment	4	2,500,695,088	2,349,860,724	933,729,816	869,539,497
Right of use asset	5	8,860,289	13,290,436	14,142,510	21,213,766
Investment property	6	–	–	51,932,769	54,252,615
Intangible assets	7	39,989,250	38,724,829	39,898,250	38,619,829
Investments in subsidiaries	8	–	–	381,532,820	381,532,820
Investments in joint ventures	9	1,176,730,340	1,104,730,371	711,922,000	711,922,000
Other investments	10	891,800	1,131,900	891,800	1,131,900
Biological assets – Bearer	12	105,002,246	32,828,331	52,608,411	28,023,793
		3,832,169,013	3,540,566,591	2,186,658,376	2,106,236,220
Current assets					
Inventories	11	362,024,188	245,063,033	219,928,475	163,807,155
Biological assets – Consumable	12	211,654,885	202,504,633	161,689,272	115,167,091
Biological assets – Bearer	12	438,754,507	476,157,350	257,230,802	115,699,747
Trade and other receivables	13	694,261,283	497,271,748	710,502,107	399,587,268
Income tax receivable		24,265,487	44,930,802	13,061,539	27,705,507
Other investments	10	46,135,670	46,212,932	61,154	77,596
Amounts due from related parties	14	50,509,233	509,233	117,290,757	26,466,326
Cash and bank balances	27	541,691,393	237,120,218	302,079,107	178,180,090
		2,369,296,646	1,749,769,949	1,781,843,213	1,026,690,780
Total assets		6,201,465,659	5,290,336,540	3,968,501,589	3,132,927,000

Statement of Financial Position

		Group		Company	
As at 31 March	Notes	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Equity and liabilities					
Equity					
Stated capital	15	256,305,197	256,305,197	256,305,197	256,305,197
Revaluation surplus	16.1	572,830,044	580,246,801	183,956,592	183,956,592
Fair value reserve		(1,254,207)	(1,014,107)	(1,254,207)	(1,014,107)
Actuarial gain on defined benefit plans		(3,968,043)	(5,557,842)	(3,968,043)	(5,557,842)
Retained earnings		3,960,977,491	3,284,213,706	1,326,787,653	1,059,983,299
Total equity		4,784,890,482	4,114,193,755	1,761,827,192	1,493,673,139
Non-current liabilities					
Financing and lease (Ijara) payables	17	257,660,284	141,629,432	106,558,148	94,079,389
Deferred tax liabilities	25.2	177,672,605	180,137,125	60,207,891	56,229,716
Retirement benefit liability	18	94,863,017	95,929,438	83,018,834	82,774,701
		530,195,906	417,695,995	249,784,873	233,083,806
Current liabilities					
Trade and other payables	19	594,676,038	374,350,382	1,425,360,210	898,019,890
Dividends payable	20	16,545,937	14,820,660	16,545,937	14,820,660
Amounts due to related parties	21	–	–	306,583,406	214,034,760
Financing and lease (Ijara) payables	17	275,157,296	369,275,748	208,399,971	279,294,745
		886,379,271	758,446,790	1,956,889,524	1,406,170,055
Total equity and liabilities		6,201,465,659	5,290,336,540	3,968,501,589	3,132,927,000

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007

(Sgd.)

Shafraz Hussaindeen

Finance Manager

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

(Sgd.)

Yakoob Naleem

Managing Director

(Sgd.)

Riyal Yakoob

Executive Director

The Accounting Policies and Notes on pages 114 through 182 form an integral part of the financial statements.

30th May 2022
Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March	Notes	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Revenue	3	6,742,246,571	5,056,659,628	5,270,821,362	3,797,825,065
Cost of sales		(5,405,754,779)	(4,237,275,266)	(4,578,063,169)	(3,543,429,780)
Gross profit		1,336,491,792	819,384,362	692,758,193	254,395,285
Other operating income	22	29,526,545	31,435,121	305,613,948	129,609,423
Distribution costs		(416,445,166)	(319,830,025)	(332,404,799)	(256,422,299)
Administrative expenses		(285,995,464)	(274,880,037)	(245,634,857)	(239,090,685)
Other operating expenses		(626,660)	(558,236)	(588,555)	(391,936)
Finance cost	23	(41,173,807)	(63,417,106)	(26,676,236)	(49,104,993)
Share of profit/(loss) from joint venture companies (Net of tax)	9.2	171,999,969	166,838,282	–	–
Profit/(loss) before tax	24	793,777,209	358,972,361	393,067,694	(161,005,205)
Income tax expense	25	(28,430,180)	(11,764,422)	(30,263,340)	(8,422,066)
Profit/(loss) for the year		765,347,029	347,207,939	362,804,354	(169,427,271)
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Fair value gain/(losses) – Other investments		(240,100)	480,200	(240,100)	480,200
Actuarial gain on defined benefit plans	18.2	1,848,603	(4,733,350)	1,848,603	(4,733,350)
Deferred tax impact on defined benefit plans	25.2	(258,804)	662,669	(258,804)	662,669
Revaluation of property, plant and equipment	16.1	–	76,122,009	–	39,689,676
Deferred tax impact on revaluation	16.1	–	(10,669,391)	–	(5,556,555)
Share of other comprehensive income net of tax equity accounted investees	16.1	–	7,204,539	–	–
Other comprehensive income for the year		1,349,699	69,066,676	1,349,699	30,542,640
Total comprehensive income		766,696,728	416,274,615	364,154,053	(138,884,631)
Profit/(loss) attributable to :					
Equity holders of the parent		765,347,029	347,207,939	362,804,354	(169,427,271)
Non-controlling interest		–	–	–	–
		765,347,029	347,207,939	362,804,354	(169,427,271)
Total comprehensive income attributable to :					
Equity holders of the parent		766,696,728	416,274,615	364,154,053	(138,884,631)
Non-controlling interest		–	–	–	–
		766,696,728	416,274,615	364,154,053	(138,884,631)
Earnings per share – Basic/Diluted	26	47.83	21.70	22.68	(10.59)

The Accounting Policies and Notes on pages 114 through 182 form an integral part of the Financial Statements.

Statement of Changes in Equity

	Stated Capital	Revaluation Surplus	Fair Value Reserve	Actuarial Gain on Defined Benefit Plans	Retained Earnings	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Group						
Balance as at 1st April 2020	256,305,197	507,589,644	(1,494,307)	(1,487,161)	2,937,005,767	3,697,919,140
Profit for the year	–	–	–	–	347,207,939	347,207,939
Other comprehensive income (Net)	–	72,657,157	480,200	(4,070,681)	–	69,066,676
Dividends (DPS: LKR Nil)	–	–	–	–	–	–
Balance as at 31st March 2021	256,305,197	580,246,801	(1,014,107)	(5,557,842)	3,284,213,706	4,114,193,755
Profit for the year	–	–	–	–	765,347,029	765,347,029
Other comprehensive income (Net)	–	–	(240,100)	1,589,799	–	1,349,699
Realised revaluation surplus on property, plant and equipment	–	(7,416,757)	–	–	7,416,757	–
Dividends (DPS: LKR 6.00)	–	–	–	–	(96,000,000)	(96,000,000)
Balance as at 31st March 2022	256,305,197	572,830,044	(1,254,207)	(3,968,043)	3,960,977,491	4,784,890,482
Company						
Balance as at 1st April 2020	256,305,197	149,823,471	(1,494,307)	(1,487,161)	1,229,410,570	1,632,557,770
Loss for the year	–	–	–	–	(169,427,271)	(169,427,271)
Other comprehensive income	–	34,133,121	480,200	(4,070,681)	–	30,542,640
Dividends (DPS: LKR Nil)	–	–	–	–	–	–
Balance as at 31st March 2021	256,305,197	183,956,592	(1,014,107)	(5,557,842)	1,059,983,299	1,493,673,139
Profit for the year	–	–	–	–	362,804,354	362,804,354
Other comprehensive income (Net)	–	–	(240,100)	1,589,799	–	1,349,699
Dividends (DPS: LKR 6.00)	–	–	–	–	(96,000,000)	(96,000,000)
Balance as at 31st March 2022	256,305,197	183,956,592	(1,254,207)	(3,968,043)	1,326,787,653	1,761,827,192

The Accounting Policies and Notes on pages 114 through 182 form an integral part of the Financial Statements.

Statement of Cash Flows

Year ended 31 March	Notes	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Operating activities					
Profit/(Loss) before income tax expense		793,777,209	358,972,361	393,067,694	(161,005,205)
Adjustments for					
Allowance for weight loss	24	38,986,937	18,000,000	38,986,937	18,000,000
Depreciation	4	205,158,915	223,198,902	105,862,499	110,271,296
Right of use asset depreciation	5.1	4,430,147	4,430,147	7,071,256	7,071,256
Transferred to cost of sales and fair value gain	12.1	548,084,198	633,167,473	158,552,012	197,968,977
Share of profit/(loss) from joint venture companies (Net of tax)	9.2	(171,999,969)	(166,838,282)	–	–
Fair value gain on quoted investments		16,440	(16,489)	16,440	(16,489)
Intangible assets amortisation	7	5,648,749	5,104,196	5,634,749	5,090,196
Income from investments	22	(1,302)	(17,060)	(150,001,302)	(17,060)
Profit on disposal of property, plant and equipment	22	4,511,608	(1,561,299)	143,741	(1,561,299)
Finance cost	23	41,173,807	63,417,106	26,676,236	49,104,993
Provision for defined benefit plans	18	4,540,282	16,149,921	5,751,961	12,804,011
Allowance for bad and doubtful debts	13.1	(2,671,594)	21,248,900	27,000,000	21,210,078
Operating profit before working capital changes		1,471,655,427	1,175,255,876	618,762,223	258,920,753
(Increase)/Decrease in inventories		(155,948,092)	110,895,431	(95,108,258)	110,311,172
(Increase)/Decrease in biological assets		(9,150,252)	(46,875,854)	(46,522,181)	(51,381,529)
(Increase)/Decrease in trade and other receivables		(194,317,941)	(27,800,975)	(337,914,856)	(31,060,162)
Increase/(Decrease) in related company balances (Net)		(50,000,000)	–	1,724,215	(40,435,525)
Increase/Decrease) in trade and other payables		220,325,654	(84,370,094)	527,340,338	360,876,498
Cash generated from operations		1,282,564,796	1,127,104,384	668,281,481	607,231,206
Finance costs paid	23	(41,173,807)	(63,417,106)	(26,676,236)	(49,104,993)
Defined benefit plan costs paid	18	(3,758,100)	(6,405,601)	(3,659,225)	(5,521,576)
Income tax paid		(10,488,188)	1,046,191	(11,900,001)	–
Net cash flows from operating activities		1,227,144,701	1,058,327,868	626,046,019	552,604,637
Investing activities					
Acquisition of property, plant and equipment	4	(485,332,664)	(154,741,613)	(172,904,490)	(132,747,172)
Acquisition of intangible assets	7	(6,913,170)	(6,043,450)	(6,913,170)	(6,043,450)
Acquisition of biological assets	12.1	(582,855,270)	(685,322,643)	(324,667,685)	(241,117,043)
Investment in wakala investment		60,820	675,891	–	–

Statement of Cash Flows

Year ended 31 March	Notes	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Proceeds from sale of property, plant and equipment		124,827,778	5,495,370	5,027,778	5,495,370
Dividend received	22	100,001,302	17,060	150,001,302	17,060
Net cash flows used in investing activities		(850,211,204)	(839,919,385)	(349,456,265)	(374,395,235)
Financing activities					
Dividend paid	20.3	(94,274,722)	(11,032)	(94,274,722)	(11,032)
Proceeds from financing and lease (Ijara)	17	351,300,000	316,227,141	214,000,000	249,912,546
Repayment of financing payable	17	(339,448,286)	(406,270,782)	(282,476,701)	(301,820,247)
Net cash flows from/(used in) financing activities		(82,423,008)	(90,054,673)	(162,751,423)	(51,918,733)
Net increase/(decrease) in cash and cash equivalents		294,510,489	128,353,810	113,838,331	126,290,669
Cash and cash equivalents at the beginning of the year	27	162,793,542	34,439,733	103,853,414	(22,437,255)
Cash and cash equivalents at the end of the year	27	457,304,031	162,793,542	217,691,745	103,853,414

The Accounting Policies and Notes on pages 114 through 182 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. Corporate information

1.1 General

Bairaha Farms PLC ("Company") is a public quoted company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 407, Galle Road, Colombo - 03. The Company does not have an identifiable parent of its own. The Company is the Ultimate Parent of the Group.

1.2 Principal activities and nature of operations

The core activities of the Group are vertical integrated poultry farming, chicken processing and manufacturing of pre-cooked meats. Principal activities and nature of the operations of the subsidiaries, sub subsidiaries and joint ventures have been mentioned below.

Subsidiaries	Principal activity	Holding percentage
Bairaha Foods (Pvt) Ltd.	Manufacturing of pre-cooked meat products	100
Lanka Land Development Ltd.	Purchasing and leasing agricultural lands	100
HCF Land Development Ltd.	Purchasing and leasing agricultural lands	100
BF Lands Development Ltd.	Purchasing and leasing agricultural lands	100
Golden Rooster Restaurants (Pvt) Ltd.	Not in operation	100
Siyane Farms Ltd.	Breeder farming	100
Nature's Best Industry Ltd.	Broiler farming	100
Regency Real Estate Company Ltd.	Operation has not started	100
Sub subsidiaries		
Hill County Farms Ltd.	Breeder farming	100
Foster Real Estate Ltd.	Purchasing and leasing agricultural lands	100
Bairaha Trading (Private) Ltd.	Importing and selling disinfectants	100

Subsidiaries	Principal activity	Holding percentage
Joint ventures		
Rajarata Land Development Ltd.	Purchasing and leasing agricultural lands	50
Cultural Triangle Land Development Ltd.	Purchasing and leasing agricultural lands	50
Windsor Real Estate Ltd.	Purchasing and leasing agricultural lands	50
Fortune G-P Farms (Lanka) Ltd.	Grandparent Breeder Farming	50
Fortune Agro Industries (Pvt) Ltd.	Feed milling operation	50

1.3 Date of authorisation for issue

The consolidated financial statements of Bairaha Farms PLC, for the year ended 31st March 2022 were authorised for issue by the Board of Directors on 30th May 2022.

2.1 Basis of preparation

The financial statements which comprise, statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flow statement, together with the accounting policies and notes (the "financial statements") have been prepared on a historical cost basis, except for, all property, plant and equipment other than assets classified as plant and machinery, equipment which includes computer equipment, other investments and consumable and bearer biological assets that have been measured at fair value. The Financial Statements are presented in Sri Lankan Rupees (Rs.)

2.1.1 General policies

"The Company" refers to Bairaha Farms PLC as the holding company and "the Group" refers to the Company and all its subsidiaries.

Notes to the Financial Statements

2.1.2 Statement of compliance

The financial statements of the Group and Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka and the preparation and presentation of these financial statements is in compliance with the Companies Act No. 07 of 2007.

2.1.3 Going concern

In determining the going concern basis of preparing the financial statements for the year ended 31st March 2022, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. In March 2022, the Group evaluated the resilience of its businesses considering a wide range of factors, relating to expected revenue streams, profitability, the ability to defer nonessential capital expenditure, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods to ensure businesses continue without a major impact.

Therefore, the management of Bairaha Farms PLC has satisfied that the group has the resources to continue in business into a foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the group's ability to continue as a going concern. Therefore, the consolidated financial statements are continued to be prepared on the going concern basis.

2.1.4 Comparative information

The presentation and classification in the financial statements have been amended where appropriate to ensure comparability with the current year.

2.1.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31st March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement

with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity Transaction.

Notes to the Financial Statements

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.1.6 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately, unless they are immaterial. Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Group. Understandability of the Financial Statements is not compromised by observing material information or by aggregating material items that have different nature of functions.

2.1.7 Rounding

The amounts in the financial statements have been rounded off to the nearest rupees, except where otherwise indicated.

2.2 Significant accounting judgments, estimates and assumptions

The preparation of the Group financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. In the process of applying the Group accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future periods are discussed below.

Defined benefit plans

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates,

future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further details are given in Note 18.

Useful lives of property, plant and equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Fair value of property, plant and equipment

All Property, Plant and Equipment except Plant and Machinery and equipment including computer equipment of the Group are reflected at fair value. The Group engaged independent valuation specialist to determine fair value of certain Property, Plant and Equipment. Further details are given in Note 04.

Impairment losses on trade receivables

The Group reviews individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the Statement of profit or loss and other comprehensive income. In particular, judgment of the management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Consumable biological assets

Consumable biological assets are measured at fair value less costs to sell. In management's opinion, cost is approximated as fair value of the broiler birds and hatching eggs mainly due to the associated short life cycle of those assets and the fact that a significant value addition on broiler birds arises from the manufacturing process and no or only little biological change was observed for hatching eggs as at the year end. Accordingly the cost of consumable biological assets approximates its fair value.

Notes to the Financial Statements

Bearer biological assets

Bearer biological assets are measured at fair value less costs to sell. The fair value of parent birds is determined using discounted cash flows model based on the internal rate of return, mortality rates of the parent birds, egg production rates, hatchability rates of eggs, estimated market selling price of day-old-chick and other estimated farming cost that will be incurred throughout the remaining life of the parent birds.

2.3 Summary of significant accounting policies

The significant accounting policies applied by the Group in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.3.1 Property, plant and equipment

(a) Cost and Valuation

All items of Property, Plant and Equipment are initially recorded at cost. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the balance sheet date. Subsequent to the initial recognition as an asset at cost, revalued Property, Plant and Equipment are carried at revalued amounts less any subsequent depreciation thereon. All other Property, Plant and Equipment are stated at historical cost less depreciation and less any impairment in value.

Any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve net of deferred tax, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the profit or loss, in which case the increase is recognized in the profit or loss. A revaluation deficit is recognized in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Buildings, Poultry sheds, Furniture and Fittings and Motor Vehicles are revalued once in every five years and lands are valued every two years. The rest of the classes of assets were kept at cost. However, considering the volatile economic conditions prevailing in the country, the Management proposes to revalue the fixed assets again at 31st March 2023 and thereafter carry out a valuation every three years to ensure that their carrying amounts do not differ materially from their fair values at the balance sheet date.

(b) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

(c) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all property, plant and equipment other than freehold land, in order to write off such amounts over the estimated useful lives by equal installments.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

The depreciation rates have been included in Note 4.1.7

Notes to the Financial Statements

(d) Capital work-in-progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work in progress, while the capital assets which have been completed during the year and put to use are transferred to property, plant and equipment.

2.3.2 Investment property

(a) Recognition

Investment properties are measured initially at cost, including transaction costs. The carrying value of investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of investment property.

Subsequent to initial recognition, all Investment Properties are carried at cost less any accumulated depreciation thereon.

(b) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost of investment property, in order to write off such amounts over the estimated useful lives by equal installments.

The useful life of investment property is as follows;

Class of investment property	Useful life	Depreciation method
Buildings	33.3 Years	Straight-line method

(c) Derecognition

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

2.3.3 Intangible assets

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

The useful life of intangible asset is as follows:

The class of intangible assets	Useful life	Amortisation method
Computer software	10 Years	Straight-line method

2.3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are recognized as expenses in the period in which they are incurred.

2.3.5 Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's

Notes to the Financial Statements

recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and 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 exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, 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 Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.3.6 Interest in a joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the

contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint ventures are eliminated to the extent of the interest in the joint ventures.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share of profit of a joint venture' in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between

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the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

In the separate financial statements of the Company, such investments in joint venture is accounted for at cost.

2.3.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost, net of any impairment losses which are charged to the Statement of Profit or Loss in the Company's Financial Statements and it is in accordance with the Sri Lanka Accounting Standard – LKAS 27 – “Consolidated and Separate Financial Statements”.

Subsidiaries are entities that are controlled by the Group and the Company. Subsidiaries are consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date when such control ceases. The Company is presumed to control an investee when it is exposed, or has right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra-group balances and transactions, income, expenses and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Company. At present Group do not have any non-controlling interests.

All subsidiaries of the Company have been incorporated in Sri Lanka. A list of subsidiaries are given in Note 08.

2.3.7 Financial instruments – initial recognition and subsequent measurement

Initial recognition of Financial Assets and Financial Liabilities

The Group shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

Measurement of financial assets

A financial asset be measured at amortised cost if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value unless it is measured at amortised cost in accordance with above criteria. The company measures Trade Debtors at amortised cost.

Classification of financial assets

The Group classify financial assets as subsequently measured at either amortised cost or fair value on the basis of both:

- (a) The entity's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Derecognition of financial assets

The Group derecognize a financial asset when and only when:

- (a) the contractual rights to the cash flows from the financial asset expire, or
- (b) it transfers the financial asset as and the transfer qualifies for derecognition.

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A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship be recognized in profit or loss when the financial asset is derecognized, impaired or reclassified in accordance and through the amortisation process.

Impairment- Recognition of expected credit losses

The Group recognize a loss allowance for expected credit losses on Trade Debtors to which the impairment requirements apply.

At each reporting date, the Group measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information, including that which is forward-looking.

Simplified approach for trade receivables

The Group always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of SLFRS 15, and that:

- (i) do not contain a significant financing component (or when the entity applies the practical expedient for contracts that are one year or less) in accordance with SLFRS 15; or
- (ii) contain a significant financing component in accordance with SLFRS 15, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses. That accounting policy shall be applied to all such trade receivables or contract assets but may be applied separately to trade receivables and contract assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Financial liabilities recognition

The Group measured the financial liability at fair value, including the costs of the transaction which can be directly assigned financial liability, when these are designated at their fair value in the profit and loss account.

The Management assessed that the fair value of trade payables, Bank overdraft and current liabilities.

Financial liabilities subsequent measurement

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss.

Derecognition of financial liabilities

The Group remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished – ie when the obligation specified in the contract is discharged or cancelled or expires.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

Notes to the Financial Statements

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship be recognized in profit or loss when the financial liability is derecognized and through the amortisation process.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and 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 fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

(i) Fair value measurement

The Group measures financial instruments such as Bearer biological assets, quoted shares, and non-financial assets such as property, plant and equipment other than assets classified plant and machinery and equipment including computer equipment at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following Notes:

- Disclosures for valuation methods, significant estimates and assumptions – Note 30
- Quantitative disclosures of fair value measurement hierarchy – Note 30
- Property, plant and equipment under revaluation model – Note 4
- Investment properties – Note 6
- Bearer Biological assets – Note 12

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Financial Statements

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External valuers are involved for valuation of significant assets, such as property, plant and equipment other than assets classified plant and machinery. Involvement of external valuers is decided by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.8 Biological assets and agricultural produce

Biological assets comprise of Parent birds, broilers and hatching eggs.

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Broiler birds and hatching eggs have been identified as consumable biological assets.

Bearer biological assets are those other than consumable biological assets. Bearer biological assets are not agricultural produce but, rather, are self-regenerating. The Group has identified Parent birds as bearer biological assets.

Biological assets whose fair value can be measured reliably are measured at fair value less cost to sell, in line with LKAS 41. Cost to sell includes all costs that would be necessary to sell the assets excluding finance costs and income taxes. Gain and losses in relation to the fair value of biological assets are recognized in the the Statement of profit or loss and other comprehensive income, within "cost of sales", in the period which they arise.

2.3.9 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the estimated price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted as follows:-

2.3.9.1 Broiler meat

Broiler Meat is valued at prime cost together with an appropriate proportion of overheads on weighted average basis, after making due allowance for weight losses.

2.3.9.2 Poultry feed, drugs and sundry inventories

Poultry Feed, Drugs and Sundry Inventories are valued at actual cost on weighted average basis after making due allowance for obsolete and slow moving items.

2.3.9.3 Trading inventories

Trading Inventories which include retail items for sale are valued at actual cost on weighted average basis.

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2.3.9.4 Sundry stocks

Sundry stocks consist with packing materials and ingredients which are used for the production process. Stocks are valued at actual cost on weighted average basis after making due allowance for obsolete and slow-moving items.

2.3.10 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value, net of outstanding bank overdrafts.

2.3.11 Leases

Recognition

At inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset.

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use assets of the Group consists of lands and buildings.

Measurement

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined group's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred.

Where the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Right of use assets are subject to impairment.

Estimating the incremental borrowing rate

As the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease). The Group estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.3.12 Retirement benefit obligations

(a) Defined benefit plan – Gratuity

Employees are eligible to receive a gratuity payment of half month's salary per year of service at the end of service provided the employee has provided 5 years of service, under the payment of Gratuity Act No. 12 of 1983.

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The liability recognized in the statement of financial position is the present value of defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognized immediately in the statement of profit or loss and other comprehensive income.

Funding arrangements

The Gratuity liability is not externally funded.

b) Defined contribution plans– Employees’ Provident Fund and Employees’ Trust Fund

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with respective Statutes and Regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

2.3.13 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.3.14 Revenue recognition

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or services to a customer. For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. If the Company does not satisfy a performance obligation overtime, the performance obligation is satisfied at a point in time. An asset is transferred when the customer obtains control of that asset and when evaluating whether a customer obtains control of an asset, the Company consider any agreement to repurchase the asset.

The following specific recognition and measurement criteria should also be met before revenue is recognized:

Identifying the contract

The Group account for a contract with a customer only when all of the following criteria are met:

- (a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- (b) the Group can identify each party’s rights regarding the goods or services to be transferred;
- (c) the Group can identify the payment terms for the goods or services to be transferred;
- (d) the contract has commercial substance (ie the risk, timing or amount of the Group’s future cash flows is expected to change as a result of the contract); and
- (e) it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group shall consider only the customer’s ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the Group will be entitled may be less than the price stated in the contract if the consideration is variable because the Group may offer the customer a price concession.

Identifying performance obligations

At contract inception, the Group assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

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Satisfaction of performance obligations

The Group recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Performance obligations satisfied over time

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs ;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced ; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date .

Determining the transaction price

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which a Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

2.3.15 Other operating income

(a) Dividends

Dividend Income is recognized when the shareholders' right to receive the payment is established.

(b) Rental income

Rental income is recognized on accrual basis.

(c) Others

Other income is recognized on an accrual basis.

Net Gains and losses of a revenue nature on the disposal of property, plant and equipment and other non-current assets including investments have been accounted for in the statement of profit or loss and other comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued property, plant and equipment, amount remaining in Revaluation Reserve relating to that asset is transferred directly to accumulated profit.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.3.16 Expenditure recognition

- (a) Expenses are recognized in the Statement of profit or loss and other comprehensive income on the basis of direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the business and the maintenance of the property , plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- (b) For the purpose of presentation of Statement of profit or loss and other comprehensive income the Directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted.
- (c) Finance expenses are recognized in the Statement of profit or loss and other comprehensive income on effective interest cost basis.

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2.3.17 Foreign currency translation

The financial statements are presented in Sri Lanka rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. The resulting gains or losses are accounted for in the Statement of profit or loss and other comprehensive income.

2.3.18 Taxation

(a) Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

(b) Deferred Taxation

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except;

- where the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets 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 assets and unused tax losses can be utilised except;

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income 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 income tax asset to be utilised.

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

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(c) Turnover based tax

Turnover based taxes include value added tax. Companies in the group pay value added tax in accordance with respective statutes.

(d) IFRIC Interpretation 23 “Uncertainty over Income Tax Treatment”

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated within certain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the interpretation had an impact on its Financial Statements. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The tax filings of the Group in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax

compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the Financial Statements of the Group.

2.3.19 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Financial Statements

2.3.20 Stated capital and reserves

(a) Stated capital

Ordinary shares are classified as stated capital. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Following reserves were included in the financial statements for the purpose mentioned therein.

(b) Revaluation surplus

This reserve consists of the revaluation gains and subsequent revaluation losses recognized for the Property, Plant and Equipment except Plant and Machinery, Equipment and computers in the Property, Plant and Equipment.

(c) Fair value reserve

This reserve serves the purpose of recognizing the fair value changes of the Financial Instruments measured at fair value through OCI.

(d) Actuarial gain on defined benefit plan

The Actuarial gain or loss arising due to Actuarial experience, change in plan assumptions and adjustments due to census update were recognized in this reserve.

2.3.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.3.22 Standard issued but not yet effective

The amended standards that are issued but not yet effective up to the date of issuance of these financial statements are disclosed below. The Group intends to adopt these amended standards, if applicable, when they become effective.

(a) Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations – Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1st January 2022 and apply prospectively.

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(b) Amendments to LKAS 16 Property, Plant and Equipment: Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1st January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

(c) Amendments to LKAS 37 Provisions, Contingent liabilities and contingent assets: Onerous contracts – Costs of fulfilling a contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1st January 2022. Earlier application is permitted.

(d) LKAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

Notes to the Financial Statements

3. Revenue

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Sale of goods	6,742,246,571	5,056,659,628	5,270,821,362	3,797,825,065
	6,742,246,571	5,056,659,628	5,270,821,362	3,797,825,065

4. Property, plant and equipment

4.1 Group

	Balance as at 1st April 2021 LKR	Additions/ Transfers LKR	Disposals/ Transfers LKR	Balance as at 31st March 2022 LKR
4.1.1 Gross carrying amounts				
At valuation				
Land	546,262,031	171,817,651	(88,050,000)	630,029,682
Buildings	314,234,440	50,725,188	(36,117,867)	328,841,761
Buildings on leasehold land	15,629,013	–	–	15,629,013
Poultry sheds	438,676,898	55,588,399	–	494,265,297
Furniture and fittings	51,065,358	2,934,823	–	54,000,181
Motor vehicles	172,140,987	25,207,454	(5,446,644)	191,901,797
	1,538,008,727	306,273,515	(129,614,511)	1,714,667,731
At Cost				
Plant and machinery	1,035,683,589	64,973,071	–	1,100,656,660
Equipments	641,960,731	31,647,831	–	673,608,562
Computer equipment	31,460,735	3,651,740	–	35,112,475
	1,709,105,055	100,272,642	–	1,809,377,697
Total value of depreciable assets	3,247,113,782	406,546,157	(129,614,511)	3,524,045,428
4.1.2 In the course of construction				
Capital work-in-progress	59,876,084	187,078,612	(108,292,105)	138,662,591
Total gross carrying amount	3,306,989,867	593,624,769	(237,906,616)	3,662,708,020

Notes to the Financial Statements

4.1.3 Depreciation

	Balance as at 1st April 2021 LKR	Charge for the year/Transfers LKR	Disposals/ Transfers LKR	Balance as at 31st March 2022 LKR
At valuation				
Buildings	–	10,007,978	–	10,007,978
Buildings on leasehold land	–	468,870	–	468,870
Poultry sheds	–	27,225,106	–	27,225,106
Furniture and fittings	–	5,285,755	–	5,285,755
Motor vehicles	–	28,904,413	(275,126)	28,629,287
	–	71,892,122	(275,126)	71,616,996
At cost				
Plant and machinery	515,734,296	85,314,231	–	601,048,527
Equipments	416,662,803	44,458,048	–	461,120,851
Computer equipments	24,732,044	3,494,514	–	28,226,558
	957,129,143	133,266,793	–	1,090,395,936
Total depreciation	957,129,143	205,158,915	(275,126)	1,162,012,932

Notes to the Financial Statements

4.1.4 Net book values

	Balance as at 31st March 2022 LKR	Balance as at 31st March 2021 LKR
At valuation		
Land	630,029,682	546,262,031
Buildings	318,833,783	314,234,440
Buildings on leasehold land	15,160,143	15,629,013
Poultry sheds	467,040,191	438,676,898
Furniture and fittings	48,714,426	51,065,358
Motor vehicles	163,272,510	172,140,987
	1,643,050,735	1,538,008,727
At cost		
Plant and machinery	499,608,133	519,949,293
Equipments	212,487,711	225,297,928
Computer equipment	6,885,917	6,728,691
	718,981,761	751,975,912
In the course of construction		
Capital work-in-progress	138,662,591	59,876,084
Total carrying amount of property, plant and equipment	2,500,695,088	2,349,860,724

4.1.5 Group

The Group revalues all property, plant and equipment other than assets classified as plant and machinery, equipment and computer equipment once every five years. The fair value of Property Plant and Equipment was determined by means of a revaluation during the financial year 2021 by Vlr Mutaliph T M H an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these financial statements from its effective date which is 31st March 2021. The surplus arising from the revaluation was transferred to a revaluation reserve and revaluation deficit charge as current year expense.

Notes to the Financial Statements

Freehold land carried at revalued amount

Company	Location	Last revaluation date	Land extent	Per perch value LKR	Carrying value as at 31st March 2022 freehold land LKR
Bairaha Farms PLC.	Ginigama Estate – Hiripitiya	31st March 2021	20A-4R-19.5P	5,312	17,952,000
	Ganeshan Estate – Kottaramulla	31st March 2021	27A-3R-9P	3,751	16,686,000
					34,638,000
Hill Country Farms Ltd.	Ellakkala Estate – Pasyala	31st March 2021	39A-0R-28.9P	18,750	117,540,000
					117,540,000
Lanka Land Development Ltd.	Kendalanda Estate – Urapola	31st March 2021	31A-3R-24.55P	7,499	38,280,000
					38,280,000
H.C.F. Land Development Ltd.	Ginigama Estate – Hiripitiya	31st March 2021	9A-0R-0P	7,813	11,250,000
	Pahalammillewa – Nikawaratiya	31st March 2021	28A-1R-6.5P	5,279	23,896,000
	Polgasagare Estate – Kalalpitiya	31st March 2021	0A-0R-12.5P	375,000	4,687,500
					39,833,500
B F Lands Development Ltd.	Ellakkala Estate – Pasyala	31st March 2021	25A-2R-5.1P	19,240	78,596,000
	Kattakaduwa – Puttalam	Purchased 9th November 2021	13A-1R-10P	13,126	27,957,750
	Kondagahamulla Estate – Kondagahamulla	31st March 2021	6A-1R-0.6P	22,786	22,800,000
					129,353,750
Siyane Farms Ltd.	St. Catherine Estate – Dolosbage	31st March 2021	24A-0R-15P	4,219	16,263,281
	Siyambalahawatte – Kochchikade	31st March 2021	0A-0R-43.55P	600,000	26,130,000
					42,393,281
Nature's Best Industry Ltd.	Dangaswewa Estate – Anamaduwa	31st March 2021	48A-2R-10P	10,828	84,131,250
					84,131,250
Foster Real Estate Ltd.	St. Catherine Estate – Dolosbage	Purchased 21st October 2021	18A-1R-24P	11,144	32,807,521
	Watarappala Road – Mount Lavinia	Purchased 24th February 2022	0A-0R-28.13P	3,145,126	88,472,400
	Pahalammillewa – Nikawaratiya	Purchased 21st March 2021	21A-0R-10P	6,700	22,579,980
					143,859,901
Total					630,029,682

Notes to the Financial Statements

Freehold buildings carried at revalued amount/cost

Company	Location	As at 31st March 2022		As at 31st March 2021	
		Number of buildings	Gross carrying value freehold buildings LKR	Number of buildings	Gross carrying value freehold buildings LKR
Bairaha Farms PLC.	Ganeshan Estate – Kottaramulla	14	6,533,848	14	6,533,848
	Ginigama Estate – Hiripitiya	17	14,401,037	17	14,401,037
	Ellakkala Estate – Pasyala	83	147,896,591	78	136,026,285
	Church View Estate – Kondagahamulla	11	1,789,759	11	1,789,759
	Green Park – Nittambuwa	1	12,710,245	1	12,710,245
	Thummodera – Nattandiya	7	1,084,723	7	1,084,723
	Madurankuliya – Puttalam	6	2,959,498	6	2,959,498
			187,375,701		175,505,395
Hill Country Farms Ltd.	Ellakkala Estate – Pasyala	17	25,617,991	17	25,617,991
	Halmillawa – Nikaweratiya	15	33,488,537	14	30,751,522
			59,106,528		56,369,513
Siyane Farms Ltd.	St. Catherine Estate – Dolosbage	11	9,928,951	11	9,928,951
	Kendalanda Estate – Urapola	1	377,464	1	377,464
	Siyambalahawatte – Kochchikade	1	22,366,008	1	22,366,008
			32,672,423		32,672,423
Nature's Best Industry Ltd.	Dangaswewa Estate – Anamaduwa	22	49,687,109	22	49,687,109
			49,687,109		49,687,109
Total			328,841,761		314,234,440

Notes to the Financial Statements

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follow;

Class of Assets	Cost LKR	Cumulative depreciation if assets were carried at cost LKR	Net carrying amount 2022 LKR	Net carrying amount 2021 LKR
Land	164,159,721	–	164,159,721	164,159,721
Buildings	184,506,111	61,339,882	123,166,228	85,199,034
Buildings on leasehold land	11,667,021	11,667,021	–	–
Poultry sheds	297,826,845	160,483,774	137,343,071	104,607,298
Furniture and fittings	17,795,213	15,153,873	2,641,341	20,939,335
Motor vehicles	169,818,579	93,816,104	76,002,475	99,772,169
	845,773,490	342,460,654	503,312,836	474,677,557

4.1.6 During the financial year, the Group acquired property, plant and equipment to the aggregate value of LKR 485,332,664/- (2021 - LKR 154,741,643/-). Cash payments amounting to LKR 485,332,664/- (2021 - LKR 154,741,613/-) was paid during the year for purchases of property, plant and equipment. There were no items of property, plant and equipment of the Group/Company pledged as securities for liabilities other than disclosed in Note 17.1 to the financial statements.

4.1.7 The useful life of the assets. (Group/Company)

Buildings	Over 33.3 Years
Buildings on leasehold land	Over 10 Years
Poultry sheds	Over 16.6 Years
Plant and machinery	Over 10 - 20 Years
Equipments	Over 8 Years
Furniture and fittings	Over 10 Years
Motor vehicles	Over 6.67 Years
Computer equipment	Over 4 Years

Notes to the Financial Statements

4.2 Company

	Balance as at 1st April 2021 LKR	Additions/ Transfers LKR	Disposals/ Transfers LKR	Balance as at 31 March 2022 LKR
4.1.1 Gross carrying amounts				
At valuation				
Land	34,638,000	–	–	34,638,000
Buildings	110,010,077	11,870,306	–	121,880,383
Poultry sheds	135,066,657	28,715,707	–	163,782,364
Furniture and fittings	42,636,488	1,227,814	–	43,864,302
Motor vehicles	157,357,891	25,207,454	(5,446,644)	177,118,701
	479,709,114	67,021,281	(5,446,644)	541,283,751
At Cost				
Plant and machinery	529,867,076	32,406,760	–	562,273,836
Equipments	332,557,453	17,992,310	–	350,549,763
Computer equipment	27,964,308	3,258,490	–	31,222,798
	890,388,837	53,657,560	–	944,046,397
Total value of depreciable assets	1,370,097,952	120,678,841	(5,446,644)	1,485,330,149
4.2.2 In the course of construction				
Capital work-in-progress	18,577,113	107,026,338	(54,800,689)	70,802,762
Total gross carrying amount	1,388,675,064	227,705,179	(60,247,333)	1,556,132,910

Notes to the Financial Statements

4.2.3 Depreciation

	Balance as at 1st April 2021 LKR	Additions/ Transfers LKR	Disposals/ Transfers LKR	Balance as at 31 March 2022 LKR
At valuation				
Buildings	–	3,412,330	–	3,412,330
Poultry sheds	–	8,797,650	–	8,797,650
Furniture and fittings	–	4,344,119	–	4,344,119
Motor vehicles	–	26,689,555	(275,126)	26,414,429
	–	43,243,654	(275,126)	42,968,528
At cost				
Plant and machinery	267,447,489	41,719,575	–	309,167,064
Equipments	228,273,791	15,752,017	–	244,025,808
Computer equipments	23,414,289	2,827,407	–	26,241,696
	519,135,568	60,298,999	–	579,434,567
Total depreciation	519,135,568	103,542,653	(275,126)	622,403,095

Notes to the Financial Statements

4.2.4 Net book values

	Balance as at 31st March 2022 LKR	Balance as at 31st March 2021 LKR
At valuation		
Land	34,638,000	34,638,000
Buildings	118,468,053	110,010,077
Poultry sheds	154,984,714	135,066,657
Furniture and fittings	39,520,183	42,636,488
Motor vehicles	150,704,272	157,357,891
	498,315,223	479,709,114
At cost		
Plant and machinery	253,106,773	262,419,588
Equipments	106,523,955	104,283,662
Computer equipment	4,981,102	4,550,019
	364,611,830	371,253,269
	862,927,054	850,962,384
In the course of construction		
Capital work-in-progress	70,802,762	18,577,113
Total carrying amount of property, plant and equipment	933,729,816	869,539,497

4.2.5 Company

The company revalues all property, plant and equipment other than assets classified as plant and machinery, equipment and computer equipment once every five years. The fair value of Property Plant and Equipment except Lands was determined by means of a revaluation during the financial year 2021 by Vlr Mutaliph T M H an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31st March 2021. The surplus arising from the revaluation was transferred to a revaluation reserve and revaluation deficit charge as current year expenses.

Notes to the Financial Statements

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of assets	Cost LKR	Depreciation if assets were carried at cost LKR	Net carrying amount 2022 LKR	Net carrying amount 2021 LKR
Land	17,082,718		17,082,718	17,082,718
Buildings	98,484,345	41,163,972	57,320,372	53,303,587
Poultry sheds	118,696,104	66,631,207	52,064,897	30,470,956
Furniture and fittings	12,596,000	11,490,967	1,105,033	20,888,125
Motor vehicles	152,969,693	77,041,555	75,928,138	99,102,832
	399,828,859	196,327,702	203,501,158	220,848,218

4.2.6 During the financial year, the Company acquired property, plant and equipment to the aggregate value of LKR 172,904,490/- (2021 – LKR 132,747,172/-). Cash payments amounting to LKR 172,904,490/- (2021 – LKR 132,747,172/-) was paid during the year for purchases of property, plant and equipment.

5. Right-of-use asset

Set out below, are the carrying amounts of the Group's and Company's right of use assets and the movements for the year ended 31st March 2022.

5.1 Right-of-use assets

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Cost				
Balance at the beginning of the year	22,150,730	22,150,730	35,356,278	35,356,278
Acquired during the period	–	–	–	–
Balance at the end of the year	22,150,730	22,150,730	35,356,278	35,356,278
Accumulated depreciation				
Balance at the beginning of the year	8,860,294	4,430,147	14,142,512	7,071,256
Depreciation for the year	4,430,147	4,430,147	7,071,256	7,071,256
Balance at the end of the year	13,290,441	8,860,294	21,213,768	14,142,512
Net book value	8,860,289	13,290,436	14,142,510	21,213,766

Notes to the Financial Statements

Set out below are the carrying amounts of lease liabilities (Financing and Lease (Ijara) Payables – Note 17) and the movements for the year ended 31st March 2022.

5.2 Lease liabilities

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Balance at the beginning of the year	15,282,037	19,089,062	24,141,515	30,202,557
Interest expense	1,864,015	2,435,929	2,960,615	3,869,146
Payments	(6,233,508)	(6,242,954)	(9,930,186)	(9,930,188)
As at 31st March	10,912,544	15,282,037	17,171,944	24,141,515
Payable within one year	5,061,276	4,403,623	8,038,811	6,994,272
Payable after one year	5,851,268	10,878,414	9,133,133	17,147,243
Total lease liability as at 31st March	10,912,544	15,282,037	17,171,944	24,141,515

The maturity analysis of lease liabilities are as follows:

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Less than 1 year	6,267,648	8,131,667	9,954,888	12,915,504
1 to 5 years	7,924,530	14,192,178	12,586,510	22,541,398

5.3 The following are the amounts recognized in income statement:

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Depreciation expense of right-of-use assets	4,430,147	4,430,147	7,071,256	7,071,256
Interest expense on lease liabilities	1,864,015	2,435,929	2,960,615	3,869,145
Total amount recognized in profit or loss	6,294,162	6,866,076	10,031,871	10,940,401

Notes to the Financial Statements

6. Investment property

6.1 Company

6.1.1 Gross carrying amounts

At Cost	Rented To	Balance as at 1st April 2021 LKR	Additions/ (Transfers) LKR	Disposals/ (Transfers) LKR	Balance as at 31st March 2022 LKR
Buildings					
Pasyala Hatchery	Hill Country Farms Ltd.	55,656,902	–	–	55,656,902
Bairaha Foods Factory	Bairaha Foods (Pvt) Ltd.	14,461,432	–	–	14,461,432
Breeder Farms Pasyala	Hill Country Farms Ltd.	7,063,000	–	–	7,063,000
Total value of depreciable assets		77,181,334	–	–	77,181,334

6.1.2 Depreciation

At cost	Balance as at 1st April 2021 LKR	Charge LKR	Disposals/ (Transfers) LKR	Balance as at 31st March 2022 LKR
Buildings				
Pasyala Hatchery	16,651,564	1,669,707	–	18,321,271
Bairaha Foods Factory	3,946,365	433,843	–	4,380,208
Breeder Farms Pasyala	2,330,790	216,296	–	2,547,086
Total depreciation	22,928,719	2,319,846	–	25,248,565

6.1.3 Net book values

At cost	Balance as at 31st March 2022 LKR	Balance as at 31st March 2021 LKR
Buildings		
Pasyala Hatchery	37,335,631	39,005,338
Bairaha Foods Factory	10,081,224	10,515,067
Breeder Farms Pasyala	4,515,914	4,732,210
Total carrying amount of investment property	51,932,769	54,252,615

Notes to the Financial Statements

6.1.4 Relevant income and expenditure relating to investment properties

At cost	Company	
	For the year ended 31st March 2022 LKR	For the year ended 31st March 2021 LKR
Rent income earned	1,750,729	1,750,658
	1,750,729	1,750,658

6.1.5 The fair value of Investment Property was determined by means of a revaluation during the financial year 2021 by Vlr Mutaliph T M H an independent valuer in reference to market based evidence. The results of such revaluation were not incorporated in these financial statements.

	Fair Value as at 31st March 2022 LKR	Fair Value as at 31st March 2021 LKR
Buildings		
Pasyala Hatchery	43,104,714	44,437,849
Bairaha Foods Factory	12,641,443	13,032,415
Breeder Farms Pasyala	6,362,570	6,559,351
Total carrying amount of investment property	62,108,727	64,029,615

Notes to the Financial Statements

7. Intangible assets

7.1 Group

Year ended 31st March	2022 LKR	2021 LKR
Cost		
Computer software		
Balance at the beginning of the year	52,727,823	46,684,373
Acquired during the year	6,913,170	6,043,450
Balance at the end of the year	59,640,993	52,727,823
Amortisation		
Balance at the beginning of the year	14,002,995	8,898,799
Amortisation for the year	5,648,749	5,104,196
Balance at the end of the year	19,651,744	14,002,995
Net book value	39,989,250	38,724,829

7.2 Company

Year ended 31st March	2022 LKR	2021 LKR
Cost		
Computer software		
Balance at the beginning of the year	52,412,824	46,369,373
Acquired during the year	6,913,170	6,043,450
Balance at the end of the year	59,325,994	52,412,824
Amortisation		
Balance at the beginning of the year	13,792,995	8,702,798
Amortisation for the year	5,634,749	5,090,196
Balance at the end of the year	19,427,744	13,792,995
Net book value	39,898,250	38,619,829

Notes to the Financial Statements

8. Investments in subsidiaries

Subsidiaries	Principal activity	Country of incorporation	Holding %	Cost 2022 LKR	Cost 2021 LKR
Non-Quoted					
Bairaha Foods (Pvt) Ltd.	Manufacturing of pre-cooked meat products	SriLanka	100%	38,750,000	38,750,000
Lanka Land Development Ltd.	Purchasing and leasing agricultural lands	SriLanka	100%	17,087,150	17,087,150
HCF Land Development Ltd.	Purchasing and leasing agricultural lands	SriLanka	100%	17,154,620	17,154,620
BF Lands Development Ltd.	Purchasing and leasing agricultural lands	SriLanka	100%	10,540,000	10,540,000
Golden Rooster Restaurants (Pvt) Ltd.	Not in operation	SriLanka	100%	2,000,000	2,000,000
Siyane Farms Ltd.	Breeder farming	SriLanka	100%	35,000,050	35,000,050
Nature's Best Industry Ltd.	Broiler farming	SriLanka	100%	263,000,000	263,000,000
Regency Real Estate Company Ltd.	Operation has not started	SriLanka	100%	1,000	1,000
Total non-quoted investments in subsidiaries				383,532,820	383,532,820
Allowance for impairment losses (8.1)				(2,000,000)	(2,000,000)
Total carrying value of investments in subsidiaries				381,532,820	381,532,820

8.1 Board of Directors decided to windup the business activities of Golden Rooster Restaurants (Pvt) Ltd., during the financial year 2001/2002. Accordingly the movable assets of the Company were sold after calling for tender. Full provision has been made for this investment.

9. Investments in joint ventures

	Group				Company	
	Holding		Carrying Value		Cost	
	2022	2021	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Non Quoted						
Rajarata Land Development Ltd.	50%	50%	16,351,806	16,167,274	1,495,000	1,495,000
Cultural Triangle Land Development Ltd.	50%	50%	6,354,687	6,264,185	1,400,000	1,400,000
Windsor Real Estate Limited	50%	50%	46,019,165	45,888,518	32,793,500	32,793,500
Fortune G-P Farms (Lanka) Ltd.	50%	50%	512,516,660	474,719,400	21,233,500	21,233,500
Fortune Agro Industries (Pvt) Ltd.	50%	50%	595,488,022	561,690,995	655,000,000	655,000,000
Investment in joint ventures			1,176,730,340	1,104,730,371	711,922,000	711,922,000

Notes to the Financial Statements

9.1 Rajarata Land Development Ltd., Cultural Triangle Land Development Ltd., Windsor Real Estate Ltd. holds lands on behalf of the Group.

9.2 Group share of financial details of joint ventures

Year ended 31 March	2022 LKR	2021 LKR
Non-current assets	2,983,431,016	2,844,059,221
Current assets	1,976,254,394	1,773,515,779
Non-current liabilities	(62,250,492)	(135,607,979)
Current liabilities	(2,067,119,662)	(1,872,506,146)
Equity	2,830,315,256	2,609,460,875
Group's carrying amount of the investment	1,173,730,340	1,104,730,371
Revenue	8,578,195,589	5,884,031,738
Cost of sales	(8,048,230,736)	(5,351,669,088)
Administrative expenses	(186,978,726)	(228,751,829)
Profit before tax	342,986,127	303,610,821
Income tax expenses	1,013,810	30,065,743
Profit for the year	343,999,937	333,676,564
Group's share of profit for the year	171,999,969	166,838,282
Other comprehensive income	–	7,204,539

9.3 Investment in joint ventures equity reconciliation

Year ended 31 March	2022 LKR	2021 LKR
Beginning balance	1,104,730,371	930,687,549
Profit for the year	171,999,969	166,838,282
Revaluation share of equity accounted investees	–	7,204,539
Dividends paid	(100,000,000)	–
Ending balance	1,176,730,340	1,104,730,371

Notes to the Financial Statements

9.4 Investment in joint ventures-other information

	Rajarata Land Development Ltd. LKR	Cultural Triangle Land Development Ltd. LKR	Windsor Real Estate Limited LKR	Fortune G-P Farms (Lanka) Ltd. LKR	Fortune Agro Industries (Pvt) Ltd. LKR	Total LKR
Cash and cash equivalents	1,031,531	840,918	1,103,145	158,850,163	183,680,067	345,505,825
Depreciation and amortisation	–	–	–	27,003,737	68,595,952	95,599,689
Interest income	–	–	–	52,929	–	52,929
Interest expense	–	–	–	–	131,393,658	131,393,658

10. Other investments

	Group		Company			
Year ended 31 March	No. of shares 2022	No. of shares 2021	Carrying value 2022 LKR	Carrying value 2021 LKR	Carrying value 2022 LKR	Carrying value 2021 LKR
Financial assets at fair value through profit or loss						
Merchant Bank of Sri Lanka PLC	2,307	2,307	11,766	16,149	11,766	16,149
Mahaweli Reach Hotel PLC	3,500	3,500	42,000	45,500	42,000	45,500
Lanka Walltiles PLC	42	42	2,927	7,917	2,927	7,917
Blue Diamonds Jewellery Worldwide PLC	8,922	8,922	4,461	8,030	4,461	8,030
			61,154	77,596	61,154	77,596
Financial instruments at amortised cost						
Wakala Deposit - LOLC			46,074,516	46,135,336	-	-
			46,135,670	46,212,932	61,154	77,596
Financial instruments at fair value through OCI						
Amana Bank PLC	343,000	343,000	891,800	1,131,900	891,800	1,131,900
			891,800	1,131,900	891,800	1,131,900
			47,027,470	47,344,832	952,954	1,209,496

Notes to the Financial Statements

11. Inventories

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Broiler meat	73,494,933	64,352,759	66,378,369	52,982,358
Poultry feed and drugs	143,247,889	106,971,566	105,949,355	77,984,285
Sundry stocks	145,281,366	73,738,708	47,600,751	32,840,512
	362,024,188	245,063,033	219,928,475	163,807,155

12. Biological assets

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Bearer biological assets				
Breeder birds - non current	105,002,246	32,828,331	52,608,411	28,023,793
Bearer biological assets				
Breeder birds-current	438,754,507	476,157,350	257,230,802	115,699,747
Total bearer biological assets	543,756,753	508,985,681	309,839,213	143,723,540
Consumable biological assets				
Broiler birds	122,630,864	124,447,424	104,902,837	93,896,005
Hatching eggs	89,024,021	78,057,209	56,786,435	21,271,086
	211,654,885	202,504,633	161,689,272	115,167,091

Notes to the Financial Statements

12.1 Bearer biological assets – Reconciliation of changing carrying value

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Net book value as at 01 April	508,985,681	456,830,511	143,723,540	100,575,474
Net additions	577,866,355	632,418,266	249,579,214	208,681,612
Transferred to cost of sales	(548,084,198)	(633,167,473)	(158,552,012)	(197,968,977)
Fair value gain /(loss)	4,988,915	52,904,377	75,088,471	32,435,431
Net book value as at 31 March	543,756,753	508,985,681	309,839,213	143,723,540

12.2 Valuation technique and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter - relationship between key unobservable inputs and fair value measurements
Bearer biological assets comprise layer parent and grower birds..	The valuation model considers the present value of net cash flows expected to be generated by breeder farming. The expected net cash flows are discounted using the internal rate of return (IRR).	The FV will	
		DOC selling price	– increase when selling price increased – decrease when selling price decreased
		IRR	– increase when IRR decreased – decrease when IRR increased
		Mortality	– increase when mortality rate decreased – decrease when mortality rate increased
		Hatchability	– increase when hatchability increased – decrease when hatchability decreased
		Egg production rates	– increase when egg production rate increased – decrease when egg production rate decreased

Notes to the Financial Statements

12.3 The measurement of fair value has been disclosed in Note 30.1.1

13. Trade and other receivables

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Financial assets				
Trade receivables – Related parties (13.2)	–	–	171,506,760	33,634,141
– Others	542,434,184	471,132,184	452,434,334	378,733,916
Less: allowance for impairment – Trade receivables	(43,235,686)	(46,700,137)	(42,914,494)	(46,205,164)
	499,198,498	424,432,047	581,026,600	366,162,893
Other debtors	46,506,650	46,514,939	46,506,650	46,514,939
Loans to company officers	–	1,149,718	–	1,126,194
Less: allowance for impairment – Other debtors	(46,506,428)	(46,506,428)	(46,506,428)	(46,506,428)
	222	1,158,229	222	1,134,705
Non financial assets				
Advances and prepayments	195,062,563	71,681,472	129,475,285	32,289,671
	694,261,283	497,271,748	710,502,107	399,587,268
Total allowance for impairment (13.1)	(89,742,114)	(93,206,565)	(89,420,922)	(92,711,592)

13.1 Impairment of trade and other receivables

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
As at 01 April	93,206,565	72,072,494	92,711,592	71,501,514
Charge/(reversal) for the year	(2,671,594)	21,248,900	(3,290,670)	21,210,078
Write-off during the year	(792,857)	(114,829)	–	–
As at 31 March	89,742,114	93,206,565	89,420,922	92,711,592

Notes to the Financial Statements

13.2 Trade dues receivable from related parties

Year ended 31 March	Relationship	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Bairaha Foods (Pvt) Ltd	Subsidiary	–	–	171,506,760	33,634,141

14. Amounts due from related parties

Year ended 31 March	Relationship	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Bairaha Foods (Pvt) Ltd.	Subsidiary	–	–	33,283,816	25,957,093
BF Lands Development Ltd.	Subsidiary	–	–	24,360,274	–
Golden Rooster Restaurants (Pvt) Ltd.	Subsidiary	–	–	2,484,474	2,396,624
Cultural Land Development Ltd.	Joint Venture	18,500	18,500	18,500	18,500
Nature's Best Industry Ltd.	Subsidiary	–	–	9,049,584	–
Rajarata Land Development Ltd.	Joint Venture	28,997	28,997	28,997	28,997
Windsor Real Estate Ltd.	Joint Venture	461,736	461,736	461,736	461,736
Fortune GP (Pvt) Ltd.	Joint Venture	50,000,000	–	50,000,000	–
		50,509,233	509,233	119,687,381	28,862,950
Less: allowance made for amounts due from - Golden Rooster Restaurants (Pvt) Ltd.		–	–	(2,396,624)	(2,396,624)
		50,509,233	509,233	117,290,757	26,466,326

Notes to the Financial Statements

15. Stated capital (Group/Company)

Year ended 31 March	2022 LKR	2021 LKR
Fully paid ordinary shares	256,305,197	256,305,197
(16,000,000 Ordinary shares)	256,305,197	256,305,197

15.1 Rights, preference and restrictions of classes of capital

The holders of ordinary shares has the right to receive dividends as declared from time to time and are entitled to one vote per share at the Annual General meeting of the Company.

16. Reserves

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Summary				
Revaluation surplus (16.1)	572,830,044	580,246,801	183,956,592	183,956,592
	572,830,044	580,246,801	183,956,592	183,956,592

16.1 Revaluation Surplus

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
On property, plant and equipment				
Balance as at the beginning of the year	580,246,801	507,589,643	183,956,592	149,823,471
Revaluation surplus during the year	–	76,122,009	–	39,689,676
Deferred tax adjustment on revaluation	–	(10,669,391)	–	(5,556,555)
Share of other comprehensive income net of tax equity accounted investees	–	7,204,539	–	–
Realised surplus on disposal transferred to retained profit	(7,416,757)	–	–	–
Balance as at the end of the year	572,830,044	580,246,801	183,956,592	183,956,592

Notes to the Financial Statements

17. Financing and lease (Ijara) payables

17.1 Group

	2022			2021		
	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	Total LKR	Amount Repayable Within 1 Year LKR	Amount Repayable After 1 Year LKR	Total LKR
Bank loans (17.1)	185,708,658	251,809,016	437,517,674	290,545,449	130,751,018	421,296,467
Bank overdrafts (27.2)	84,387,362	–	84,387,362	74,326,676	–	74,326,676
Lease liability on right of use assets (5.2)	5,061,276	5,851,268	10,912,544	4,403,623	10,878,414	15,282,037
	275,157,296	257,660,284	532,817,580	369,275,748	141,629,432	510,905,180

Non-current lease liabilities are payable within 5 years.

17.1.1 Bank loans

	As at 1st April 2021 LKR	Loans obtained LKR	Repayments LKR	As at 31st March 2022 LKR
Amana Bank PLC	319,533,006	327,300,000	(255,246,248)	391,586,758
MCB Bank Limited - Islamic Banking Unit	37,998,436	24,000,000	(49,067,520)	12,930,916
Hatton National Bank PLC - Al Najah	63,765,025	–	(30,765,025)	33,000,000
	421,296,467	351,300,000	(335,078,793)	437,517,674

Security :

Immovable property, plant and machinery located at Ellakkala Estate in Pasyala and Dangaswewa Estate in Anamaduwa have been pledged against the loan facilities obtained from Amana Bank PLC.

Immovable property, plant and machinery located at St. Catherine Estate in Dolosbage have been pledged against the loan facilities obtained from Hatton National Bank PLC - Al Najah.

Notes to the Financial Statements

17.2 Company

	2022			2021		
	Amount repayable within 1 year LKR	Amount repayable after 1 year LKR	Total LKR	Amount repayable within 1 year LKR	Amount repayable after 1 year LKR	Total LKR
Bank loans (17.2.1)	115,973,798	97,425,015	213,398,813	197,973,797	76,932,146	274,905,943
Bank overdrafts (27.2)	84,387,362	–	84,387,362	74,326,676	–	74,326,676
Lease liability on right-of-use assets	8,038,811	9,133,133	17,171,944	6,994,272	17,147,243	24,141,515
	208,399,971	106,558,148	314,958,119	279,294,745	94,079,389	373,374,134

Non-current lease liabilities are payable within 5 years.

17.2.1 Bank loans

	As at 1st April 2021 LKR	Loans obtained LKR	Repayments LKR	As at 31st March 2022 LKR
Amana Bank PLC	253,368,442	190,000,000	(232,303,890)	211,064,552
MCB Bank Limited - Islamic Banking Unit	21,537,501	24,000,000	(43,203,240)	2,334,261
	274,905,943	214,000,000	(275,507,130)	213,398,813

Security:

Immovable property, plant and machinery located at Ellakkala Estate in Pasyala and Dangaswewa Estate in Anamaduwa have been pledged against the loan facilities obtained from Amana Bank PLC.

17.3 The table below provides details of the borrowings of the Group/Company

Bank	Product type	Rate	Maturity
Amana Bank PLC	Diminishing Musharaka	AWPLR + 2%	60 to 84 months
	Bank Overdrafts	AWPLR + 2%	
MCB Bank - Islamic Unit	Diminishing Musharaka	AWPLR + 2%	72 months (6 Years)
	Local Murabaha	AWPLR + 2%	90 days
Hatton National Bank PLC	Diminishing Musharaka	AWPLR + 2%	60 months

Notes to the Financial Statements

18. Retirement benefit liability

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Defined benefit obligation - gratuity				
Balance as at the beginning of the year	95,929,438	81,451,768	82,774,701	70,758,916
Charge for the year (18.1)	4,540,282	16,149,921	5,751,961	12,804,011
Amounts recognized in other comprehensive income (18.2)	(1,848,603)	4,733,350	(1,848,603)	4,733,350
Payments during the year	(3,758,100)	(6,405,601)	(3,659,225)	(5,521,576)
Balance as at the end of the year	94,863,017	95,929,438	83,018,834	82,774,701

18.1 Charge for the year

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Current service cost	4,589,503	8,409,555	5,801,182	5,063,645
Interest cost on benefit liability	7,035,849	7,740,366	7,035,849	7,740,366
Immediate recognition of (gain)/loss arising during the year due to plan amendments	(7,085,070)	–	(7,085,070)	–
	4,540,282	16,149,921	5,751,961	12,804,011

18.2 Amounts recognized in other comprehensive income

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Liability experience loss/(gain) arising during the year	(2,754,147)	(5,576,611)	(2,754,147)	(5,576,611)
Liability gain due to changes in assumptions during the year	905,544	1,680,497	905,544	1,680,497
Adjustment due to actual census update at 1st April 2021	–	8,629,464	–	8,629,464
Total amount recognized in other comprehensive income	(1,848,603)	4,733,350	(1,848,603)	4,733,350

Notes to the Financial Statements

18.3 The Retirement Benefit Liability, of Bairaha Farms PLC, is valued by Mr Piyal Goonatilleke, who is a fellow member of the Society of Actuaries (USA) and a member of the American Academy of Actuaries. Defined Liability is valued as of March 2022 and the principal assumptions used in the valuation is as follows:

Principal actuarial assumption		2022	2021
Discount rate		14.3% p.a	8.5% p.a
Salary increases		10% p.a	5% p.a
Staff turnover	25-35 years	30.00%	30.00%
	35-40 years	7.50%	7.50%
	40-45 years	5.00%	5.00%
	45-50 years	2.50%	2.50%
	over 55 years	1%	1%
No of active participants		257	257
Expected future working life time		10.1	8.1
Demographic assumption			
Retirement age		60	55
Mortality table		GA 1983	GA 1983

18.4 Sensitivity analysis

Assumption	Change	Effect on PVDBO 2022 LKR	Effect on PVDBO 2021 LKR
Discount rate	+1%	(2,604,522)	(1,362,262)
	-1%	2,883,184	1,521,976
Expected salary increase	+1%	3,517,876	1,482,069
	-1%	(3,245,239)	(1,350,018)

Notes to the Financial Statements

19. Trade and other payables

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Trade creditors - Related parties (19.1)	290,605,714	189,110,682	1,265,957,117	795,888,175
- Others	141,817,476	69,224,149	69,765,141	33,047,457
	432,423,190	258,334,831	1,335,722,258	828,935,631
Sundry creditors including accrued expenses	162,252,848	116,015,551	89,637,952	69,084,259
	594,676,038	374,350,382	1,425,360,210	898,019,890

19.1 Trade dues payable to related parties

		Group		Company	
Year ended 31 March	Relationship	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Nature's Best Industries Ltd.	Subsidiary	–	–	237,987,295	161,405,062
Siyane Farms Ltd.	Subsidiary	–	–	641,443,228	375,895,997
Hill Country Farms Ltd.	Subsidiary	–	–	181,866,058	135,581,716
Fortune Agro Industries Ltd.	Joint Venture	283,321,079	173,316,814	197,375,834	107,211,464
Fortune G-P Farms (Lanka) Ltd.	Joint Venture	7,284,635	15,793,868	7,284,703	15,793,936
		290,605,714	189,110,682	1,265,957,117	795,888,175

20. Dividends

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
20.1 Dividends payable (Unclaimed dividends) (Note 20.3)	16,545,937	14,820,660	16,545,937	14,820,660
	16,545,937	14,820,660	16,545,937	14,820,660

20.2 A final dividend of 2020/21 amounting to LKR 48,000,000/- was paid on 27th April 2021.

An Interim dividend of 2021/22 amounting to LKR 48,000,000/- was paid on 25th November 2021.

Notes to the Financial Statements

20.3 Reconciliation for dividends

Year ended 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Payable balance 1 April	14,820,660	14,831,691	14,820,660	14,831,691
Dividends	96,000,000	–	96,000,000	–
Dividends paid	(94,274,722)	(11,032)	(94,274,722)	(11,032)
Payable balance 31 March	16,545,937	14,820,660	16,545,937	14,820,660

21. Amounts due to related parties

Year ended 31 March	Relationship	Company	
		2022 LKR	2021 LKR
BF Land Ltd.	Subsidiary	–	2,459,226
HCF Land Ltd.	Subsidiary	38,250	857,250
Lanka Land Ltd.	Subsidiary	–	369,825
Hill Country Farms Ltd.	Subsidiary	151,826,004	20,999,080
Bairaha Trading (Pvt) Ltd.	Subsidiary	752,104	752,104
Natures Best Industries Ltd.	Subsidiary	–	2,767,883
Siyane Farms Ltd.	Subsidiary	153,967,048	185,829,392
		306,583,406	214,034,760

Notes to the Financial Statements

22. Other operating income

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Income from other investments – Quoted	1,302	571	1,302	571
Fair value gain on quoted investments	(16,440)	16,489	(16,440)	16,489
Dividend from other investments – Subsidiaries	–	–	50,000,000	–
Dividend from other investments – Joint Ventures	–	–	100,000,000	–
Rental Income	–	133,262	1,750,729	1,750,658
Profit/(loss) on disposal of property, plant and equipment	(4,511,608)	1,561,299	(143,741)	1,561,299
Lab income – External	3,357,142	2,529,115	3,132,578	2,529,115
Lab income – Related parties	–	–	3,357,144	2,357,438
Service fee from related parties – Shared services	–	–	137,167,758	116,122,883
Miscellaneous income	4,988,493	5,463,458	1,618,830	1,707,611
Exchange gain	8,745,788	3,563,359	8,745,788	3,563,359
Sale of vaccines	2,606,058	4,490,655	–	–
Sale of agricultural produce	14,355,810	13,676,913	–	–
	29,526,545	31,435,121	305,613,948	129,609,423

23. Finance cost

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Interest expense on overdrafts	6,117,122	11,091,628	6,114,343	11,091,628
Interest expense on lease liabilities	1,864,015	2,435,929	2,960,615	3,869,145
Interest expense on fixed loans	33,192,670	49,889,549	17,601,278	34,144,220
	41,173,807	63,417,106	26,676,236	49,104,993

Notes to the Financial Statements

24. Profit from operating activities

Stated after charging/(crediting)

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Production overheads:				
Allowance for weight losses	38,986,937	18,000,000	38,986,937	18,000,000
Depreciation	174,454,856	192,965,863	79,270,008	86,143,886
Staff cost (Including following retirement benefit plan cost)	421,505,972	384,962,311	238,045,920	203,251,311
– Defined benefit plan cost – Gratuity	1,630,209	7,258,171	2,058,620	4,297,226
– Defined contribution plan costs – EPF and ETF	16,403,977	14,891,426	7,586,035	6,701,629
Administration expenses:				
Directors' emoluments	52,313,399	41,957,988	52,313,399	41,957,988
Legal fees	548,500	514,994	548,500	514,994
Donations	3,305,808	1,692,319	3,280,808	1,612,319
Depreciation/Amortisation	16,274,947	22,738,206	16,168,053	21,763,431
Auditors remuneration	5,443,425	5,010,882	3,180,000	3,180,000
Staff cost (Including following retirement benefit plan cost)	69,467,821	61,192,095	68,467,911	60,336,435
– Defined benefit plan cost – Gratuity	2,011,536	5,625,000	2,530,326	5,415,000
– Defined contribution plan costs – EPF and ETF	11,980,133	12,507,255	11,871,816	10,387,446
Distribution cost:				
Advertising costs	54,391,817	31,045,990	54,391,817	31,045,990
Allowance for impairment	26,807,483	21,018,897	27,000,000	21,210,078
Depreciation	24,508,007	17,029,176	23,130,444	14,525,430
Staff cost (Including following retirement benefit plan cost)	135,102,982	85,598,918	133,014,927	83,910,377
– Defined benefit plan cost – Gratuity	898,537	3,266,750	1,163,015	3,091,785
– Defined contribution plan costs – EPF and ETF	7,406,559	5,603,980	7,406,559	5,232,230

Notes to the Financial Statements

25. Income tax expense

The major components of income tax expense are as follows:

Year ended 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Income statement				
Current income tax				
Current tax expense on ordinary activities for the year (Note 25.1)	27,381,901	4,463,316	23,103,538	1,597,921
Under/(over) provision of current taxes in respect of prior years	(128,459)	(5,202,859)	349,216	–
ESC write off during the year	3,900,062	–	3,091,215	–
	31,153,504	(739,543)	26,543,969	1,597,921
Deferred income tax				
Deferred taxation charge (Note 25.2)	(2,723,324)	12,503,965	3,719,371	6,824,145
Income tax expense reported in the Income Statement	28,430,180	11,764,422	30,263,340	8,422,066

Notes to the Financial Statements

25.1 Reconciliation of accounting profit and taxable profit

Year ended 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Accounting profit before tax from operations	793,777,209	358,972,361	393,067,694	(161,005,205)
Disallowable expenses	212,967,743	271,150,897	131,809,738	174,694,941
Tax deductible expenses	(401,423,002)	(316,364,156)	(287,777,851)	(133,780,010)
	605,321,950	313,759,102	237,099,581	(120,090,274)
Exempt loss/(profit)	(595,195,120)	(288,092,913)	(237,099,581)	120,090,274
Other income	169,171,510	15,658,140	154,516,453	13,896,586
Tax loss utilised during the year	(959,940)	(12,278,975)	(626,061)	(7,238,582)
Taxable profit	178,338,399	29,045,354	153,890,392	6,658,004
Income tax @ 14%	21,000,182	–	18,900,182	–
Income tax @ 18%	1,257,553	683,106	990,078	–
Income tax @ 24%	5,124,167	3,780,209	3,213,278	1,597,921
Current tax expense on ordinary activities for the year	27,381,901	4,463,315	23,103,538	1,597,921
Tax loss brought forward	8,319,499	139,464,407	626,061	125,440,846
Tax loss for the year	65,155,996	4,452,416	–	4,367,316
Tax loss w/off for the year	–	(123,318,349)	–	(121,943,519)
Tax loss utilised during the year	(959,940)	(12,278,975)	(626,061)	(7,238,582)
Tax loss carried forward	72,515,555	8,319,499	–	626,061

Nature's Best Industry Limited (fully owned subsidiary of Bairaha Farms PLC) is a BOI Company which enjoys a 10 year tax holiday (w.e.f. 2011/2012).

Revised income tax rates proposed to the Inland Revenue Act No. 24 of 2017 by Circular No. PN/IT/2020-03 (Revised), be implemented with effect from 1st January 2020. On 23rd April 2021, CA Sri Lanka issued Guideline on Application of Tax Rates in measurement of current tax and deferred tax in LKAS 12 income tax to provide an interpretation on the application of tax rates which is subsequently enacted in the measurement of current tax and deferred tax for financial reporting period ending 31st March 2021.

Notes to the Financial Statements

25.2 Deferred tax assets, liabilities and income tax relates to the followings:

25.2.1 Group

Year ended 31 March	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive income	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Deferred tax liability						
Property, plant and equipment	125,243,080	116,237,786	(9,005,294)	6,082,945	–	–
Revaluation of property, plant and equipment	77,408,436	77,408,436	–	–	–	(10,669,391)
	202,651,516	193,646,222				
Deferred tax assets						
Allowance for bad and doubtful debts	–	–	–	(3,499,312)	–	–
Defined benefit plans	(13,286,453)	(13,509,097)	36,160	2,665,708	(258,804)	662,669
ROU assets	–	–	–	(191,588)	–	–
Tax losses carried forward	(11,692,458)	–	11,692,458	(17,561,718)	–	–
	(24,978,911)	(13,509,097)				
Deferred income tax expense			2,723,324	(12,503,965)	(258,804)	(10,006,722)
Net deferred tax liability	177,672,605	180,137,125				

25.2.1.1 Break-up of deferred tax charge on – Defined benefit plans

Year ended 31 March	2022 LKR	2021 LKR
Charge to income tax expenses	(36,160)	(2,665,708)
Charge to other comprehensive income	258,804	(662,669)
	222,644	(3,328,377)

Notes to the Financial Statements

25.2.2 Company

	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive income	
Year ended 31st March	2022 LKR	2021 LKR	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Deferred tax liability						
Property, plant and equipment	60,959,391	56,947,037	(4,012,354)	13,485,799	–	–
Revaluation of property, plant and equipment	10,871,137	10,871,137	–	–	–	(5,556,555)
	71,830,528	67,818,174				
Deferred tax assets						
Allowance for bad and doubtful debts	–	–	–	(3,499,312)	–	–
Defined benefit plans	(11,622,637)	(11,588,458)	292,983	1,019,541	(258,804)	662,669
ROU assets	–	–	–	(268,455)	–	–
Tax losses carried forward	–	–	–	(17,561,718)	–	–
	(11,622,637)	(11,588,458)				
Deferred income tax expense			(3,719,371)	(6,824,145)	(258,804)	(4,893,886)
Net deferred tax liability	60,207,891	56,229,716				

25.2.2.1 Break-up of deferred tax charge on – Defined benefit plans

Year ended 31 March	2022 LKR	2021 LKR
Charge to income tax expenses	(292,983)	(1,019,541)
Charge to other comprehensive income	258,804	(662,669)
	(34,179)	(1,682,210)

26. Earnings per share

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

Notes to the Financial Statements

26.2 The following reflects the income and share data used in the basic earnings per share computations.

	Group		Company	
Year ended 31st March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Amounts used as the numerators:				
Net profit	765,347,029	347,207,939	362,804,354	(169,427,271)
Net profit attributable to ordinary shareholders for basic earnings per share	765,347,029	347,207,939	362,804,354	(169,427,271)
	Group		Company	
Number of ordinary shares used as denominators:	2022 Number	2021 Number	2022 Number	2021 Number
Weighted average number of ordinary shares in issue applicable to basic earnings per share	16,000,000	16,000,000	16,000,000	16,000,000
Weighted average number of ordinary shares applicable to basic earnings per share	16,000,000	16,000,000	16,000,000	16,000,000
	47.83	21.70	22.68	-10.59

There is no dilution of EPS during the current financial year.

27. Cash and cash equivalents

Components of cash and cash equivalents

27.1 Favourable cash and cash equivalent balance

	Group		Company	
Year ended 31st March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Cash and bank balances	541,691,393	237,120,218	302,079,107	178,180,090
	541,691,393	237,120,218	302,079,107	178,180,090

Notes to the Financial Statements

27.2 Unfavourable cash and cash equivalent balances bank overdrafts

	Group		Company	
Year ended 31st March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Bank Overdrafts	(84,387,362)	(74,326,676)	(84,387,362)	(74,326,676)
Total cash and cash equivalents for the purpose of Cash Flow Statements	457,304,031	162,793,542	217,691,745	103,853,414

28. Commitments and contingencies

Commitments

Capital commitments approved and contracted as at the reporting date, but not provided for in the financial statements for the Group and Company is nil.

Contingencies (Group/Company)

Company has given Corporate Guarantee worth of LKR 400 Mn. to Amāna Bank PLC and another Corporate Guarantee worth of LKR 525 Mn. to MCB Bank Limited on behalf of Fortune Agro Industries (Pvt) Ltd., for its working capital financing.

29. Assets pledged

Assets pledged on bank loans are disclosed under Note 17.1.2 and 17.2.1 for Group and Company respectively.

30. Fair value of assets and liabilities

30.1 Fair value of assets and liabilities carried at fair value

A description of how fair values are determined for assets and liabilities that are recorded at fair value using valuation techniques is summarised below which incorporates the Group's estimate of assumptions that a market participant would make when valuing.

Property, plant and equipment

Land have been valued according to the nature of the land, extent, location, accessibility, alternate user and present day market for similar land in such locations.

Buildings have been valued at the current gross replacement cost and their site works less an allowance for all appropriate factors such as age, condition, functional and environmental obsolescence which result in the existing property being worthless than a new replacement.

Other assets are valued on the net replacement cost basis which is the value of the asset to the business or the 'deprival value' namely the price the owner would have to pay in the market to require the asset in its existing condition or to recreate it if he was deprived of its ownership.

Biological assets – Consumable

The fair value of the consumable biological assets is substantially represented by formation cost, mainly due to the short life cycle of the birds and the fact that a significant share of the profits arises from the manufacturing process and not from the live birds.

Biological assets – Bearer

The valuation model considers the present value of the net cash flows expected to be generated by breeder farming. The expected net cash flows are discounted using the IRR of respective farm.

Notes to the Financial Statements

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of quoted equities. Quoted equities classified as at fair value through profit or loss. These financial assets are valued using quoted market prices using active markets as at the reporting date.

Financial assets at fairvalue through OCI

Quoted equities classified as financial instruments at fair value through OCI, are valued using quoted market prices using active markets as at the reporting date.

30.1.1 Fair value measurement - Group

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

As at 31st March 2022 – Group

	Fair value measurement using			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	LKR	(Level 1) LKR	(Level 2) LKR	(Level 3) LKR
Assets measured at fair value				
Property, plant and equipment				
Freehold land	630,029,682			630,029,682
Freehold and leasehold buildings	333,993,926			333,993,926
Poultry sheds	467,040,191			467,040,191
Furniture	48,714,426			48,714,426
Motor vehicles	163,272,510			163,272,510
	1,643,050,735	–	–	1,643,050,735
Biological assets – Consumable	211,654,885	–	–	211,654,885
Biological assets – Bearer	543,756,753	–	–	543,756,753
Financial assets at fair value through profit or loss				
Quoted shares	61,154	61,154	–	–
Financial assets at fair value through OCI				
Quoted shares	891,800	891,800	–	–

Notes to the Financial Statements

As at 31st March 2021 – Group

	Fair value measurement using			
	Total LKR	Quoted prices in active markets (Level 1) LKR	Significant observable inputs (Level 2) LKR	Significant unobservable inputs (Level 3) LKR
Assets measured at fair value				
Property, plant and equipment				
Freehold land	546,262,031			546,262,031
Freehold and leasehold buildings	329,863,453			329,863,453
Poultry sheds	438,676,898			438,676,898
Furniture	51,065,358			51,065,358
Motor vehicles	172,140,987			172,140,987
	1,538,008,727	–	–	1,538,008,727
Biological assets – Consumable	202,504,633	–	–	202,504,633
Biological assets – Bearer	508,985,681	–	–	508,985,681
Financial assets at fair value through profit or loss				
Quoted shares	77,596	77,596	–	–
Financial assets at fair value through OCI				
Quoted shares	1,131,900	1,131,900	–	–

Notes to the Financial Statements

30.1.1.1 Level 3 Fair value measurement

Unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 31st March 2022.

Type of instrument	Fair values as at 31st March 2022 LKR	Fair values as at 31st March 2021 LKR	Valuation technique	Significant unobservable inputs
Freehold land	630,029,682	546,262,031	Market comparison method	Estimated price per perch.
Freehold and leasehold buildings	333,993,926	329,863,453	Depreciated replacement cost	Estimated rate per sq. ft.
Poultry sheds	467,040,191	438,676,898	Depreciated replacement cost	Estimated rate per sq. ft.
Furniture	48,714,426	51,065,358	Depreciated replacement cost	Estimated replacement cost adjusted for wear and tear.
Motor vehicles	163,272,510	172,140,987	Depreciated replacement cost	Estimated replacement cost adjusted for wear and tear.
Biological assets - Consumable	211,654,885	202,504,633	Formation costs	Actual costs incurred which approximates to its fair value.
Biological assets - Bearer	543,756,753	508,985,681	Discounted cash flows	Mortality, egg production rate, hatchability of eggs, day-old chick market price and IRR of the farm .

Notes to the Financial Statements

30.1.2 Fair value measurement – Company

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

As at 31st March 2022 – Company

	Fair value measurement using			
	Total LKR	Quoted prices in active markets (Level 1) LKR	Significant observable inputs (Level 2) LKR	Significant unobservable inputs (Level 3) LKR
Assets measured at fair value				
Property, plant and equipment				
Freehold land	34,638,000			34,638,000
Freehold and leasehold buildings	118,468,053			118,468,053
Poultry sheds	154,984,714			154,984,714
Furniture	39,520,183			39,520,183
Motor vehicles	150,704,272			150,704,272
	498,315,223	–	–	498,315,223
Biological assets – Consumable	161,689,272	–	–	161,689,272
Biological assets – Bearer	309,839,213	–	–	309,839,213
Financial assets at fair value through profit or loss				
Quoted shares	61,154	61,154	–	–
Financial assets at fair value through OCI				
Quoted shares	891,800	891,800	–	–
Assets for which fair values are disclosed				
Investment property	62,108,727	–	–	62,108,727

Notes to the Financial Statements

As at 31st March 2021 – Company

	Fair value measurement using			
	Total LKR	Quoted prices in active markets (Level 1) LKR	Significant observable inputs (Level 2) LKR	Significant unobservable inputs (Level 3) LKR
Assets measured at fair value				
Property, plant and equipment				
Freehold land	34,638,000			34,638,000
Freehold and leasehold buildings	110,010,077			110,010,077
Poultry sheds	135,066,657			135,066,657
Furniture	42,636,488			42,636,488
Motor vehicles	157,357,891			157,357,891
	479,709,114	–	–	479,709,114
Biological assets – Consumable	115,167,091	–	–	115,167,091
Biological assets – Bearer	143,723,540	–	–	143,723,540
Financial assets at fair value through profit or loss				
Quoted shares	77,596	77,596	–	–
Financial assets at fair value through OCI				
Quoted shares	1,131,900	1,131,900	–	–
Assets for which fair values are disclosed				
Investment property	64,029,615	–	–	64,029,615

Notes to the Financial Statements

30.2 Fair value of financial instruments

Set out below is the comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements.

	Group				Company			
	2022		2021		2022		2021	
	Carrying amount LKR	Fair value LKR	Carrying amount LKR	Fair value LKR	Carrying amount LKR	Fair value LKR	Carrying amount LKR	Fair value LKR
Financial assets								
Trade and other receivables, net	499,198,720	499,198,720	425,590,276	425,590,276	581,026,822	581,026,822	367,297,598	367,297,598
Amounts due from related parties	50,509,233	50,509,233	509,233	509,233	117,290,757	117,290,757	26,466,326	26,466,326
Cash and bank balances	541,691,393	541,691,393	237,120,218	237,120,218	302,079,107	302,079,107	178,180,090	178,180,090
Total financial assets	1,091,399,346	1,091,399,346	663,219,727	663,219,727	1,000,396,686	1,000,396,686	571,944,014	571,944,014
Financial liabilities								
Trade and other payables	594,676,038	594,676,038	374,350,382	374,350,382	1,425,360,210	1,425,360,210	898,019,890	898,019,890
Amounts due to related parties	–	–	–	–	306,583,406	306,583,406	214,034,760	214,034,760
Financing and lease (Ijara) payables	532,817,587	532,817,580	510,905,180	510,905,180	314,958,119	314,958,119	373,374,134	373,374,134
Total financial liabilities	1,127,493,618	1,127,493,618	885,255,562	885,255,562	2,046,901,735	2,046,901,735	1,485,428,785	1,485,428,785

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets and liabilities for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. This assumption is applied to cash and cash equivalents, trade and other receivables, amounts due from and to related parties and trade and other payables.

Financing and Lease (Ijara) Payables for which periodical interest is paid are also considered to be carried at fair value in the books since the original financing rate does not differ materially from the current market rate.

Notes to the Financial Statements

30.3 Analysis of financial instruments by measurement basis – Group

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

Financial assets at					
As at 31 March 2022	Fair value through profit or loss LKR	Amortised cost LKR	Fair value through OCI LKR	Amortised cost LKR	Total LKR
Financial assets					
Other investments	46,135,670	–	891,800	–	47,027,470
Trade and other receivables	–	–	–	499,198,720	499,198,720
Amounts due from related parties	–	–	–	50,509,233	50,509,233
Cash and bank balances	–	–	–	541,691,393	541,691,393
Total financial assets	46,135,670	–	891,800	1,091,399,346	1,138,426,816
Financial liabilities					
Trade and other payables	–	–	–	594,676,038	594,676,038
Financing and lease (Ijara) payables	–	–	–	532,817,580	532,817,580
Total financial liabilities	–	–	–	1,127,493,618	1,127,493,618

Financial assets at					
As at 31st March 2021	Fair value through profit or loss LKR	Amortised cost LKR	Fair value through OCI LKR	Amortised cost LKR	Total LKR
Financial assets					
Other investments	46,212,932	–	1,131,900	–	47,344,832
Trade and other receivables	–	–	–	425,590,276	425,590,276
Amounts due from related parties	–	–	–	509,233	509,233
Cash and bank balances	–	–	–	237,120,218	237,120,218
Total financial assets	46,212,932	–	1,131,900	663,219,727	710,564,558
Financial liabilities					
Trade and other payables	–	–	–	374,350,382	374,350,382
Financing and lease (Ijara) payables	–	–	–	510,905,180	510,905,180
Total financial liabilities	–	–	–	885,255,562	885,255,562

Notes to the Financial Statements

30.4 Analysis of financial instruments by measurement basis – Company

Financial assets at					
As at 31 March 2022	Fair value through profit or loss LKR	Amortised cost LKR	Fair value through OCI LKR	Amortised cost LKR	Total LKR
Financial assets					
Other investments	61,154	–	891,800	–	952,954
Trade and other receivables	–	–	–	581,026,822	581,026,822
Amounts due from related parties	–	–	–	117,290,757	117,290,757
Cash and bank balances	–	–	–	302,079,107	302,079,107
Total financial assets	61,154	–	891,800	1,000,396,686	1,001,349,640
Financial liabilities					
Trade and other payables	–	–	–	1,425,360,210	1,425,360,210
Amounts due to related parties	–	–	–	306,583,406	306,583,406
Financing and lease (Ijara) payables	–	–	–	314,958,119	314,958,119
Total financial liabilities	–	–	–	2,046,901,735	2,046,901,735

Financial assets at					
As at 31st March 2021	Fair value through profit or loss LKR	Amortised cost LKR	Fair value through OCI LKR	Amortised cost LKR	Total LKR
Financial assets					
Other investments	77,596	–	1,131,900	–	1,209,496
Trade and other receivables	–	–	–	367,297,598	367,297,598
Amounts due from related parties	–	–	–	26,466,326	26,466,326
Cash and bank balances	–	–	–	178,180,090	178,180,090
Total financial assets	77,596	–	1,131,900	571,944,014	573,153,509
Financial liabilities					
Trade and other payables	–	–	–	898,019,890	898,019,890
Amounts due to related parties	–	–	–	214,034,760	214,034,760
Financing and lease (Ijara) payables	–	–	–	373,374,134	373,374,134
Total financial liabilities	–	–	–	1,485,428,785	1,485,428,785

Notes to the Financial Statements

31. Risk management

31.1 Introduction

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The group has trade and other receivables, amounts due from related parties and cash and short-term deposits that arrive directly from its operations. The Group is exposed to credit risk, liquidity risk and market risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include investments in equity securities.

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

31.2 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities. Company evaluates the credit worthiness of the customer before the appointment. Further it takes a refundable deposits from day old chicks customer, bank guarantee from its broiler chicken distributors and performs periodical debtors review and thereby assess the individual debtors' status.

31.2.1 The following table shows the overdue amounts for the financial assets categories

	Group		Company	
As at 31 March 2022	Neither past due nor impaired LKR	Overdue LKR	Neither past due nor impaired LKR	Overdue LKR
Carrying amount				
Trade and other receivables	348,539,159	193,895,026	388,924,587	235,016,508
Cash and cash equivalents	541,691,393	–	302,079,107	–
Amounts due from related parties	50,509,233	–	117,290,757	–
	940,739,785	193,895,026	808,294,451	235,016,508

Notes to the Financial Statements

	Group		Company	
As at 31st March 2021	Neither past due nor impaired LKR	Overdue LKR	Neither past due nor impaired LKR	Overdue LKR
Carrying amount				
Trade and other receivables	251,443,537	219,688,647	207,853,780	204,514,276
Cash and cash equivalents	237,120,218	–	178,180,090	–
Amounts due from related parties	509,233	–	26,466,326	–
	489,072,988	219,688,647	412,500,196	204,514,276

31.2.2 Age analysis of trade receivables

	Group						
	Past due but not impaired					Impaired	Total
	Not past due LKR	Less than 30 days LKR	31 to 60 days LKR	61 to 90 days LKR	More than 91 days LKR	LKR	LKR
Trade receivables net – 2022	348,539,159	112,166,038	23,498,086	11,516,753	46,714,148	(43,235,686)	499,198,498
Trade receivables net – 2021	251,443,537	113,766,520	19,519,569	16,785,413	69,617,145	(46,700,137)	424,432,048

	Company						
	Past due but not impaired					Impaired	Total
	Not past due LKR	Less than 30 days LKR	31 to 60 days LKR	61 to 90 days LKR	More than 91 days LKR	LKR	LKR
Trade receivables net – 2022	388,924,587	88,637,253	34,668,395	29,636,933	82,073,927	(42,914,494)	581,026,601
Trade receivables net – 2021	207,853,780	115,288,531	11,763,752	9,050,988	68,411,006	(46,205,164)	366,162,892

Notes to the Financial Statements

31.2.3 Exposure to credit risk

The following table shows the maximum exposure and net exposure to credit quality by class of financial assets.

	Group		Company	
As at 31 March 2022	Gross exposure LKR	Net exposure LKR	Gross exposure LKR	Net exposure LKR
Carrying amount				
Trade and other receivables	499,198,720	499,198,720	581,026,822	581,026,822
Cash and cash equivalents	541,691,393	541,691,393	302,079,107	302,079,107
Amounts due from related parties	50,509,233	50,509,233	117,290,757	117,290,757
Other investments	47,027,470	47,027,470	952,954	952,954
	1,138,426,816	1,138,426,816	1,001,349,640	1,001,349,640

	Group		Company	
As at 31st March 2021	Gross exposure LKR	Net exposure LKR	Gross exposure LKR	Net exposure LKR
Carrying amount				
Trade and other receivables	425,590,276	425,590,276	367,297,598	367,297,598
Cash and cash equivalents	237,120,218	237,120,218	178,180,090	178,180,090
Amounts due from related parties	509,233	509,233	26,466,326	26,466,326
Other investments	47,344,832	47,344,832	1,209,496	1,209,496
	710,564,558	710,564,558	573,153,509	573,153,509

31.3 Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by monitoring and managing its cash requirements to ensure access to sufficient funds to meet operational and investing requirements. The primary source of liquidity is cash generated from operations and supplemented by credit facilities.

Notes to the Financial Statements

31.3.1 Maturity analysis of financial assets and financial liabilities

An analysis of financial assets and financial liabilities based on the remaining period at the Reporting date to the respective contractual maturity dates is as follows.

	Group					
	2022			2021		
	Within 12 months LKR	After 12 months LKR	Total as at 31st March 2022 LKR	Within 12 months LKR	After 12 months LKR	Total as at 31st March 2021 LKR
Assets						
Trade and other receivables, Net	499,198,720	–	499,198,720	425,590,276	–	425,590,276
Amounts due from related parties	50,509,233	–	50,509,233	509,233	–	509,233
Cash and bank balances	541,691,393	–	541,691,393	237,120,218	–	237,120,218
Other investments	46,135,670	891,800	47,027,470	46,212,932	1,131,900	47,344,832
Total assets	1,137,535,016	891,800	1,138,426,816	709,432,658	1,131,900	710,564,558
Liabilities						
Trade and other payables	586,341,149	–	586,341,149	366,015,494	–	366,015,494
Amounts due to related parties	–	–	–	–	–	–
Financing & lease (Ijara) payables	275,157,296	257,660,284	532,817,580	369,275,748	141,629,432	510,905,180
Total liabilities	861,498,445	257,660,284	1,119,158,729	735,291,242	141,629,432	876,920,674
Net	276,036,571	(257,660,284)	18,376,287	(25,858,584)	(141,629,432)	(167,488,016)

31.4 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. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Notes to the Financial Statements

Company						
	2022			2021		
	Within 12 months LKR	After 12 months LKR	Total as at 31st March 2022 LKR	Within 12 months LKR	After 12 months LKR	Total as at 31st March 2021 LKR
	581,026,822	–	581,026,822	367,297,598	–	367,297,598
	117,290,757	–	117,290,757	26,466,326	–	26,466,326
	302,079,107	–	302,079,107	178,180,090	–	178,180,090
	61,154	891,800	952,954	77,596	1,131,900	1,209,496
	1,000,457,840	891,800	1,001,349,640	572,021,609	1,131,900	573,153,509
	1,421,378,194	–	1,421,378,194	894,037,874	–	894,037,874
	306,583,406	–	306,583,406	214,034,760	–	214,034,760
	208,399,971	106,558,148	314,958,119	279,294,745	94,079,389	373,374,134
	1,936,361,571	106,558,148	2,042,919,719	1,387,367,380	94,079,389	1,481,446,769
	(935,903,731)	(105,666,348)	(1,041,570,079)	(815,345,771)	(92,947,489)	(908,293,260)

Notes to the Financial Statements

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings.

The Group's and the company's profit before tax is affected through the impact on floating rate borrowings as follows.

	2022		2021	
Increase/Decrease in basis points	Group effect on profit before tax	Company effect on profit before tax	Group effect on Profit before tax	Company effect on profit before tax
+100	(5,328,176)	(3,149,581)	(5,109,052)	(3,733,741)
-100	5,328,176	3,149,581	5,109,052	3,733,741

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

32. Related party disclosures

32.1 Transactions with related entities

The Company carried out following transactions with related parties in the ordinary course of its business at commercial rates during the year.

32.1.1 Subsidiaries

	Group		Company	
Year ended 31st March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Nature of transactions				
Sales	-	-	650,504,345	515,770,629
Purchases	-	-	1,210,210,244	911,490,965
Rent income	-	-	1,750,729	1,581,624
Rent expenses	-	-	3,810,040	3,687,240
Hatching fees	-	-	48,696,417	41,063,250
Dividend income	-	-	50,000,000	-
Shared service income	-	-	148,141,157	116,122,883
Expenses incurred	-	-	127,789,835	27,477,480
Collection	-	-	652,853,561	506,304,162
Settlement	-	-	862,594,132	-

Notes to the Financial Statements

32.1.2 Joint ventures

	Group		Company	
Year ended 31st March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Purchases	4,049,193,908	2,781,631,832	3,036,737,248	1,850,198,059
Dividend income	100,000,000	–	100,000,000	–
Settlement	3,937,029,320	2,843,025,011	2,954,784,692	1,883,340,866

32.1.3 recurrent transactions with related parties

The following related party transaction for the year under review has been disclosed as per the listing rule 9.3.2 (b).

The below transactions were carried out under usual trade terms and conditions.

Name of the related party	Relationship	Nature of the transaction	Value of transaction	As a % of net income
Company				
Fortune Agro Industries (Pvt) Ltd.	Joint venture	Feed purchases	2,981,064,539	57%
Group				
Fortune Agro Industries (Pvt) Ltd.	Joint venture	Feed purchases	3,924,020,267	58%

32.2 Transactions with key management personnel

The Key Management Personnel of the Company are the members of its Board of Directors. Transactions with close family members of Key Management Personnel are also taken in to account in the transactions with Key Management Personnel.

	Group		Company	
Year ended 31 March	2022 LKR	2021 LKR	2022 LKR	2021 LKR
(a) Transactions with Key Management Personnel or their close family members				
Rent of premises owned by Key Management Personnel	5,820,600	5,820,600	5,820,600	5,820,600
(b) Key Management Personnel compensation				
Short term employee benefits	52,313,399	41,957,988	52,313,399	41,957,988

Notes to the Financial Statements

32.3 Trade dues receivable from related parties, amounts due from related parties, trade dues payable to related parties, and amounts due to related parties as at the reporting date are disclosed in Notes 13.2, 14, 19.1 and 21 respectively.

32.4 Corporate Guarantees were given to related parties are disclosed in Note 28.

32.5 Terms and Conditions of Transactions with the Related Companies

Outstanding balances at the year-end relating to the related Companies are unsecured, interest free, and all related-party dues are on demand. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31st March 2022. The Group has not recorded any impairment of receivables relating to amounts owed by related parties (2020/21 - LKR Nil).

33. Events occurring after the reporting period

A Final dividend per share of LKR 6/- was declared on 29th March 2022 for the year 2021/22 and paid on 29th April 2022.

34. Capital management

The Company's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Company recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The company's capital structure consists comprising share capital, reserves and retained earnings, as disclosed in the statement of changes in equity.

Supplementary Reports

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Enclosed	Form of Proxy
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Ten Year Financial Summary

Income statement

Year ended 31st March	2022 LKR Mn.	2021 LKR Mn.	2020 LKR Mn.	2019 LKR Mn.	2018 LKR Mn.	2017 LKR Mn.	2016 LKR Mn.	2015 LKR Mn.	2014 LKR Mn.	2013 LKR Mn.
Revenue	6,742	5,057	4,361	4,724	4,215	4,364	3,890	3,357	3,054	2,918
Gross profit	1,336	819	446	1,076	993	1,203	994	512	441	432
Profit from operations	663	256	(57)	545	552	805	699	209	170	187
Share of profit from joint ventures & associates (net of tax)	171	167	(62)	41	34	126	18	20	28	20
Profit before tax	793	359	(193)	510	500	863	665	193	159	184
Income tax expense	(28)	(12)	(3)	(97)	(95)	(161)	(74)	(34)	(21)	(22)
Profit for the year	765	347	(196)	413	404	702	591	160	138	161

Balance Sheet

Year ended 31st March	2022 LKR Mn.	2021 LKR Mn.	2020 LKR Mn.	2019 LKR Mn.	2018 LKR Mn.	2017 LKR Mn.	2016 LKR Mn.	2015 LKR Mn.	2014 LKR Mn.	2013 LKR Mn.
Assets										
Non-current assets										
Property, plant and equipment	2,501	2,350	2,346	2,167	2,086	2,047	1,781	1,553	1,521	1,391
Investments in joint ventures	1,176	1,105	931	919	913	872	517	12	12	12
Investments in associates	–	–	–	–	–	–	–	101	81	53
Biological assets	105	33	60	51	68	84	251	204	134	129
Other non-current assets	41	40	38	30	5	5	6	7	7	6
Total non-current assets	3,832	3,541	3,393	3,168	3,072	3,008	2,556	1,877	1,755	1,591
Current assets										
Inventories	362	245	374	216	166	156	124	124	99	85
Trade and other receivables	694	497	491	521	491	450	337	323	282	278
Biological assets	651	679	553	477	420	335	122	122	149	156
Cash and bank balances	541	237	159	430	438	377	327	147	159	165
Other current assets	122	92	93	149	43	24	257	220	87	77
Total current assets	2,369	1,750	1,669	1,792	1,557	1,342	1,168	935	776	762
Total assets	6,201	5,290	5,061	4,960	4,629	4,350	3,723	2,812	2,531	2,352
Equity and liabilities										

Ten Year Financial Summary

Year ended 31st March	2022 LKR Mn.	2021 LKR Mn.	2020 LKR Mn.	2019 LKR Mn.	2018 LKR Mn.	2017 LKR Mn.	2016 LKR Mn.	2015 LKR Mn.	2014 LKR Mn.	2013 LKR Mn.
Equity										
Stated capital	256	256	256	256	256	256	256	256	256	256
Revaluation surplus	573	580	508	421	421	425	425	248	248	250
Retained earnings	3,961	3,284	2,937	3,197	2,893	2,601	2,019	1,500	1,323	1,209
Other reserves	(5)	(7)	(3)	(8)	(10)	(1)	(2)	(4)	(8)	0
Total equity	4,785	4,114	3,698	3,866	3,560	3,281	2,699	2,000	1,819	1,716
Non-current liabilities										
Financing and lease payables	258	142	258	298	393	483	485	254	159	153
Other non-current liabilities	272	276	239	243	237	168	128	99	91	70
Total non-current liabilities	530	418	497	541	629	651	612	353	249	224
Current liabilities										
Trade and other payables	595	374	459	352	275	218	283	353	366	358
Financing and lease payables	275	369	393	187	153	156	110	102	93	52
Other current liabilities	16	15	15	14	12	44	20	4	3	3
Total current liabilities	886	758	866	553	440	418	413	459	463	413
Total equity and liabilities	6,201	5,290	5,061	4,960	4,629	4,350	3,723	2,812	2,531	2,352

Key ratios

Year ended 31st March	2022 LKR Mn.	2021 LKR Mn.	2020 LKR Mn.	2019 LKR Mn.	2018 LKR Mn.	2017 LKR Mn.	2016 LKR Mn.	2015 LKR Mn.	2014 LKR Mn.	2013 LKR Mn.
Gross profit margin (%)	19.82	16.20	10.22	22.79	23.57	27.57	25.54	15.24	14.45	14.81
Net profit margin (%)	11.35	6.87	(4.50)	8.74	9.60	16.08	15.18	4.75	4.51	5.53
Return on average assets (%)	13.32	6.71	(3.91)	8.61	9.01	17.39	18.07	5.97	5.65	7.42
Return on average equity (%)	17.20	8.89	(5.19)	11.12	11.82	23.47	25.14	8.36	7.80	9.77
Current ratio (x)	2.67	2.31	1.93	3.24	3.54	3.21	2.83	2.04	1.68	1.84
Debt-to-capital ratio (%)	10.02	11.05	14.97	11.14	13.29	16.31	18.05	15.14	12.17	10.67
Earnings per share (LKR)	47.84	21.71	(12.26)	25.81	25.28	43.87	36.91	9.97	8.62	10.09
Net assets per share (LKR)	299.08	257.11	231.12	241.62	222.51	205.08	168.66	125.01	113.68	107.22
Market price per share (LKR)	151.25	137.75	78.70	114.80	134.60	160.20	144.00	108.00	147.00	150.00
Dividend per share (LKR)*	6.00	–	4.00	8.00	6.00	7.50	6.00	2.50	1.25	1.50
Price earnings ratio (x)	3.16	6.34	(6.42)	4.45	5.32	3.65	3.90	10.83	17.06	14.86
Price to book value (x)	0.51	0.54	0.34	0.48	0.60	0.78	0.85	0.86	1.29	1.40
Dividend yield (%)	3.97	–	5.08	6.97	4.46	4.68	4.17	2.31	0.85	1.00
Dividend payout (%)	12.54	–	>100%	31.00	23.73	17.10	16.26	25.07	14.51	14.86

*Dividends per share - based on the dividends declared for the financial year

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission
General Disclosures			
GRI 102: General Disclosures			
102-1	Name of the organization	Inner Back Cover	
102-2	Activities, brands, products, and services	42 to 47	
102-3	Location of headquarters	Inner Back Cover	
102-4	Location of operations	134	
102-5	Ownership and legal form	Inner Back Cover	
102-6	Markets served	39 and 42	
102-7	Scale of the organization	4 to 11	
102-8	Information on employees and other workers	48 to 51	
102-9	Supply chain	26 to 28	
102-10	Significant changes to the organization and its supply chain		No significant change
102-11	Precautionary principle or approach	87 to 100	
102-12	External initiatives	26 to 28	
102-13	Membership of associations	N/A	
102-14	Statement from senior decision-maker	12 to 14	
102-15	Key impacts, risks, and opportunities	87 to 100	
102-16	Values, principles, standards, and norms of behaviour	7 to 9	
102-18	Governance structure	67 to 74	
102-20	Executive level responsibility for economic, environmental, and social topics	67 to 74	
102-21	Consulting stakeholders on economic, environmental, and social topics	26 to 28	
102-22	Composition of the highest governance body and its committees	67 to 74	
102-23	Chair of the highest governance body	67 to 74	
102-24	Nominating and selecting the highest governance body	67 to 74	
102-25	Conflicts of interest	67 to 74	
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102-27	Collective knowledge of highest governance body	67 to 74	
102-28	Evaluating the highest governance body's performance	67 to 74	
102-29	Identifying and managing economic, environmental, and social impacts	87 to 100	
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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission
102-36	Process for determining remuneration	85	
102-40	List of stakeholder groups	26 to 28	
102-41	Collective bargaining agreements		No collective bargaining agreements
102-42	Identifying and selecting stakeholders	26 to 28	
102-43	Approach to stakeholder engagement	26 to 28	
102-44	Key topics and concerns raised	26 to 28	
102-45	Entities included in the consolidated financial statements	114	
102-46	Defining report content and topic boundaries	3	
102-47	List of material topics	32	
102-48	Restatements of information		No significant change
102-49	Changes in reporting	3	
102-50	Reporting period	3	
102-51	Date of most recent report	3	
102-52	Reporting cycle	3	
102-53	Contact point for questions regarding the report	3	
102-54	Claims of reporting in accordance with the GRI Standards	3	
102-55	GRI content index	186 to 189	
102-56	External assurance		The Company has not obtained external assurance on this Report

Economic Performance

Material topics

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundaries	32	
103-2	The management approach and its components	34 to 38	

GRI 201: Economic Performance

201-1	Direct economic value generated and distributed	29	
201-3	Defined benefit plan obligations and other retirement plans	155 and 156	

GRI Content Index

Supplementary Reports

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission
Individual economic impact			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its boundaries	34 to 38	
103-2	The management approach and its components	34 to 38	
203-2	Significant indirect economic impacts	34 to 38	
Employment			
GRI 401: Employment			
401-1	New employee hires and employee turnover	48 to 51	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	48 to 51	
401-3	Parental leave	48 to 51	
Occupational health and safety			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its boundaries	48 to 51	
103-2	The management approach and its components	48 to 51	
GRI 403: Occupational Health and Safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		No significant change
Training and development			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its boundaries	48 to 51	
103-2	The management approach and its components	48 to 51	
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	N/A	
404-2	Programmes for upgrading employee skills and transition assistance programmes	51	
404-3	Percentage of employees receiving regular performance and career development reviews	N/A	

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission
Diversity and equal opportunity			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its boundaries	48 to 51	
103-2	The management approach and its components	48 to 51	
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	67 to 74	
Child labour			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its boundaries	N/A	
103-2	The management approach and its components	N/A	
GRI 408: Child Labour			
408-1	Operations and suppliers at significant risk for incidents of child labour		Company follows the labour laws of Sri Lanka and does not employ any person under age of 18 years.
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	N/A	
103-2	The management approach and its components	N/A	
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programmes	52 to 56	
GRI 103: Management Approach			
103-2	The management approach and its components	52 to 56	
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	60 to 62	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	

Key Financial Ratios and Financial Terms

Financial performance

$$\text{Gross profit margin} = \frac{\text{Gross profit for the year}}{\text{Revenue for the year}}$$

Gross profit is revenue – Cost of sales which represents direct cost of production in farms and factories in deriving a saleable product to the end customer which is day-old chicks or chicken meat.

$$\text{Operating profit margin} = \frac{\text{Operating profit for the year}}{\text{Revenue for the year}}$$

Operating profit is gross profit less sales and distribution expenses and administration expenses adding up any operating income.

Share of profit from joint venture is the percentage share of the net profit generated from joint venture operations proportionate to the investment amount made.

$$\text{Net profit margin} = \frac{\text{Net profit after tax including profit from joint venture operations}}{\text{Revenue}}$$

$$\text{Return on equity} = \frac{\text{Net profit after tax}}{\text{Average equity}}$$

Average equity is the average equity figure (on Book Value basis) between last year and current year.

Dupont analysis on ROE is a method use to analyse ROE into its main components net profit margin, Financial leverage and asset turnover.

$$\text{Financial leverage} = \frac{\text{Total assets}}{\text{Total equity}}$$

(Based on average method between last year and current year)

$$\text{Asset turnover} = \frac{\text{Revenue}}{\text{Average assets}}$$

$$\text{Return on assets} = \frac{\text{Net profit after tax}}{\text{Average of total assets between last year and current year}}$$

Financial position and cash flow management

$$\text{Debt to capital} = \frac{\text{Total borrowing from bank as at the year end}}{\text{Total capital which includes shareholders' funds and borrowings from the bank}}$$

$$\text{Current ratio} = \frac{\text{Current assets at the year end}}{\text{Current liabilities at the year end}}$$

$$\text{Quick ratio} = \frac{\text{Liquid current assets which excludes stocks and dues related party dues}}{\text{Current liabilities at the year end}}$$

$$\text{Working Capital turnover} = \frac{\text{Revenue}}{\text{Year end working capital which is calculated as total stocks including biological assets classified under current assets plus trade receivables minus trade payables}}$$

Shareholder returns

$$\text{Earnings per share} = \frac{\text{Net profit after tax for the year}}{\text{Total shares as at year end}}$$

$$\text{Net book value per share} = \frac{\text{Total equity value}}{\text{Total shares at the year end}}$$

$$\text{Price earnings ratio} = \frac{\text{Market price per share}}{\text{Earnings per share}}$$

$$\text{Price to book value ratio} = \frac{\text{Market price per share}}{\text{Net book value per share}}$$

$$\text{Dividend payout} = \frac{\text{Per share dividend declared for the year}}{\text{Earnings per share}}$$

$$\text{Dividend yield} = \frac{\text{Per share dividend declared for the year}}{\text{Market price per share}}$$

Acronyms and Abbreviations

A	ASF	African Swine Fever
B	Bn.	Billion
C	CAGR	Compound Annual Growth Rate
	CBSL	Central Bank of Sri Lanka
	CEA	Central Environment Authority
	CEB	Ceylon Electricity Board
	CEO	Chief Executive Officer
	CSR	Corporate Social Responsibility
	CWIP	Capital Work-in-Progress
D	DAPH	Department of Animal Production and Health
	DOCs	Day-old Chicks
E	EFF	Extended Fund Facility
	EMC	Executive Management Committee
	EMDE	Emerging Market and Developing Economies
	EPF	Employees' Provident Fund
	EPS	Earnings Per Share
	ERP	Enterprise Resource Planning
	ETF	Employees' Trust Fund
	EU	European Union
F	FAIPL	Fortune Agro Industries (Pvt) Ltd.
	FGPFLL	Fortune G-P Farms Lanka Ltd.
G	g	Gram
	GMP	Good Manufacturing Practices
	GoSL	Government of Sri Lanka
	GP	Grandparent
	GRI	Global Reporting Initiative

H	HACCP	Hazard Analysis and Critical Control Point
	HoReCa	Hotels, Restaurants, and Cafes
	HPAI	Highly Pathogenic Avian Influenza
I	IFRIC	International Financial Reporting Interpretations Committee
	IMF	International Monetary Fund
	ISO	International Standards Organization
J	JV	Joint Venture
K	KVA	Kilovolt Ampere
L	LKAS	Sri Lanka Accounting Standards
	LKR	Sri Lankan Rupees
M	MD	Managing Director
	mg	Milligram
	Mn.	Million
N	NED	Non-Executive Director
P	PHI	Public Health Inspector
R	RoE	Return on Equity
S	SIIC	Science Industry Interaction Cell
	SLAuSs	Sri Lanka Auditing Standards
	SLFRS	Sri Lanka Financial Reporting Standards
	SME	Small and Medium Enterprises
U	USD	United States Dollar
Y	YoY	Year-on-Year

Directors of Subsidiaries and Sub Subsidiaries

Subsidiaries

Bairaha Foods (Pvt) Ltd	Mr M N M Yakooth	Mr M Y M Riyal		
Lanka Land Development Ltd	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
HCF Land Development Ltd	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
BF Lands Development Ltd	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
Golden Rooster Restaurants (Pvt) Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	
Siyane Farms Ltd	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
Nature's Best Industry Ltd.	Mr M N M Yakooth	Mr M Y M Riyal		
Regency Real Estate Company Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak

Sub Subsidiaries

Hill County Farms Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
Foster Real Estate Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
Bairaha Trading (Private) Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak

Notice of Meeting

NOTICE IS HEREBY given that the Forty Seventh Annual General Meeting of Bairaha Farms PLC will be held in the Auditorium, Sri Lanka Foundation, 100, Padanama Mawatha, Independence Square, Colombo 07 at 11.30 a.m. on Thursday the 30th June 2022 for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company and the financial statements for the year ended 31st March 2022 and the Report of the Auditors thereon.
2. To elect as a Director Mr Reyaz Mihular, who retires in terms of Articles 94 of the Articles of Association of the Company.
3. To re-elect as a Director Mr Mubarak Naleem, who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.
4. To pass the ordinary resolution set out below to appoint Emeritus Prof H Abeygunawardena who is 73 years of age, as a Director of the Company; "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Emeritus Prof H Abeygunawardena who is 73 years of age and that he be and is hereby appointed as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007"
5. To authorize the Directors to determine donations as they think fit during the year ending 31st March 2023 and up to the date of the next Annual General Meeting.
6. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

By Order of the Board,
Bairaha Farms PLC

(Sgd.)

P W CORPORATE SECRETARIAL (PVT) LTD.

Director/Secretaries

30th May 2022
Colombo

Notes:

1. A member is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company.
2. A Form of Proxy is enclosed herewith for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 2nd Floor, No. 407, Galle Road, Colombo 3 not less than forty-eight hours before the time fixed for the Meeting. The envelope in which the Proxy Form is enclosed must be marked with the words 'Annual General Meeting' on the top left hand corner of the envelope, and the envelope must be addressed to Secretaries, Bairaha Farms PLC, 2nd Floor, No. 407, Galle Road, Colombo 03.
4. Shareholders/Proxyholders attending the Meeting are requested to bring their National Identity Cards and post or email to bfagm22@bairaha.com the Attendance Notification Card (Business Reply Card) enclosed herewith to the Company to reach them not less than forty-eight hours before the time fixed for the Meeting.

Form of Proxy

I/We*
.....
of
.....
being a shareholder/s* of Bairaha Farms PLC hereby appoint:
1.....
of
.....
bearing National Identity Card No.or failing him,

2. Chairman of the Company or failing him one of the Directors of the Company as my/our* proxy to represent, speak and vote for me/us* and on my/our* behalf at the Forty Seventh Annual General Meeting of the Company to be held in the Auditorium, Sri Lanka Foundation, 100, Padanama Mawatha, Independence Square, Colombo 07 at 11.30 a.m. on Thursday the 30th June 2022 and at any adjournment thereof and at every poll which may be taken in consequence thereon.

	For	Against
1. To elect as a Director Mr Reyaz Mihular, who retires in terms of Articles 94 of the Articles of Association.	☐	☐
2. To re-elect as a Director Mr Mubarak Naleem, who retires by rotation in terms of Articles 87 and 88 of the Articles of Association.	☐	☐
3. To appoint Emeritus Prof H Abeygunawardena who is 73 years of age as a Director of the Company pursuant to the provisions of the Companies Act No.07 of 2007	☐	☐
4. To authorise the Directors to determine donations as they think fit during the year ending 31st March 2023 and up to the date of the next Annual General Meeting.	☐	☐
5. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.	☐	☐

In witness my/our* hands this day of Two Thousand and Twenty-Two.
* Delete whichever is inapplicable.

.....
Signature of shareholder/s*

- Notes:**
- 1. A proxy need not be a member of the Company.
 - 2. Instructions as to completion of Form of Proxy appear overleaf.

Form of Proxy

Instructions for completion

1. This Form of Proxy must be deposited at the Registered Office, 2nd Floor, No. 407, Galle Road, Colombo 03 not less than forty-eight hours before the time fixed for the Meeting. The envelope in which the Proxy Form is enclosed must be marked with the words 'Annual General Meeting' on the top left-hand corner of the envelope, and the envelope must be addressed to Secretaries, Bairaha Farms PLC, 2nd Floor, No. 407, Galle Road, Colombo 03.
2. In perfecting the Form of Proxy please ensure that all details are legible.
3. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy please insert the relevant details.
4. Please indicate with an 'X' in the space provided how your proxy is to vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
5. In the case of a Company/Corporation the Proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
6. In the case of a proxy signed by an Attorney, the original Power of Attorney must be deposited at the Registered Office for registration.
7. In the case of joint holders the Form of Proxy must be signed by the first holder.

Corporate Information

Company Name

Bairaha Farms PLC

Company Registration Number

PQ 122

Legal form

Public Limited Liability Company

Registered Office

No. 407, 2nd Floor,
Galle Road, Colombo 3

Phone : +94 11 257 5255

Telefax : +94 11 257 5256

Website : www.bairaha.com

Email : corporateoffice@bairaha.com

Directors

Mr Reyaz Minular – Chairman

Mr Yakooth Naleem – Managing Director/
Chief Executive Officer

Emeritus Prof H Abeygunawardena –
Non-Executive Director

Mr Riyal Yakoob – Executive Director

Mr Kamil Naleem – Executive Director

Mr Mubarak Naleem – Executive Director

Mr M I Wahid – Executive Director/Operations

Auditors

Messrs Ernst & Young,
Chartered Accountants,
No. 201, De Saram Place,
Colombo 10

Secretaries and Registrars

P W Corporate Secretarial (Pvt) Ltd.
No. 3/17, Kynsey Road,
Colombo 8
Phone: +94 11 464 0360

Main Bankers

Amāna Bank PLC
No. 365, Galle Road,
Colombo 3

MCB Bank Ltd.

No. 8, Leyden Bastian Road,
Colombo 1

Hatton National Bank

No. 502/1A, Colpetty Road,
Marine Drive,
Colombo 3

Bank of Ceylon

Corporate Branch,
No. 04, Bank of Ceylon Mawatha,
Colombo 1



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