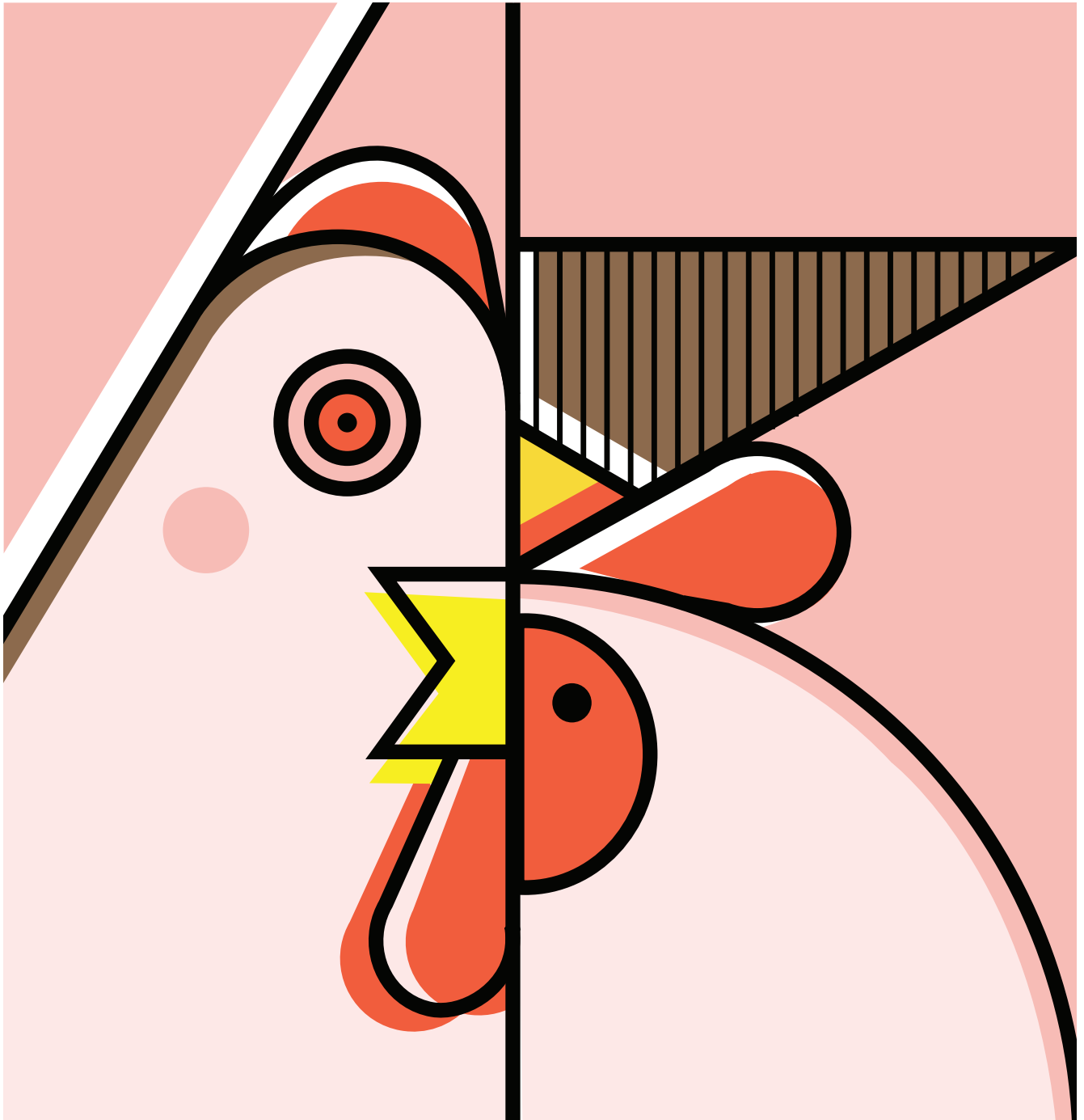




Annual Report 2022/23

Bairaha Farms PLC



Bairaha is one of Sri Lanka's leading entities in the poultry industry.

As purveyors of one of the country's most important sources of protein, our response to Sri Lanka's nutritional needs is a mosaic of pioneering process, state of the art and highly integrated infrastructure and exemplary levels of professionalism, all of which deliver a portfolio of high quality products and services that meet the requirements of people all across Sri Lanka.

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About this Report

The Integrated Annual Report covers the financial year ending 31st March 2023. The Report includes pertinent financial and non-financial information related to Bairaha Farms PLC's main businesses, investments, strategies, and growth trajectory. It also provides material information related to the Company's corporate governance and risk management practices and processes.

The Report aims to furnish stakeholders with necessary information to make well-informed evaluations regarding the Company's sustainability and its capacity to generate value in the short, medium, and long terms. The Report considers the concept of materiality; identifying key issues that hold the greatest significance for the Group, outlining their impact to stakeholders, and as to how these matters were approached and resolved through the Company's strategic initiatives.

Reporting Framework

The information contained in the Report is in compliance with all applicable laws, regulations and standards. The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards, and financial reporting and the corporate governance disclosures are in adherence to the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, and the Code of Best Practices on Corporate Governance jointly issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission (SEC) of Sri Lanka.

The Report also draws from the concepts, principles, and guidelines provided in the Integrated Reporting <IR> Framework, IFRS foundation.

Report Scope and Boundary

This Report covers the twelve (12) months period from 01st April 2022 to 31st March 2023 and is consistent with the Company's annual reporting cycle for financial and sustainability reporting. Updates on progress of continuing activities and initiatives are provided in the Report and references made as needed 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, Ernst & Young Chartered Accountants.

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

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

Financial Controller
Bairaha Farms PLC,
2nd Floor,
No. 407, Galle Road,
Colombo 03.
Phone: +94 11 257 5255
Website: www.bairaha.com
Email: corporateoffice@bairaha.com

Year at a Glance

Indicator	Unit	2022/23	2021/22
Revenue	LKR Mn.	11,799	6,742
Gross profit	LKR Mn.	1,532	1,336
Profit from operations	LKR Mn.	367	663
Profit after tax	LKR Mn.	283	765
Total assets	LKR Mn.	8,515	6,201
Total borrowings	LKR Mn.	1,997	533
Total shareholders' funds	LKR Mn.	5,208	4,785
Gross profit margin	%	12.98	19.82
Operating profit margin	%	3.10	9.80
Net profit margin	%	2.40	11.40
Return on equity	%	5.66	17.20
Return on total assets	%	3.85	13.30
Debt/Capital	%	28	10
Current ratio	Times	1.50	2.70
Earnings per share	LKR	16.09	43.49
Net assets per share	LKR	295.91	271.89
Market price per share	LKR	145.00	151.25
Dividend per share	LKR	6.00	6.00
Dividend payout	%	37.31	13.80



Financial Capital

- Revenue growth 75% (YoY)
- Social Security Contribution Levy charge for the year LKR 292 Mn.
- Deferred tax expense LKR 107 Mn. on account of change in corporate tax rate to 30%
- Fuel price upward revision resulted in transport cost increase by 350% (YoY)
- Electricity cost (monthly) increased by 100% in September 2022 in comparison with first five months of the year



Intellectual Capital

- Strong brand name with more than 47 years in business
- Digitalization across business, paperless operations
- Use of Business Intelligence (BI) tools
- Revamping E-Commerce platform through Bairaha website



Social and Relationship Capital

- Supported the communities around the farms and factories with the provision of food rations
- Number of shareholders 4,186
- Contributions towards community development
- Offer equal employment opportunities



Manufactured Capital

- Investment in property, plant and equipment was LKR 828 Mn. in the year
- Company has 309 acres of land within its land bank
- Fully vertically integrated operation



Human Capital

- Staff strength 1,185
- Relief provided during the economic crisis
- KPI driven performance culture
- Inclusive work culture fostering job satisfaction



Natural Capital

- Sustainable Solar power generation to support national grid
- Continued efforts towards achieving the goal of paperless office by incorporating all operational areas
- Employees were provided with plants to inculcate interest towards the environment and its preservation
- Poultry dung (litter) sold to be used as an alternative to imported chemical fertilizer

This is Bairaha

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About Us

Established in 1975, Bairaha Farms PLC has emerged as the foremost provider of quality processed chicken and broiler day old chicks while continuing to offer a range of pre-cooked chicken products in Sri Lanka. With nearly five decades of enterprise, Bairaha has maintained its leadership position through unwavering commitment to quality that is reflected in its extensive customer base and strong brand presence.

The Company is vertically integrated and this helps to control the processes and quality throughout its operation and this in turn enables to offer quality products to its customers.

Almost all of the activities relating to integrated production operation are undertaken by the company itself or its related companies. However, a sizeable percentage of broiler farming is carried out with out-growers under company's supervision and most of the locally procured corn and other raw materials are from farmers and other organizations.

Bairaha's expanding range of chicken products is made possible by a strong commitment and desire for research and product development, to meet the evolving requirements of a discerning market place.



Vision

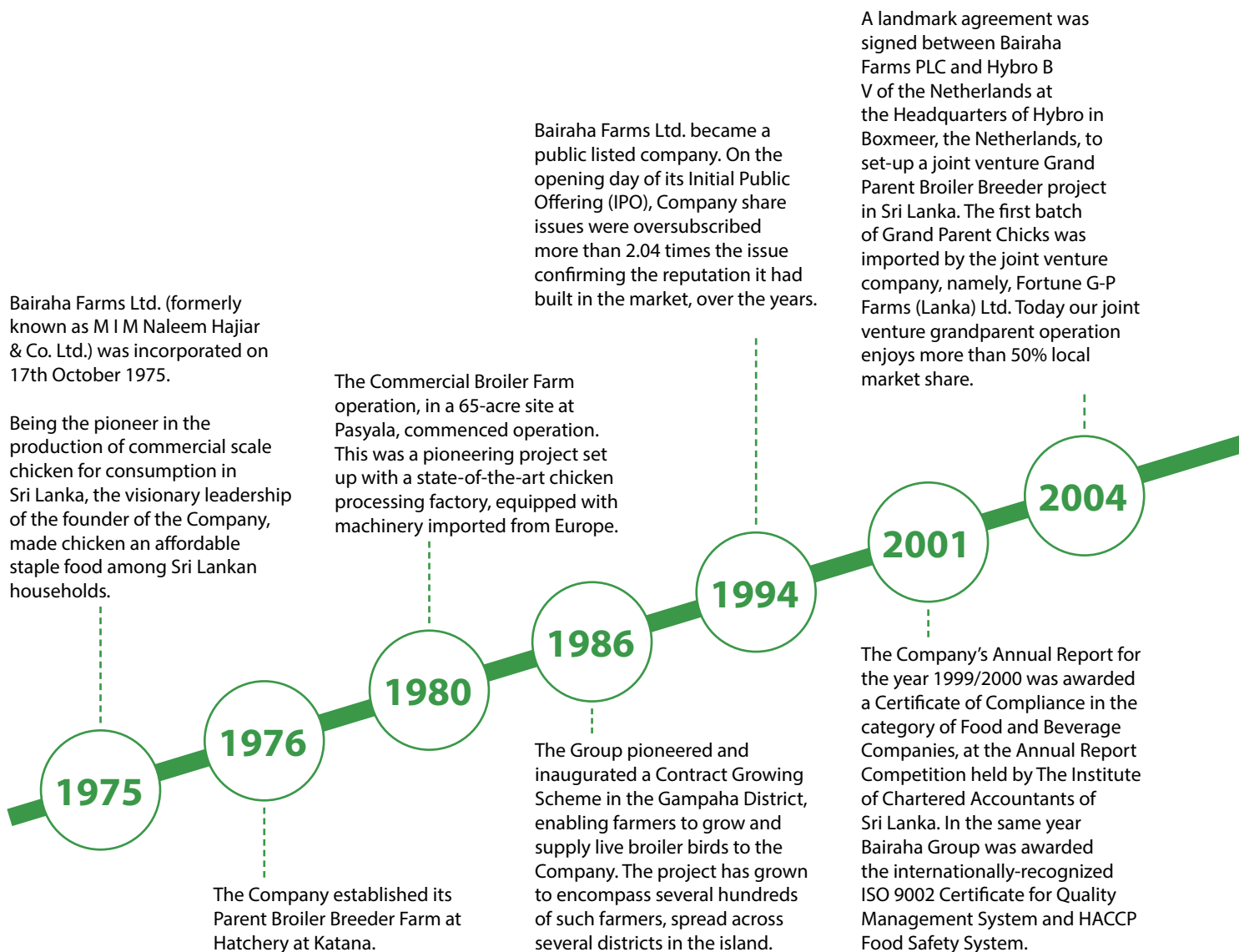
To be our stakeholders' and customers' preferred company and brand in the poultry and meat production sectors.

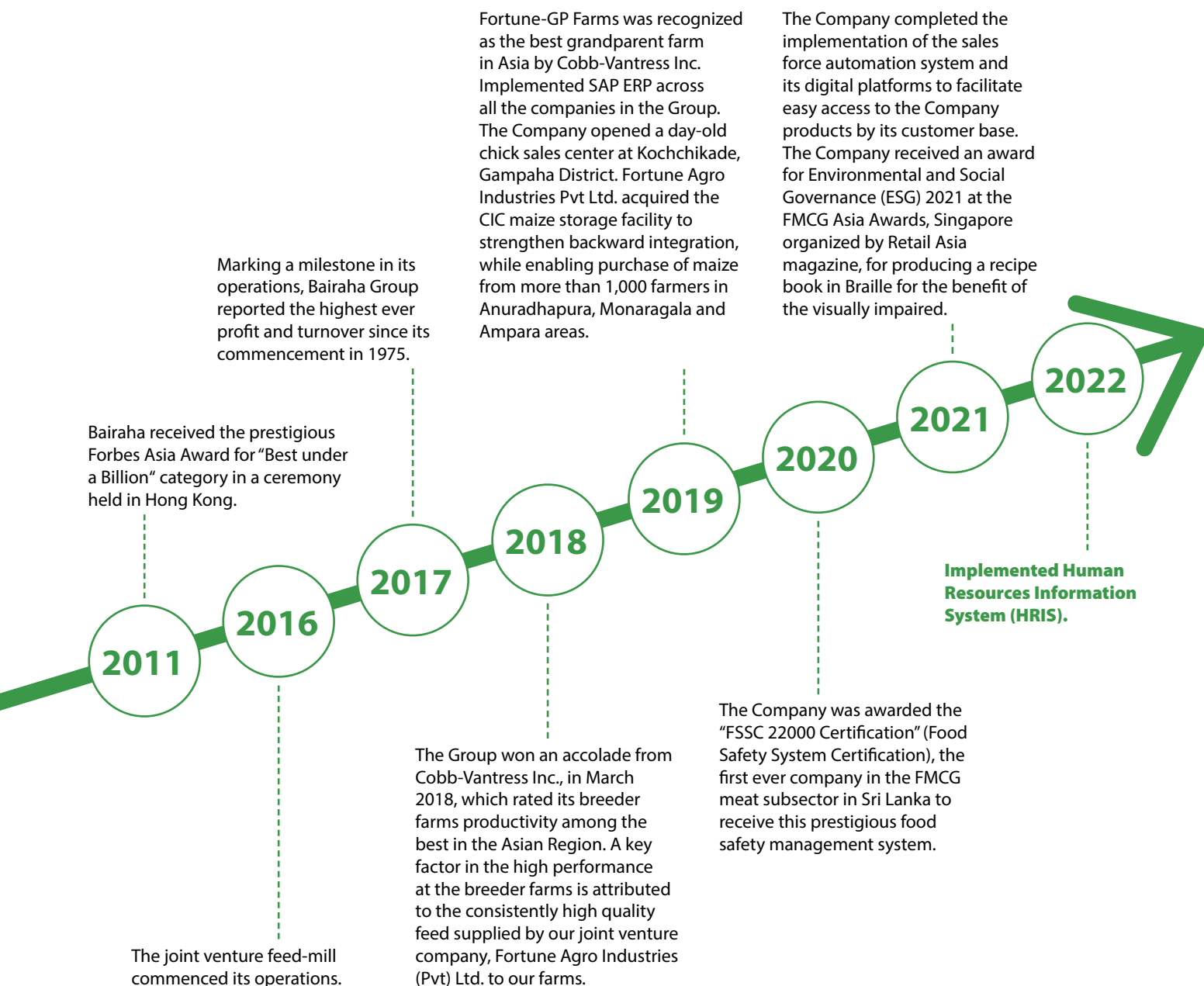


Mission

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

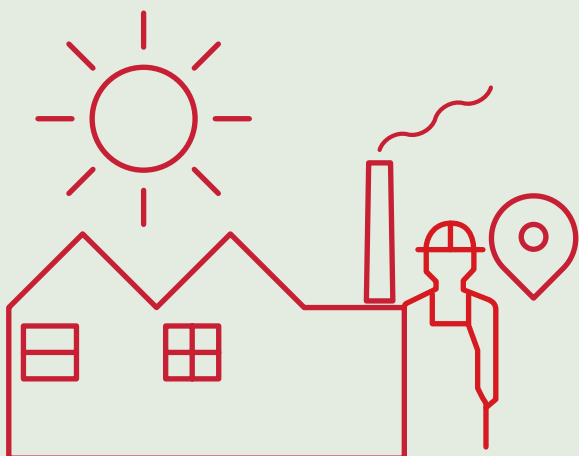
Our Journey





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.

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.

It runs 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.

Newly incorporated company to produce nutraceutical products.

Chairman's Message

Our focus remains on delivering high-quality chicken products, while creating value for our customers, stakeholders and shareholders in a challenging economic landscape.



I am pleased to present to you, on behalf of the Board of Directors, the Annual Report of Bairaha Farms PLC, for the financial year 2022/23.

The financial year ending 31st March 2023 was marked by extraordinary challenges, not only for our Company but for the entire nation. The economic crisis, which reached its peak in mid-2022, has had profound repercussions on the people of Sri Lanka. The impact has been particularly severe for low-income families, with seven out of ten households turning to food rationing strategies and 32 per cent of households being classified as food insecure. However, by end of May 2023 according to World Food Programme, Sri Lanka's food security status has improved and accordingly only 17 per cent of the population could be considered as moderately insecure in relation to food security.

These distressing factors, albeit improved now, have further underscored the importance of our role in the food industry. We recognize the immense responsibility we bear in ensuring the availability of essential food products to the nation, especially during times of crisis. We remain committed to meeting this obligation with an unwavering dedication to serving the needs of our fellow citizens.

The operating environment during the year under review presented numerous hurdles for the Company. The increased cost of financing together with the newly imposed Social Security Contribution Levy, which came into effect in October 2022, had a significant impact on our bottom line. Price hikes in electricity and fuel also added to the overall cost burden. The inflationary conditions in the country saw consumers face sharp increases in the prices for goods and services. This adversely affected consumer demand and consumption patterns, which in turn affected our sales and revenue generation. Additionally, the decline in tourist arrivals had a significant impact on various sectors, including the food industry.

Despite these monumentally harsh developments, we remained committed to mitigating their impact and seeking sustainable solutions. We continuously review our costs and expenses to

generate savings and improve operational efficiencies wherever possible while navigating the activities of our company in a very uncertain and challenging environment. Our focus remains on delivering high-quality chicken products, while creating value for our customers, stakeholders, and shareholders in a challenging economic landscape.

We remained steadfast in our dedication to innovation by modernizing and upgrading our processes, expanding production capacity and embracing cleaner energy through investments in solar electricity generation, as we are confident of the medium and long terms prospects of the industry. We also explored novel ways to recycle part of the by-products and generate value, in line with our sustainability goals. Information technology and digitalization have also been part of our strategic initiatives.

Despite the unprecedented predicament encountered by the Company in the year under review, it was able to record a net profit of LKR 283 Mn., in comparison with LKR 765 Mn. reported in the previous year. One of the standout accomplishments was in exports, resulting in a substantial revenue generation, amounting to LKR 175 Mn. To further expand our global footprint and explore new opportunities, we established Bairaha International FZCO, a wholly-owned subsidiary in the United Arab Emirates.

In line with our aim of prioritizing value creation, the Board made the strategic decision to allot one bonus share for every ten shares held; enabling us to effectively double our stated capital from LKR 256 Mn. to LKR 536 Mn. This decision not only enhances shareholder value but also reflects our confidence in the long-term prospects of the Company.

Furthermore, we are proud to announce the successful completion of product development and manufacturing arrangements for one of our newly developed nutraceutical products, namely, Flemmings Essence of Chicken. Manufactured by our subsidiary, Care 4 Wellbeing (Pvt) Ltd., this product demonstrates our commitment to innovation and diversification, catering to the evolving needs of our consumers.

Our commitment to customer satisfaction remains unwavering. Through active engagement with them, we gain valuable insights into evolving needs of customers. By embracing innovation and leveraging our expertise, we continuously seek ways to improve existing products and introduce new ones that not only meet the emerging needs of our customers but also deliver exceptional value and quality. During the year under review, we were proud to revamp the Bairaha website and e-commerce portal, presenting our customers with greater selection, ease of navigation, and an overall better experience; while strengthening our presence in the digital sphere. Our customer-centric approach to doing business drives our enthusiasm to product development and ensures that the Bairaha brand remains a trusted and preferred choice in the market.

Moving forward, we recognize the challenges that need to be navigated. The ongoing slow recovery from the economic crisis in Sri Lanka is likely to continue affecting consumer spending patterns and overall market conditions. Tightening monetary policy and substantial increase in taxes both corporate taxes and PAYE could dampen demand for goods and services. At the same time, the highly escalated cost of production presents an ongoing challenge to maintaining affordable pricing. Additionally, the global recessionary environment can have adverse effects on the Sri Lankan economy, potentially impacting consumer demand and export opportunities.

However, the strategic objectives for Bairaha Farms are centered around key drivers of growth that will position us for long-term success. As we move through a recovery phase of the local economy, we remain confident in our resilience and proactive approach, which have proven to be instrumental in our past successes. We continually assess and seek to mitigate risks, adapting to changing market conditions and seeking opportunities for growth.

In conclusion, I would like to express my sincere gratitude to my colleagues on the Board, including the Managing Director, Executive Directors, and the Management Team who have guided us through extremely turbulent circumstances. My appreciation also goes to our dedicated employees, whose unwavering loyalty and hard work have been the driving force behind our success. Their commitment, amidst challenging times, reflects the true spirit of Bairaha. I would also like to express my heartfelt gratitude to our esteemed shareholders, customers, suppliers, distributors and bankers. Your continued support and collaboration have been invaluable and we look forward to nurturing these relationships in the years to come. And last but not least, I am deeply appreciative of our customers whose trust in us has been instrumental in our journey thus far.

With a clear strategic vision, strong core values and unwavering commitment to excellence, I believe that we are well-positioned to overcome the prevailing challenges and maintain sustainable growth in the years to come.

(Sgd.)

Mr Reyaz Mihular
Chairman

24th May 2023

Managing Director's Review

Our employees' passion and enthusiasm have been instrumental in driving our growth.



The 2022/23 financial year has been one of the most challenging years faced by our Group. The downturn in the economy arising from the economic crisis, severely impacted adversely the industry and the country. Bairaha's reasonably acceptable performance amidst these challenges is due to the hard work, dedication, and perseverance demonstrated by each member of our Company over the past year. I am proud to state that we have successfully navigated these testing times encountered by the Company.

Impacts on Poultry Industry

Sri Lanka's unprecedented economic crisis had a ripple effect on all industries including on poultry as delays and difficulty in importing raw materials for poultry feed manufacture and procuring of breeding birds for production, and disruptions in logistics and distribution chain severely hampered the poultry industry. With the country facing severe foreign currency shortages together with restrictions imposed on imports, hampered supply of feed and other vital inputs as the industry faced an uphill task to remain operational. The year under review also saw an exorbitant increase in finance cost, coupled with a surge in energy costs that impacted transportation of materials and distribution of products for sale. Despite this, our key objective during this period was to expand our reach and ensure our products reached customers and freezer shelves across the Island.

According to Central Bank reports, Sri Lanka saw food inflation rise to 94.9% in September 2022 while non-food inflation hovered around 57.6% during the same period. Runaway inflation during this period resulted in severe reduction in consumer spending and proliferation of food insecurity across large parts of the country. Impact on purchasing power of the average consumer coupled with decrease in tourist arrivals due to the ongoing crisis in the second and third quarters, lead to a reduction in purchases of poultry products from the hospitality industry as well.

Resolute Performance

Despite market volatility, effects of economic downturn, skyrocketing import and transport costs that impacted multiple points of the value chain and rise in energy and finance costs; our performance in terms of revenue generation during the past year has been very encouraging. We reported LKR 11.799 Bn. in revenue, which amounts to a substantial 75% increase (YoY). While the imposition of a new Social Security Levy from October 2022 resulted in a 4.5% to 5.0% impact on our bottom line, and despite this and other factors mentioned earlier, we were able to report a net profit of LKR 283 Mn. for the year under review.

Lessons learned during the crisis have only added to our resolve. We have made key investments in modernizing and expanding production capacity by introducing new plant, machinery, and technology at our chicken processing factory; expanded production capacity of our pre-cooked meat production factory; strengthened our IT infrastructure, and incorporated digitalization initiatives to support process efficiencies and improve sales data analysis (business intelligence tools); all of which bode well for the future and ensure we are positioned for growth as conditions normalize.

Product Innovation and New Markets

With nearly five decades in operation, we are committed than ever before to ongoing product development and introduction of new products, that cater to the needs of our customers. Innovation has been one of the main factors for our success, and this year was no exception. Our research and development team continues to develop and introduce new products by researching and identifying customer requirements as well as by listening to their feedbacks.

We launched WOW-B, a crispy breaded chicken product, which has generated significant interest and holds great potential for future market growth. Furthermore, we have expanded our product portfolio to include Pet Food, catering to the needs

of other customers. By diversifying our offerings, we aim to provide a comprehensive range of products to meet various consumer requirements and preferences. Moreover, we are actively exploring ways to utilize by-products and seeking to generate value from them and thereby contributing to a more sustainable future. As part of our ongoing efforts to reduce waste and maximize value addition, Bairaha pioneered, with a help of an expert, to produce edible oil from chicken fat, marking another successful initiative in sustainability.

Commitment to Quality, Safety, and Sustainability

Maintaining the highest standards of quality and safety have always been a top priority for our Company. We have implemented stringent quality control measures across our production facilities and supply chain. By adhering to industry best practices and regulatory standards, we have further strengthened product safety and quality standards. All these have reinforced our reputation as a reliable and trusted brand.

We also took steps towards reducing our environmental footprint, as we actively invested in increasing our renewable energy generation capacity. Installation of solar panels, in addition to having a mini-hydro power generating plant, at one of the farms in the Kandy District, and suitable waste management and treatment plants and processes in our farms and factories are some of the initiatives that demonstrate our commitment to environment sustainability. In response to the Country's economic crisis, we re-doubled our assistance to communities located close to our farms and factories.

Our concerted efforts, we believe, would contribute to a greener future while maintaining operational efficiency and sustainability.

Our Employees

I am immensely proud of the talent we have within our Group. Our success would not have been possible without the unwavering dedication and commitment of our employees. During a

year that exerted immense challenges on our workforce and communities across the country, the Company came forward by offering economic relief allowances, increments, transport facilities/allowances to cover in some way financial and traveling difficulties that employees faced due to the economic crisis of the country. Implementation of a new Human Resources Information System (HRIS) was another highlight of the year, which greatly streamlined our systems and processes pertaining to staff management.

Committing to our culture of excellence, we review as needed performance based incentives to recognize and reward employees for their efforts and contribution. Our employees' passion and enthusiasm have been instrumental in driving our growth.

Looking Ahead

Despite severe challenges faced by our staff, suppliers, and partners across the supply chain, we have made concerted efforts to maintain our market leadership; leveraging our strong product portfolio and customer-centric approach. Our efforts in building strong relationships with distributors and retailers have yielded positive results with strong market share and brand recognition. Our strategic priorities for the future include market expansion, widening product portfolio and continuous efficiency and process improvements in all aspects of our operations.

Our position as a fully vertically integrated entity, encompassing the entire process from feed-milling to the sale of pre-cooked meat, ensures that we are able to deliver products to our customers at competitive prices despite hurdles.

Furthermore, our aspirations to expand operations beyond Sri Lanka's borders through export will continue. This initiative demonstrates our commitment to the continuous pursuit of new horizons for the Company.

While celebrating our achievements during what was a year full of challenges, it is crucial to remain focused on the future. The upcoming year presents both opportunities and challenges, but I am confident that our collective efforts will enable Bairaha to meet the expectations of its stakeholders and achieve new milestones.

In Conclusion

I would like to express my sincere appreciation for the guidance provided by the Chairman, the valuable advice and insights from the Board of Directors, and the unwavering commitment of our deeply engaged staff and workforce, who consistently strive for excellence in the Organization. Our achievements during the past year are attributable to the cohesive, diligent, and dedicated efforts of our team.

Additionally, I extend heartfelt gratitude to our shareholders, as well as to our continuously expanding customer base, suppliers, business partners and bankers. I also sincerely appreciate the steadfast support the Company has consistently received from governmental authorities.

I want to express my deepest gratitude to every member of the Bairaha family for their remarkable contributions. Together, we have accomplished great things, and I am excited about the journey ahead. Let us continue to work together, embracing innovation, upholding our values, and delivering excellence in all that we do.

(Sgd.)

Yakooth Naleem

Managing Director/Chief Executive Officer

24th May 2023

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The Global Economy

During the year under review, the global economy faced more setbacks while still reeling from the effects of the COVID-19 pandemic, which had caused significant disruptions in the previous year. While many countries had begun to reopen and return to normal economic activity by early 2022, the recovery remained inconsistent, with some industries and regions continuing to struggle.

Central banks across most countries lowered interest rates and engaged in quantitative easing measures to stimulate economic growth. Governments had also implemented fiscal stimulus programmes to support households and businesses affected by the pandemic. China's delayed re-opening of borders due to measures taken to contain the pandemic and its after-effects, had a significant adverse effect on trade and economic fortunes of other regions. The ongoing war in Ukraine and resulting supply chain disruptions continued to an inordinate rise in food and energy prices that led to skyrocketing levels of inflation throughout most regions of the globe.

Whilst many challenges remain, close of the financial year saw some turnaround as global headline inflation eased on the back of declining food and energy prices. China's gradual re-opening of borders, with complete relaxing of restrictions by March 2023 was another factor that augurs well for the future.

National Economic Crisis

Sri Lanka faced the greatest economic crisis in its history during the year under review as the double-blow of post-pandemic stressors and global slowdown led to an unprecedented economic crisis, contributing to socio-political instability. In early 2022, Sri Lanka's economy was still recovering from two years of disruptions due to the COVID-19 pandemic. Against this backdrop, global economic headwinds pronounced the effects of long-standing

structural imbalances in the country's economy and contributed to a severe socio-economic crisis. The Central Bank of Sri Lanka (CBSL) and Department of Census and Statistics (DCS) provisional estimate indicated that the economy shrank by 7.8% in 2022.

Floating of the exchange rate and ensuing devaluation of the rupee in March 2022, coupled with persistent global economic pressures, contributed to Sri Lanka's inflation reaching unprecedented levels and peaking at 73.7% in September of the same year. As foreign reserves eroded in the face of multiple pressures, the Government announced default on foreign debt obligations in April 2022, resulting in downgrade of sovereign credit rating. The foreign exchange crisis coincided with rising costs of imported goods and global escalation of energy prices, led to island-wide disruptions of social and economic activities of communities and businesses. Food and fuel shortages, power outages, and political deadlock gave birth to a countrywide social uprising and subsequent change of government.

However, steps taken by the Central Bank to curb inflation; concerted policy measures to restore stability; stimulus packages and debt moratoria to crisis-affected businesses; and negotiations with the International Monetary Fund (IMF), bilateral and multilateral lenders, and international investors; enabled Sri Lanka to receive a bailout from the IMF with the first tranche of a USD 3.0 Bn. loan received in March 2023.

While these positive events brought some stability by the end of the year under review, further challenges remain as Sri Lanka is charting a precarious course for recovery. Further economic setbacks and shocks could impact business operations and profitability, while drastically impeding revival of the economy.

Sri Lanka's Poultry Sector

The first quarter of 2022 saw abrupt disruption in the poultry feed supply. The ongoing forex crisis hampered imports of raw materials and feed millers restricted production and hence deliveries to farms and customers. Arising from this small-scale farmers were unable to procure feed and maintain on average around 4.3 million broiler day-old chicks per month. This had a devastating cascading effect, causing prices to plummet, wherein hatchery operators resorted to early culling of their parent breeding birds stock to minimize their losses. The overall impact was a decrease in broiler placement at the national level, dropping from 14 million chicks per month to 9.7 million.

In early June, the market witnessed a significant recovery due to reduced supply driving up prices. A sudden upswing in the broiler market motivated many medium-scale farmers to resume broiler operations, some opting to mix and produce their own feed. The respite proved short-lived as the fuel crisis presented the poultry industry including farmers and feed producers with major distribution problems. With a glut of stocks sadly, the poultry sector saw a second culling of parent stocks within a short span of three months.

The dual-impact caused by rising cost of production for producers and escalating inflation affected the purchasing power of consumers resulted in see-sawing of prices during the year. Live chicken prices and retail prices of processed chicken that rose by the end of September 2022, plummeted by the third quarter, hitting low points in October and November of 2022. The trend continued except between December of 2022 and January of 2023 where there were some gains arising from seasonal demand on account of Christmas. Volatility and market uncertainty together with high fuel costs and limited supply due to rationing aggravated the problems. These factors have inordinately affected small and medium size farmers and other allied suppliers, impelling many to curtail operations or put-up the shutters

Although the IMF bailout has generated positive investor sentiment and confidence, erosion of spending power across Sri Lankan households coupled with job-losses and downturn in the economy has led to reduced consumer demand while aggravating food insecurity. Even as larger farms suffered from high prices of raw materials and poultry feed due to forex

restrictions and price escalation; post-pandemic job losses, contraction in the manufacturing, production sectors among others and rising unemployment struck a hard blow to the population's spending on essentials including food. Protein intake has been severely affected with a recorded rise in malnutrition in many poverty-stricken areas of Sri Lanka. The Government has implemented policies such as subsidies, food aid, and education programmes as well as improvements to infrastructure. However, much more needs to be done, in regard to policies as well to ensure everyone has access to nutritious food at affordable prices.

Overall, the poultry industry in Sri Lanka has the potential for further growth and export if policies, among others, support such initiatives. Although the demand for poultry products in Sri Lanka has been increasing over the years, driven by population growth, urbanization, and changes in dietary habits, but developments over the last two years have severely hampered this trend.

Outlook

Looking ahead to 2023/24, some reduction in headline inflation and overall reduction in energy and food prices across most countries are positive signs. However, the global economic outlook is likely to depend on a range of factors, including global trade relations and geopolitical tensions. The ability of states to manage an environment of weakened investment, sluggish productivity growth, and with high possibilities of sovereign debt default pose as challenges. While some countries may continue to recover and grow, others including many least developed countries and emerging markets are expected to face ongoing challenges. The World Bank has stated in May 2022 in its twice a year update on Sri Lanka, that Sri Lanka's poverty rate has almost doubled from 13.1 percent to 25 percent and stated further it is projected to remain above 25 percent for the next few years due to the multiple risks to households' livelihood.

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

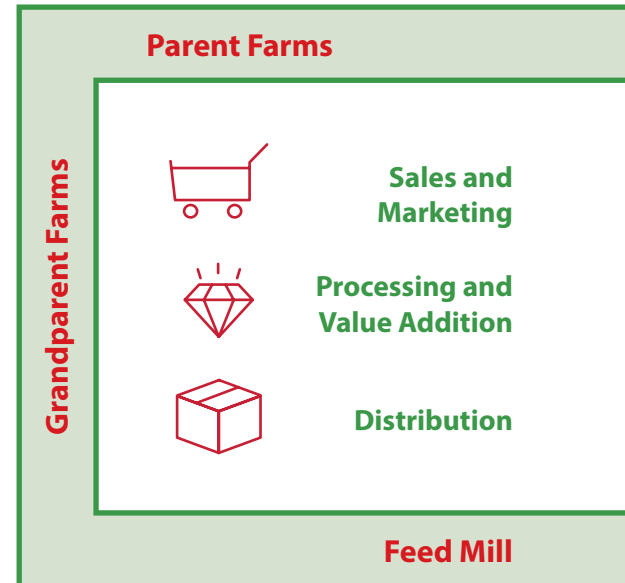
- Permanent employees
- Contract employees
- High numbers of long serving staff
- Commitment to employee training and development

Natural Capital

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

Creating Value

Activities



Risk Management Framework



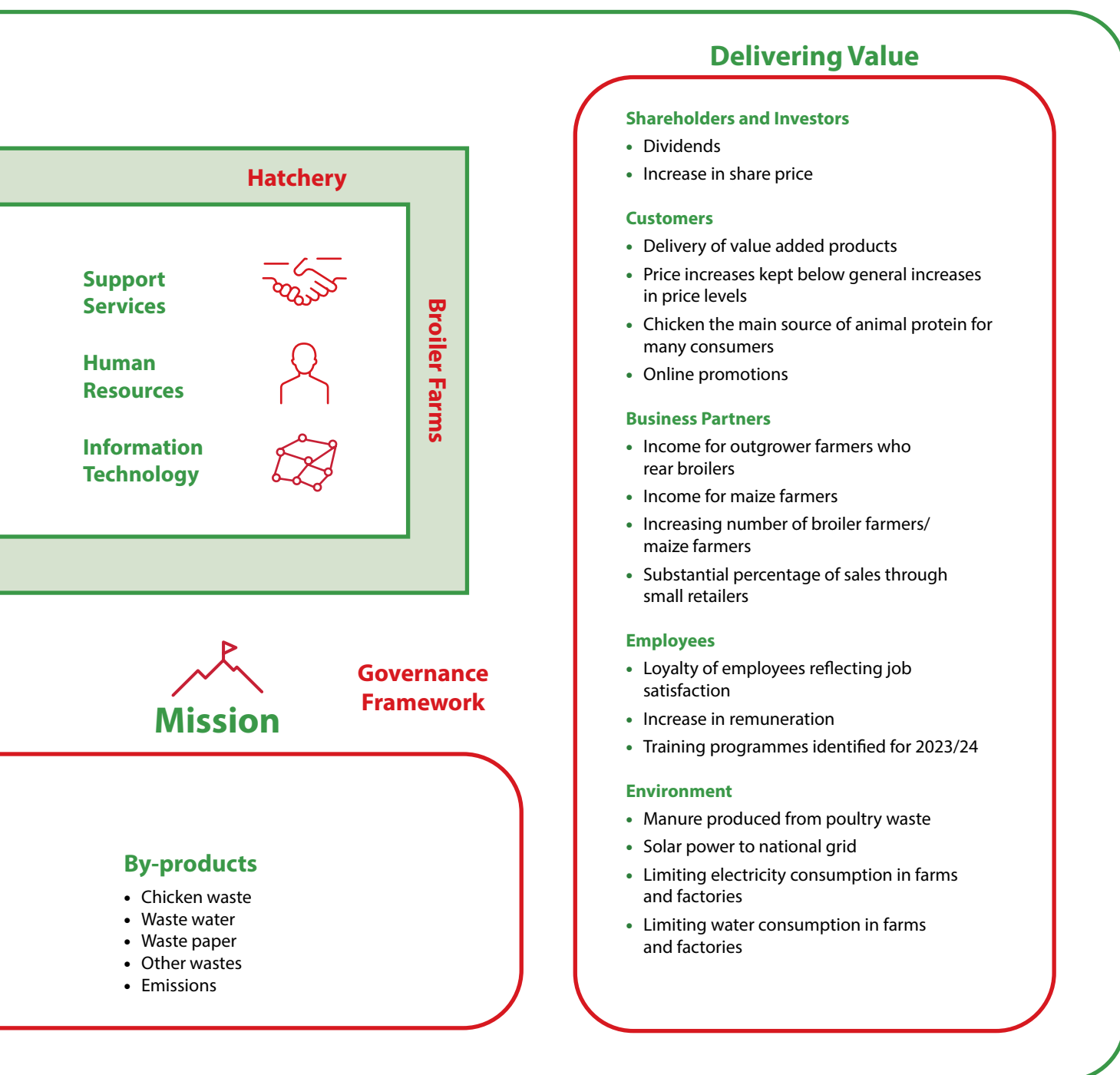
Vision



Outputs

Products

- Sales
- Processed chicken products
- Value added products



Stakeholder Engagement

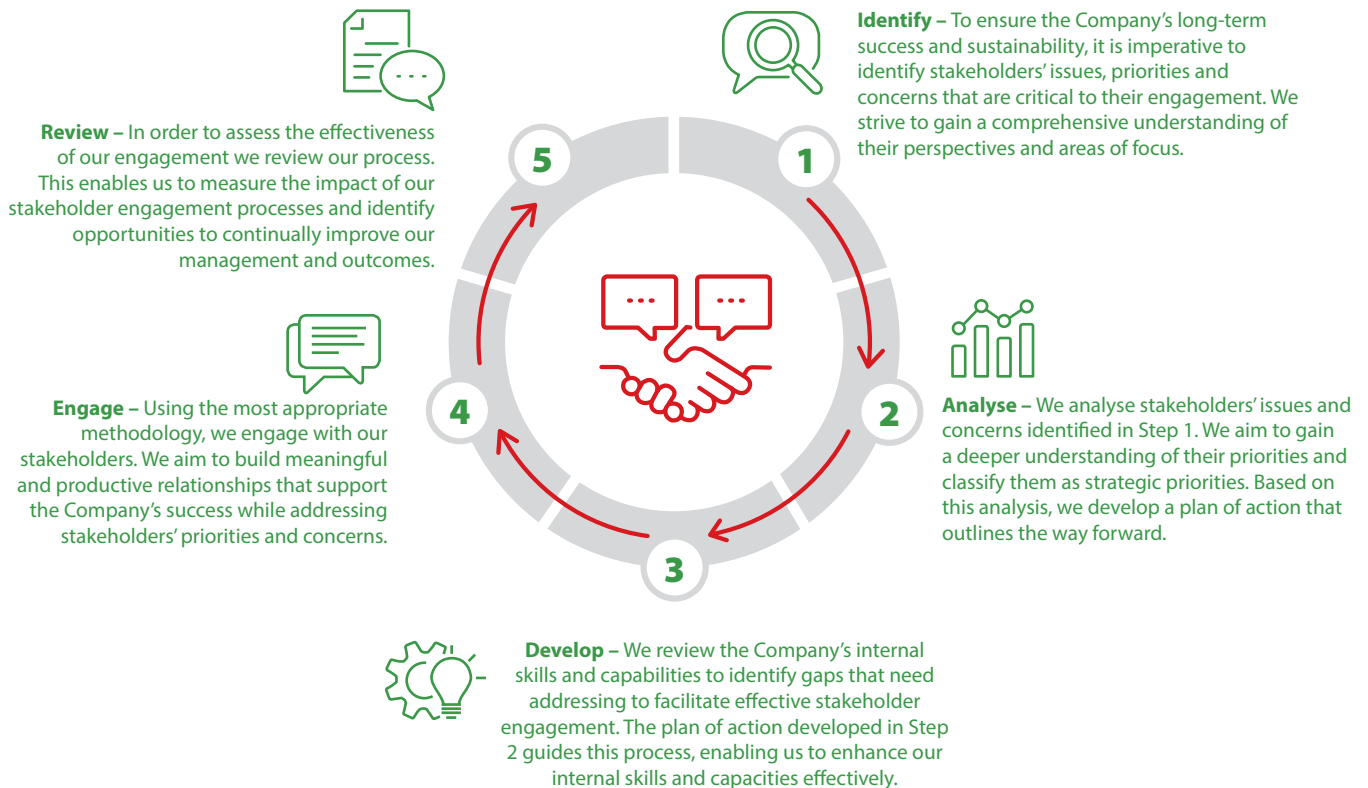
Bairaha places great importance on fostering enduring relationships with its stakeholders. We take pride in having formed dependable partnerships that have played a critical role in our growth and success over the years. The support and reliability of our stakeholders have enabled us to navigate through a year of unprecedented challenges with greater resilience.

Our stakeholders also include both local and international entities. We acknowledge their ability to influence our value creation processes and the associated outcomes. As a result, we are committed to managing all our stakeholder relationships with care and attention it needs.

To ensure the longevity and strength of our partnerships, we adhere to the United Nations' Sustainable Development Goal 17 (SDG17). This commitment is integral to our approach towards managing stakeholder relationships and ensuring that our interactions remain constructive and productive.

The Five-Step Method

We employ a Five-Step framework that guides our engagement with stakeholders.



Our Employees

Our employees are integral to the success of our Company. We recognize and value the connection between employee satisfaction and the delivery of high-quality products to our customers, which in turn strengthens our brand and solidifies our position as industry leader.

To motivate and build strong relationships with our teams, we maintain an open-door communication policy. In addition to providing access to a range of training programmes we encourage our staff to pursue additional courses of study and training relevant to their positions. We evaluate the need to provide financial support for further study on a case-by-case basis.

We have established a transparent performance review system that enables employer and employee to work together to monitor progress effectively. Furthermore, the Company has implemented a welfare programme that benefits not only our employees but their families as well. We believe this approach not only contributes to employee satisfaction but also reinforces our commitment to social responsibility.

Our Communities

We recognize that the sustainability of Bairaha Farms has a direct impact on the communities in which we operate, including the farmer communities from whom we source part of our requirements of raw materials and live birds, and in the case of live bird rearing with farmers it is done through a buy-back growing scheme. Maintaining mutually beneficial relationships with farmers, organizations, individuals, and communities are crucial to our success.

To this end, the Company has implemented a range of diverse CSR initiatives, which are detailed in the Social Relationship Capital section of this Annual Report.

Our Customers

We acknowledge that our success depends on meeting the demands of our diverse customer base. As such, we maintain regular contact with our retail, institutional and other customers to understand and meet the expectations they have of our products.

To obtain valuable customer feedback, we use a variety of methods: conducting surveys, social media interactions and direct interactions at events, gatherings and food-sampling sessions etc. We are committed to ensuring that our products consistently meet the evolving needs of our consumers.

Our Joint Venture Partners

We have established strategic partnerships with several businesses to ensure that we consistently provide high-quality products to our customers. Fortune G-P Farm Lanka Ltd. is a joint-venture company that plays a crucial role in our breeding programme by supplying us with quality parent broiler breeder

chicks. In addition, we have another joint venture company, Fortune Agro Industries Pvt. Ltd., which operates a state-of-the-art feed-mill and exclusively supplies us with high-quality feed to meet the nutritional requirements of our birds.

We are committed to maintaining strong and mutually beneficial relationships with our partners. Through structured management interactions, we ensure that our joint venture partnerships are aligned with our business objectives and that our partners are also considered to be as important stakeholders in our value chain.

Our Suppliers

A dependable and robust supply chain forms the backbone of our business operations. We prioritize in building and maintaining strong relationships with our suppliers, through ongoing communication throughout the procurement processes. Our suppliers also provide valuable feedback, industry knowledge, expertise and training to our staff, which help to enhance productivity and quality.

In case of any issues that need to be addressed urgently, our suppliers have direct access to our Senior Management for swift intervention.

We believe that an uninterrupted supply chain is essential for a successful business operations and meeting customer expectations. Therefore, we continue to work closely and maintain strong relationships with all our valued suppliers.

Our Shareholders

To ensure a well-informed shareholder base, we make use of various methods to keep our shareholders up-to-date with the Company's affairs. We make available our quarterly Interim Financial Statements, Annual Report, circulars and disclosures to the Colombo Stock Exchange and to our shareholders. Additionally, we provide access to our corporate website, which contains current information on the Company's operations and financial performance. We value the trust and support of our shareholders and we remain committed to providing transparent and timely communication to ensure that they remain informed and engaged in our journey towards sustained growth and success.

Our Distributors

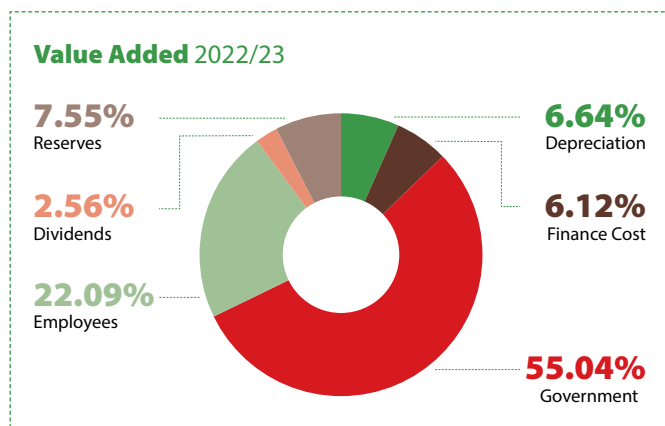
Our distributors are a key part of our value chain, as they are directly involved in making available our products to end consumers through the retailers. As such, we value the role they play in our business and our sales teams work closely with them, maintaining strong relationships communication and mutual respect.

The Government and Regulatory Authorities

We work closely with relevant state authorities and maintain direct lines of communication to ensure compliance with regulations and standards. Bairaha also participates in industry-related forums and discussions as and when they take place.

Economic Value Added Statement

	31st March 2023 LKR '000	%	31st March 2022 LKR '000	%
Revenue	13,852,583		7,440,253	
Less: Cost of materials and services purchased	(10,103,011)		(4,976,679)	
Value added	3,749,572		2,463,575	
To employees as remuneration	828,142	22.09	626,076	25.41
To government as taxes	2,063,872	55.04	725,389	29.44
To Providers of Capital				
Finance cost on borrowings	229,419	6.12	41,174	1.67
Dividends to the shareholders	96,000	2.56	96,000	3.90
Retained in the Business as				
Depreciation	248,992	6.64	209,589	8.51
Reserves	283,147	7.55	765,347	31.07
	3,749,572	100.00	2,463,575	100.00



Strategy for Growth

At Bairaha, our strategy for growth is carefully crafted by leveraging comprehensive insights, factual data and trend indicators derived from stakeholder expectations and evolving market conditions. As a prominent player in the highly competitive food industry, we have not wavered from our strategic pillars and have continued to fine-tune our focus to strengthen our position despite navigating through a demanding economic climate.

Responsible Production

We place a paramount importance to upholding the quality standards in our product offerings. Our commitment lies in delivering products that not only achieve a superior nutritional value but also captivate the palate with their irresistible taste, all while maintaining an affordable price. Throughout our operations, from poultry farming to every step of the production and supply chain, the Company remains dedicated to stringent controls and uncompromising standards of hygiene and food safety. Details of our responsible production practices are described in the Social and Relationship Capital section, on page 49.

We take immense pride in our contribution in elevating industry benchmarks, particularly in enhancing the quality of poultry feed. This accomplishment has yielded substantial benefits for all stakeholders involved, and thereby further reinforcing our position as a catalyst for industry-wide advancement.

Boosting Productivity

Increased digitalization and improved process automation, wherever practically possible to do so, have contributed to improvements and efficiencies in our processes as well as for informed and timely decision-making across the Group. Streamlining our processes have positively impacted multiple facets of our operations, including logistics, supply chain management, and sales.

Sustainable Growth

The prevailing challenges resulting from the economic crisis in Sri Lanka and the volatile geopolitical landscape necessitate a pragmatic and forward-thinking approach for companies when charting a sustainable growth trajectory. As part of our growth strategy, we remain dedicated to exploring strategic investments and expansion opportunities that strengthen our long-term portfolio.

An essential aspect of sustainability lies in our conscientious stewardship of the environment, a principle that Bairaha has consistently embraced and upheld. We are committed to minimizing our ecological footprint at every juncture of our operations. Furthermore, we have prioritized in nurturing the relationships we have cultivated with our valued customers, suppliers and farmers, while recognizing that their well-being plays a pivotal role in the overall functioning of the Company.

Financial Strength and Strength of Our Brand

We continually strive to maintain an acceptable liquidity position while simultaneously leveraging investment opportunities that would generate sustainable and consistent growth. The resilience of the Company can be attributed to its astute and well-timed investments in both backward and forward integration.

Capitalizing on the trust and loyalty that the Bairaha brand has garnered, we actively cultivate and fortify our market presence, envisioning its continued growth in the future. In line with this, the Company continues to seek opportunities for exports.

With a clear strategic vision and planning, we remain confident in our ability to deliver value through a seamless value creation process in the years ahead.

Enhancing Stakeholder Relationships

At Bairaha, nurturing and strengthening the relationships we have forged with our stakeholders are key to our sustainability. We recognize the significance in building mutually beneficial ties with our consumers, suppliers, distributors, shareholders, bankers, and government authorities. By listening to and understanding their needs we aim to strengthen further those relationships and continue to seek favourable outcomes for all parties concerned. These interactions with stakeholders are integral to the overall success of our Company, as they contribute to the creation of value and drive sustainable growth. Details of our engagement with stakeholders are discussed in the Stakeholder Engagement section on page 24, and in the Management Discussion and Analysis from page 31 to 58.

Employee Engagement

Our dedicated, diligent, and loyal employees serve as the bedrock of our Company. In the past year, their unwavering loyalty was truly tested as they faced various difficulties and challenges that arose due to the economic crises faced by the country.

By fostering a culture of open communication, providing opportunities for professional advancement and prioritizing their overall well-being, we aim to support our employees in reaching their fullest potential. We deeply value their contribution and our team plays a vital role in driving the continued success of the organization. The Human Capital section on page 45 provides a comprehensive overview of our value proposition to employees and in regard to management's engagement with staff.

Materiality

Bairaha analyses and identifies topics that are material to business as critical issues that have the potential to shape the long-term business strategies and activities of the Group. They could have significant impacts on Bairaha's performance and value creation capabilities, with the potential to affect its stakeholders. The economic crisis in the year 2022/23 brought about unprecedented challenges that required the Company to navigate a volatile business environment, and the material topics were re-examined in this context.

Material topics encompass issues that are emerging in the economy and industry, as well as factors that are pertinent to the Group's strategic agenda and its ability to create value. Bairaha has identified 12 material topics based on the operating environment; and opportunities and challenges arising from them.

The matrix below has been developed in line with international standards such as the Global Reporting Initiative (GRI), and reflects Bairaha's perspectives and those of its key stakeholders. The materiality assessment will enable us to identify gaps and opportunities, allocate resources prudently and prioritize and align them with our business requirements.

Material topic	Priority	GRI standard
Employee health and safety	No change	GRI 403: Occupational Health and Safety
Macroeconomic issues and impact on the industry	Increased in importance	
Fair compensation for employees and non-discrimination	Increased in importance	GRI 401: Employment GRI 405: Diversity and Equal Opportunity
Financial health and performance	Increased in importance	GRI 201: Economic Performance
Responsible production	No change	GRI 416: Customer Health and Safety
Responsible supply chain management	Increased in importance	GRI 414: Supplier Social Assessment GRI 417: Marketing and Labelling
Optimizing distribution channels	Increased in importance	
Pollution, waste and effluents	No change	GRI 301: Raw Materials GRI 302: Energy GRI 303: Water GRI 305: Emissions GRI 306: Waste and Effluents
Innovation	Increased in importance	
Talent management	Increased in importance	GRI 401: Employment GRI 404: Training and Education GRI 402: Labour Management Relations
Community relations	No change	GRI 413: Local Communities
Manufacturing capabilities	No change	

Management Discussion and Analysis

31**Financial Capital****35****Manufactured Capital****37****Intellectual Capital****45****Human Capital****49****Social and Relationship Capital****57****Natural Capital**

Financial Capital

Financial Performance Five Year Summary

Year ended 31st March	2022/23 LKR Mn.	2021/22 LKR Mn.	2020/21 LKR Mn.	2019/20 LKR Mn.	2018/19 LKR Mn.
Revenue	11,799	6,742	5,057	4,361	4,724
Profit from operations (without JV)	367	663	256	(57)	545
Net profit	283	765	347	(196)	413
Return on average equity (%)	5.66	17.2	8.9	(5.2)	11.1

Bairaha witnessed a year of two halves in the financial year 2022/23 where the first half was very favorable and the second half was unfavorable and extremely challenging. During the first half, the Group was able to generate a net profit of LKR 635 Mn. mainly due to the increase in chicken sales volume. However, the second half of the year saw a decrease in chicken sales mainly due to the reduced purchasing power of the average consumer because of the exorbitant inflation in the country. Escalation in the cost of production combined with the Social Security Contribution Levy (SSCL) during the second half of the year, drastically squeezed the margins of the Group as it was unable to pass the increase in cost in the form of higher prices to the consumers. Overall, the Group incurred an expense of LKR 292 Mn. on account of the SSCL. The upward revision made by the CEB to the electricity tariff rates resulted in a 100% monthly increase in the electricity expenses. The above factors adversely impacted the financial performance of the Group in the second half.

The Group viewed these challenges as an opportunity to reassess its strategies and to innovate in the face of adversity and it is generally believed that the companies which adapt and pivot during difficult times not only survive but thrive in the long run. Through effective leadership and with the dedication and resilience of staff, Bairaha faced these challenges with renewed energy and a fresh perspective which led to generation of new ideas, increased efficiency, and improved customer satisfaction. By embracing change and focusing on solutions, we hope to turn obstacles into opportunities for growth and success.

Quarterly Profit

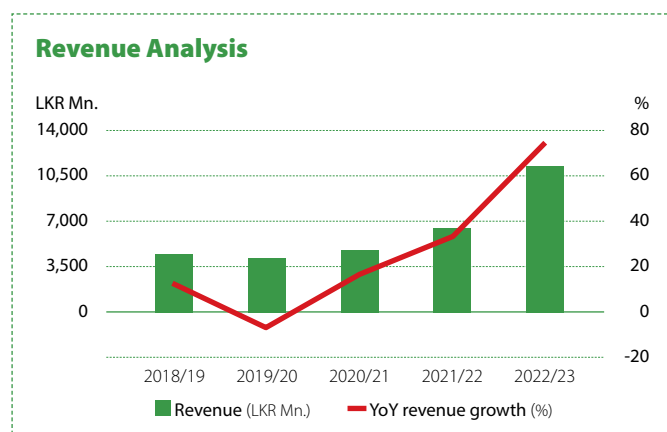
Year	Q1 LKR Mn.	Q2 LKR Mn.	Q3 LKR Mn.	Q4 LKR Mn.
2021/22	99	155	232	279
2022/23	370	265	(28)	(324)

Year-on-year Profit and Loss Comparison

	2022/23 LKR Mn.	2021/22 LKR Mn.
Financial summary		
Revenue	11,799	6,742
Gross profit	1,532	1,336
Operating expenses	1,227	702
Operating profit	367	663
Share of profit from joint ventures	330	172
Profit before tax	468	794
Profit for the year	283	765
Key ratios		
Gross profit margin (%)	13	19.8
Operating profit margin (%)	3.1	9.8
Net profit margin (%)	2.4	11.4
Return on equity (%)	5.7	17.2

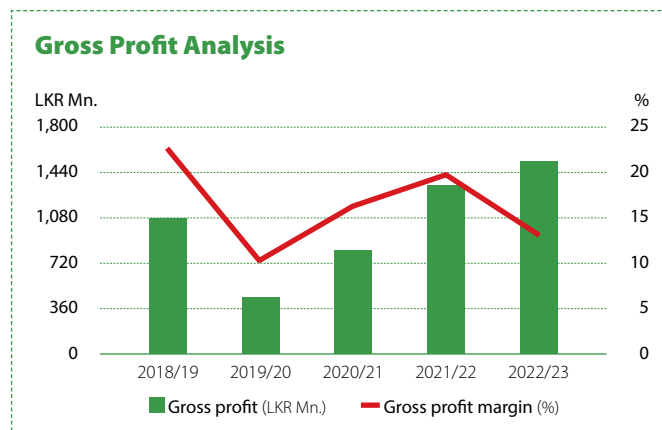
Revenue

Revenue in the year under review has increased by LKR 5,057 Mn., which amounts to a 75% increase compared to the preceding year mainly driven by price increases in the day-old chick and chicken segment. This arose as a result of the steep increase in inflation, which the country faced during the first half of the year.



Gross Profit

Gross profit for the year has increased by LKR 196 Mn. compared to the preceding year with gross profits margin decreasing to 13% from 19.8% recorded in the year earlier. The gross profit margins have eroded during 2022/23 mainly due to the increase in the cost of poultry feed.



The depreciation of rupee against the dollar and the Russia-Ukraine war resulted in shortage in the supply of raw materials resulting in price hikes causing the feed prices to rise. Increase in fuel prices caused the cost of power generation to escalate and this in turn led to increase in electricity tariffs.

In addition to the above, introduction of Social Security Contribution Levy (SSCL) during the second half of the year led the Company to absorb most of it as the Company was unable to pass onto the customers its impact in the form of price increases as there was a reduced demand for chicken.

Operating Costs

Distribution costs increased by LKR 401 Mn. compared to the previous year mainly because of the increase in transport costs arising from fuel price increases, increase in staff related costs arising from new recruits for the sales division as well as on account of salary increments given at the beginning of the year to mitigate the surge in the cost of living.

Administration cost increased by LKR 122 Mn. mainly because of salary increments granted on account of the reason stated earlier and due to the escalation in other expenses such as maintenance expenses, rent, insurance, and professional fees.

Finance Cost

Finance cost increased by LKR 188 Mn. compared to the previous year due to increase in Financing and Ijara payables and higher interest rates. It should be noted that the Central Bank of Sri Lanka (CBSL) raised borrowing rates during the year to contain exorbitant level of domestic inflation and to restrain demand.

Profits from Joint Venture Operations

The profitability of the joint venture operations increased significantly from a profit of LKR 172 Mn. in the previous year to a profit of LKR 330 Mn. in the year under review. Improvements arose from the streamlining of operations and increased margins.

Financial Position

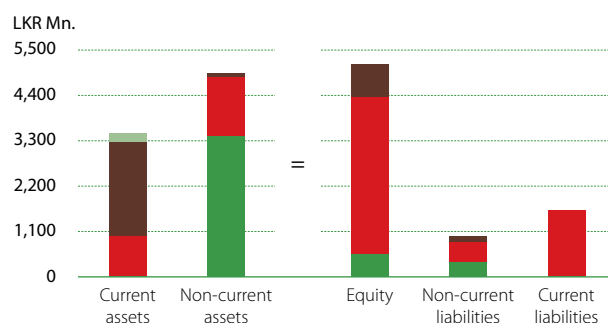
Group Financial Position

	2022/23 LKR Mn.	2021/22 LKR Mn.	Change	Change %
Financial Summary				
Total assets	8,515	6,201	2,314	37.3
Total borrowings	1,997	533	1,465	274.9
Total equity	5,208	4,785	423	8.8
Key ratios				
Debt to capital	27%	10%		
Financial leverage	1.5	1.3		

Total assets rose by LKR 2,314 Mn. to LKR 8.5 Bn., an increase of 37.3% (YoY). The growth came from increase in inventories by LKR 698 Mn., Biological assets by LKR 626 Mn. and trade/other receivables by LKR 244 Mn.

The Group borrowed LKR 1,363 Mn. net of repayments, to support the ongoing expansion of the production capacity and increase in the working capital requirements. Bairaha's long-term liquidity position is quite strong with a reasonable gearing to support borrowings for any future expansion plans while having a healthy short-term liquidity position with a current ratio of 1.5 times.

Group Financial Position as at 31st March 2023



Current assets	Non-current assets	Equity	Non-current liabilities	Current liabilities
Other	PPE	Stated capital	Borrowings	Payables
Receivables	Investment in JV	Retained earnings	Deferred tax	Borrowings
Inventories	Other	Other reserves	Other	
Cash				

Cash Flow Management

	2022/23 LKR Mn.	2021/22 LKR Mn.	Change
Financial summary			
Net cash from operating activities	621	1,227	(607)
Net cash used in investing activities	(2,281)	(850)	(1,431)
Net cash generated by financing activities	1,257	(82)	1,340
Cash and cash equivalents	54	457	(403)
Key Ratios			
Quick ratio	0.5	1.4	
Working capital turnover	6.4	6.2	

Group was able to post only a moderately satisfactory operating cash flow in the year ended due to the significant increase in working capital and lower GP margin compared to the previous year. Investments on acquisition of fixed assets and biological assets resulted in increased cash outflows, which were financed through increased borrowings.

Shareholder Returns

	2022/23	2021/22
Per share data		
Earnings per share (LKR)	16.09	43.49
Net assets per share (LKR)	295.91	271.89
Dividend per share (LKR)	6.00	6.00
Market price per share (LKR)	145.00	151.25
Key ratios		
Price earnings ratio (Times)	9.02	3.48
Price to book value (Times)	0.49	0.56
Dividend payout (%)	37.31	13.80
Dividend yield (%)	4.14	3.97

Bairaha paid a second interim dividend of LKR 6/- per share for 2021/22 in April 2022 in view of the excellent performance reported in the year 2021/22. Further a scrip dividend of one share for ten existing shares was issued and listed with effect from 23rd December 2022 in accordance with the market announcement made on 17th November 2022.

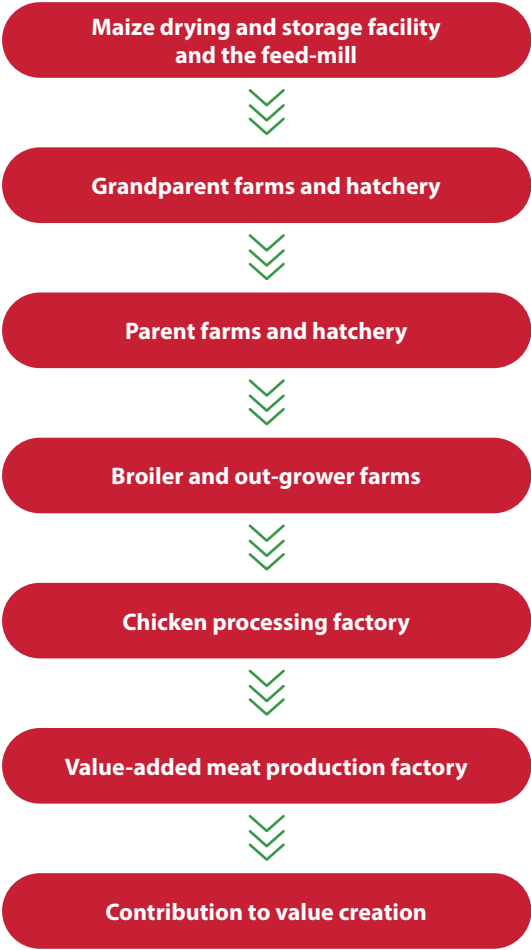
Manufactured Capital

Efficient utilization of our farms, factories, other production facilities and the infrastructure is an integral part in being able to deliver high-quality products to our customers while contributing to the sustainable development of our business.

Building on a Solid Foundation

Bairaha Group has amassed a substantial asset base over a period of nearly five decades, since its incorporation in October 1975. The Company’s facilities have undergone continuous modernization and expansion since the establishment of the first Parent Breeding Farms and Hatchery, at Katana, in 1976.

To launch a vertically integrated value chain, Bairaha pioneered a Contract-Growing Scheme in the Gampaha, Puttalam, and Kurunegala Districts, which enabled farmers to grow and supply live broiler birds to the Company. Today, we benefit from a network of contract growers, including large-scale growers, who continue to supplement Company’s in-housed rearing of broilers. Refer page 24 for more details on our initiatives with key stakeholders in the supply chain.



Persevering in Difficult Times

Despite facing numerous challenges encountered during an unprecedented economic downturn in the last financial year, we were able to ensure minimal disruptions to our production and sales operations. The Company, its management and employees are proud to have made available adequate supplies to meet market requirements in the year under review. Refer to page 49 for more information on our initiatives to support customers and communities while contributing to the national food security.

With timely information provided and disseminated in regard to production and distribution, by the Finance and the Information Technology (IT) Divisions, the Management was able to take informed decisions even during the challenging times faced by the Company. In line with changes in consumer behaviour and market trends, we are committed to further strengthening of our IT infrastructure and digital platforms in the years to come.

Our Unique Advantage

Throughout the challenging year of 2022/23, our joint venture partners played a crucial role in supporting our value creation process by providing high-quality chicken feed and broiler parent chicks for breeding. The Bairaha Group successfully navigated through the tough economic conditions using its considerable brand loyalty, together with the strength of the joint venture companies.

Our vertically integrated production was a significant advantage that allowed us to maintain our operation with a minimum of destruction in the year under review. As we take on the coming year, we remain committed to creating value for all our stakeholders by continuing to leverage our unique advantages.

Bairaha Group's decision to embark on backward integration for feed production continued to yield positive results during the year under review. Despite the unprecedented effects of the economic crisis, difficulty in procuring raw materials for poultry feed production due to forex crises faced by the country, the quality of our feed remained consistently of high quality. This invaluable aspect of our manufactured capital is a key factor for the success and progress of the Company.

Continuing to maintain farms and factories with state-of-the-art facilities and processes, are essential to maintaining Bairaha's leading position in the market for poultry products. This requires ongoing efforts regardless of market conditions or economic challenges. We recognize that improved productivity is closely linked with well-maintained facilities and introduction of new technology and improvements in processes and accordingly we continue to take steps to invest in those components of our operations.

We believe that embracing of new technology and digitalization will continue to play a critical role in our efforts to maintain our competitive edge. As such, we will remain steadfast in our commitment to investing in these areas, which we believe will enable us to increase productivity and efficiency even further.

To support our efforts, we continue to seek the guidance and advice of our Principal, Cobb-Vantress Inc of the USA. Their and their parent company's expertise in breeding and poultry production have been invaluable in helping us sustain our productivity and hygiene standards. Additionally, their provision of industry related information has enabled us to benchmark our performance against other poultry companies in the region.

Sales and Distribution

The sales and distribution of our products across the country and sales to final consumers were to some extent hampered by the turbulent economic conditions, electricity power-cuts and fuel shortages. However, with unwavering commitment, the Management and the staff were able to mitigate to an extent the adverse consequences.

The home-delivery service that was established with the involvement of a number of B2B partners during the COVID-19 pandemic was revived to enable the successful continuity of this sales channel.

A Future Focus

Reaching Beyond Our Borders

We have been able to achieve a successful year in exports. For further expansion in foreign markets we would require the initiative also from the State, as the other potential markets and countries to which we could export, would require first country approval process to be obtained in line with the requirements of those countries to which we intend to export. Assistance from the State and other government departments have been forthcoming to make further progress in regard to the above.

Hence, we are hopeful of more opportunities for export in the future.

Effective Operational Risk Management

Being a market leader with a household brand name, we recognize that it is essential for us to remain steadfast in our commitment to sustainable growth. To this end, while we aim to enhance our manufactured capital base, we remain committed to identify and effectively manage any operational risks.

Intellectual Capital

Our focus on utilizing the latest technology to streamline and strengthen our processes and production enables us to be productive and efficient. The systems and processes we follow, innovations we incorporate, technology we adopt, together with the skills and experience of our committed staff and workforce; for sure they contribute to Bairaha's effective operations and growth strategy. These factors contribute to our ability to grow and create value for our stakeholders.

We continue to invest in our intellectual capital, including in those areas contributing to strengthen Bairaha brand and its reputation, as well as in new processes and technologies.

Human Capital and Corporate Culture

The corporate culture at Bairaha plays a critical role in the success of the Company. Our dynamic and committed management team and employees are our greatest assets, and we nurture their success by investing in their development and engagement. Across our business units and operating divisions our teams are inspired to drive innovation, improve performance, and achieve the strategic goals of the Company.

Our value system, is based on the principles of our founder, and it is embodied in our corporate culture. Accordingly, our corporate culture is centered around five pillars, namely, Integrity; Respectful; Team Work; Positive Attitude; and Initiative. Employees are motivated and provided with an enabling environment to achieve strategic goals. However, the employees are expected to be mindful of the Company's values and corporate culture in discharging their responsibilities.

Innovation

We have taken a proactive stand in embracing new technology for improving our processes; for instance online capturing data of processes and temperature monitoring; and tracking the movement of our fleet are some of such initiatives.

In the last two years due to the forex crises we were compelled to fabricate certain plant and machinery locally. Accordingly, we have been working with local innovators to design and build plants and machinery thereby avoiding a substantial outflow of foreign exchange from the Company and the country, while ensuring that we are continually innovating our processes and integrating new technology to achieve success in a competitive and challenging marketplace.

Other innovations that were undertaken in-house include the design and fabrication of a semi-automatic crate washer and an elevator for the internal transport of hatching eggs.

Leveraging Digitalization

As a leading corporate and industry-leader, Bairaha continues to embrace new and emerging digital technology across its operations based on financial feasibility and ease of practical applications. Digitalization has enabled us to expand and widen our customer base.

Business Intelligence (BI)

The Company introduced a new technology-driven business intelligence tool during the year to unlock growth opportunities for the business. Designed to take advantage of business analytics, data visualization and best practices to allow for better informed and more accurate data-driven decision-making.

E-commerce

The Bairaha website and E-commerce sites were revamped during the year as part of its continuous commitment to better customer experience and stronger presence in the digital sphere. The website incorporated new content such as recipes, cooking tips, and industry related articles with a view to provide customers with useful information.

Further, the e-commerce platform was made more customer-centric and user-friendly.

Strength of Our Brand

With over 47 years in business, Bairaha is a household name in Sri Lanka. Our well-established and trusted brand is known for delivering on the promise of “Healthy Food, Healthy Living” through a diverse and innovative range of products.

The premium quality of our products is affirmed by our strong presence amongst the top retailers and international fast-food chains across the Country. To maintain our position of market leadership, we consistently strive to expand our customer reach and base. Our social media campaign in particular, reached new and a wider audiences and was well received and appreciated; enabling the Company to strengthen its presence in the digital space.

Product Development

We have adopted a very structured process for product development which also addresses the concerns of customers and also takes into account feedback from our internal and external consumer panels and focus groups. Our meat products are processed under hygienic conditions, and we ensure compliance with all regulations and quality related standards.

Bairaha is committed to excellence in product quality, and product innovation. During the year under review, we were able to develop and launch a number of new products that cater to a variety of segments in the market. Pet food was one of the new addition to our product portfolio.



In line with changing consumer behavior and the rising demand for ready to cook and pre-cooked meat products, we launched goodness and taste infused range of breaded, crispy chicken strips and drumlets. The consumer product was named as WOW B (Bairaha).



Effective Marketing

Bairaha's marketing team continues to make a positive impact on our consumers by making effective communication in regard to our range of products as well as in dissemination of information on goodness, nutrition and the life style convenience that they offer. With our robust and focused communication strategy we have noticed increased feedback through our social media pages and other forms of two way communication. In the events and festivals that we participated we have been able to build a rapport and strengthen the brand loyalty with both final consumers as well as with B2B customer segments.



Our Social Media presence, including reach across new and emerging platforms such as TikTok helped bolster our presence amongst youth, while targeted events and activations allowed us to reach other key and potential customer segments.



Highlights of the year included a cookery competition sponsored by Bairaha, and presence at major schools cricket and rugby matches, carnivals, and at other social gatherings.



In addition, targeted marketing by offering product promotions with special offers were undertaken to drive sales directly through our own platforms and across our network of retailers.



Awards and Recognition

Bairaha's outstanding corporate initiatives and successful marketing strategy led the Company to bag a number of awards during the year, including:



Digitalization Initiative of the Year at the FMCG Asia Awards 2022 – FMCG Asia Awards



CSR and Small Budget category – SLIM Digis 2.2 Campaign – SLIM Digital Awards



Sales Manager – Manoj Vithanage – secured a top award in the FMCG category and the silver award in the National Sales Manager category at the Sri Lanka Institute of Marketing National Sales Awards 2021/22.

Products



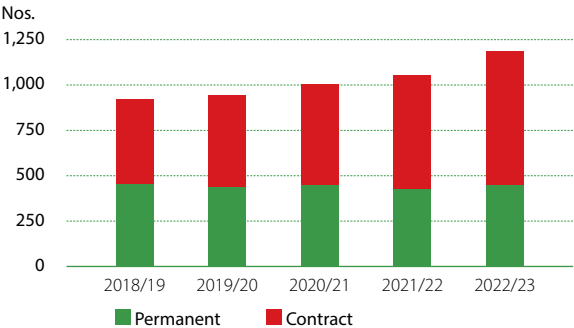
Human Capital

Bairaha was established on a foundation of family values, which have become an integral part of our corporate culture and permeated throughout the organization, shaping our identity and guiding our actions. We greatly value our team, their integrity, respectfulness, initiative, and positive attitudes they have shown during challenging times. Furthermore, we recognize that our human capital is the cornerstone of our continued success and growth.

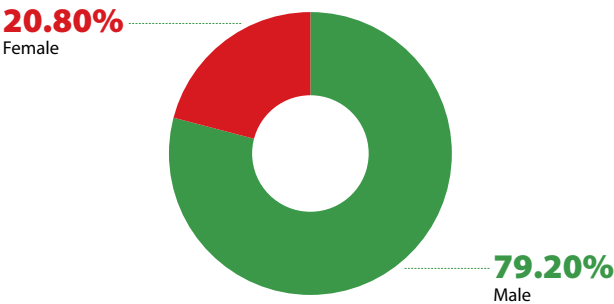
We take pride in our Company being led by a team of well experienced and highly qualified persons and professionals who bring with them the knowledge required by a corporate entity. Their expertise and foresight drive our corporate strategy and policies, enabling us to capitalize on emerging market opportunities and navigate through difficult economic and social environment.

Our dedicated team, strengthened with new talent along with the experience of those who have been part of the Bairaha family for decades, plays a crucial role in implementing our strategies. Despite unprecedented challenges brought about by the economic crisis that intensified during the first and second quarters of the year under review, we are proud to say that our employees worked diligently with steadfast, commitment and remarkable resilience to overcome severe obstacles and achieve success.

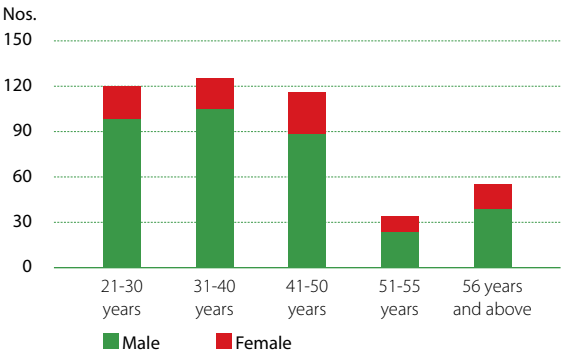
Total Employees



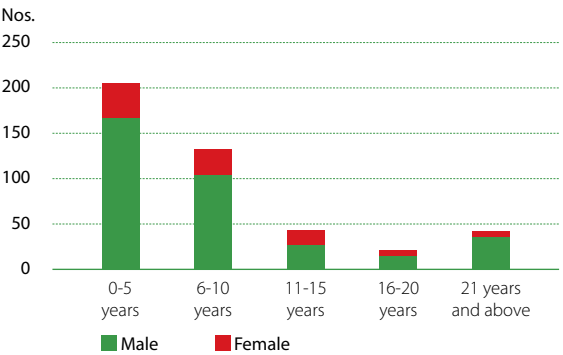
Gender Analysis 2022/23



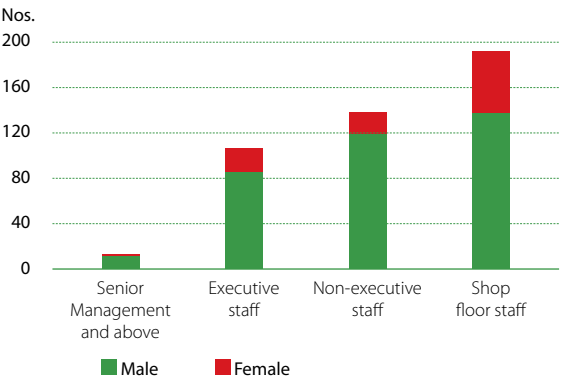
Age Analysis 2022/23



Service Analysis 2022/23



Analysis by Grade 2022/23



Relief during the Economic Crisis

Communities across the country were affected by the economic crisis. The Board of Directors approved the proposal of the management to provide financial assistance to staff to overcome the financial burden faced by them. Recognizing the instrumental role our staff play in the success of our Company; we took measures to ensure their well-being during this challenging period. This initiative not only helped our employees to support their families to meet financial needs but also boosted morale in the workplace.

Economic relief allowances were extended to staff on two occasions. In addition, transport facilities provided to staff during the pandemic were extended during part of the financial year as well. These measures provided relief and supported business continuity during the period of disruptions that occurred due to the fuel crisis. Across the board, the Company granted reasonable salary increments at the beginning of the year to both executive and non-executive staff, in consideration of the rising cost of living.

The Company has performance-based bonuses in place that recognize and reward the workforce for their valuable contribution. Incentive schemes for employees are reviewed as needed to focus on specific targets.

Health and Safety



Bairaha has established Key Performance Indicators (KPIs) to monitor and improve the safety of our workplace and the health of our employees. Our aim is not only to prevent on-the-job accidents and injuries but also to reduce instances of ill-health among our staff. Training programmes to educate our staff on important topics such as hygiene, first-aid, and breast cancer prevention were held during the year. In addition, the Annual Medical Camps for 2022 were successfully completed at Bairaha's Hatchery, Primary and Further Processing factories, where staff received free medical check-ups and consultations.

Quantitative measures of health and safety enable us to proactively manage the risks associated with illness and injury among our workforce. We are pleased to report that Bairaha achieved a zero-fatality rate and a 0.25% incident rate in the 2022/23 financial year, despite utilizing a wide range of machinery and equipment in our production processes. These accomplishments reflect our commitment to achieving the highest levels of safety for our teams, which remains a key target for the Company.

Building Employee Engagement

At Bairaha, we recognize the value of employee engagement in fostering job satisfaction, reducing turnover, and creating a positive work environment. With deterioration of the socio-economic climate, the Country's human resource sector faced major challenges with employee retention, especially for white-collar staff. To overcome these challenges, we took several measures to build a motivated, productive, and loyal workforce, during the year under review. These efforts contributed to Bairaha achieving a less than 1% turnover amongst executive staff.

Avurudhu celebrations to mark the Sinhala and Tamil New Year, were held at all locations of Bairaha and the main event was held at the factory premises with the participation of over 300 employees. In addition, we introduced "Happy Working Hour," which provided an hour-long session for all staff to engage in open discussions, share ideas and provide feedback. This was implemented with the aim of motivating and encouraging our hatchery employees and to ensure that their voices are heard and any concerns that they have are addressed.

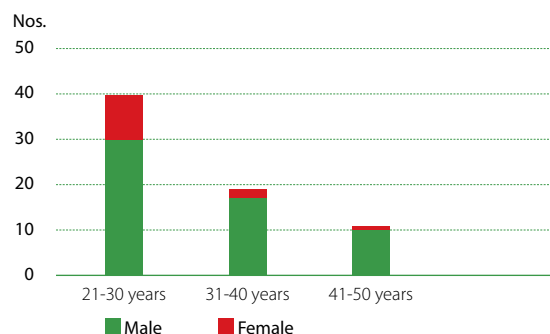
As a company built on strong values, we took steps to further define our philosophy using five pillars: Initiative, Positive Attitudes, Teamwork, Integrity, and Respect. This is aimed at building a reliable and responsible team within an inclusive work culture; by facilitating employees' progress and higher productivity, while achieving the goals of the Company.

We also introduced a monthly Quality Awarding Programme for the Further Processing Factory, specifically to motivate and encourage employees to work towards improving the quality of our products. A cricket tournament was held, with several divisions participating, to build a sense of community and team spirit. Furthermore, Best Employees of the Month were selected in the Processing, Further Processing Factories and the Hatchery based on contribution and achievements. Approximately 60 winners were chosen and awarded cash prizes.

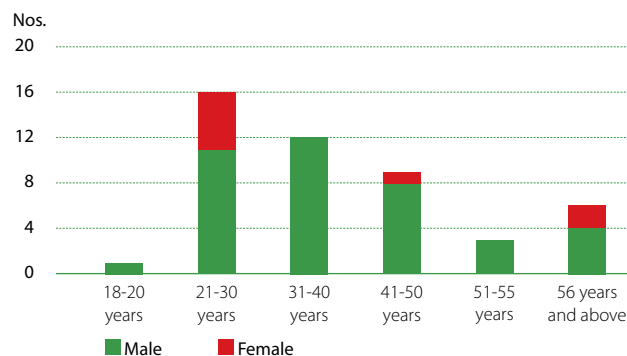


Best Employee award in the Chicken Processing Factory

Recruitment



Turnover



Training and Development

Despite the challenging economic climate, the Company remained committed to investing in the development of staff through comprehensive training and development activities. These initiatives aimed to enhance employee productivity, strengthen Company's culture and provide opportunities for our employees to improve their skills.

Under the guidance of our Directorate and Senior Management team, the Company initiated its sixth management trainee programme. This programme is designed to attract and develop talented young individuals who would contribute to the growth of the poultry industry, while simultaneously enhancing the talent pool at Bairaha. While creating opportunities for employment, we aim to contribute to the development of human capital of the country.



Staff Training

A targeted training programme to selected employees was initiated to provide in-depth knowledge on the core areas of quality management. This programme aimed to enhance their skills and expertise, enabling them to contribute to the Company's ongoing efforts to maintain the highest quality standards. Additionally, an IT training programme was organized for newly appointed officers and management trainees. This training programme aimed to equip those individuals with the necessary technical skills and knowledge to be successful in their roles and effectively contribute to the Company's operations.

As a responsible employer, Bairaha has taken steps towards minimizing the Company's and employees' carbon footprint. A series of awareness and training sessions were held during the year, in collaboration with the University of Sabaragamuwa, as a first step towards creating an energy-saving culture.

A Brighter Future for Our Youth

At Bairaha, the emphasis we place on the well-being of our employees, also extends to their families. As a part of our commitment to the holistic development of our human capital, we have introduced multiple initiatives that support the education of our employees' children. By investing in the education and well-being of our employees' children, we aim to create a positive impact not only on their families but also on the wider community. This reflects our commitment to creating a sustainable future for all.

One such initiative is the Help to Learn project, which supported over 600 children of our staff. Moreover, we awarded gifts and provided financial support to the employees' children, who have gained admission to universities and those who have excelled in the grade five scholarship exams.

At Bairaha Group, we understand the essential role of motivating, training and developing our workforce. Our robust retention strategy and positive work culture enable us to recruit and retain top talent within the Organization, further strengthening our ability to meet business objectives. We believe investing in our human capital is an investment in the future of our Company, and we are committed to providing an environment that fosters continuous learning, growth and success.



Participants at the HRIS Training in January 2023

In order to enhance the efficiency and productivity of our human resource management, Bairaha Group introduced a new Human Resources Information System (HRIS). The System streamlines attendance procedures and operational functions, while providing real-time HR-related information across all our locations.

In the year under review, our Company launched a new training facility, "The Training Room". The Management plans to develop this facility into a Training Center that will offer technical training to our staff, enabling them to develop their skills and advance their careers. We believe that investing in our employees' professional development is crucial to ensuring their long-term success, as well as the continued success of our Company.

Social and Relationship Capital

Our company places great value on building and sustaining strong relationships with the customers we serve, the local businesses and entrepreneurs we support, and the communities we enrich. We strive to create long-term value across our supply chain, while fostering sustainable and mutually beneficial partnerships.

Customer-centricity

Bairaha's brand of chicken has grown to become a household name amongst consumers and a foremost product of choice for small and large-scale retailers, restaurant chains, star-rated hotels, food-processors and for many other business segments and institutions. Similarly, our broiler day-old chicks have garnered a reputation amongst small, medium, and large-scale farms and organizations alike.

Despite the economic and political challenges faced by the country during the year, we have been successful in expanding our customer base, strengthening our relationships, and deepening our positive impact on communities in the areas in which we operate.

Responding to an Unprecedented Crisis



Food Security

The price control previously imposed on chicken was removed. By offering affordable pack sizes and product mix with lower prices, the Company was in someway able to satisfy segments of the population with limited income.

While the country's economic crisis had a severe impact on the poultry sector as a whole, we recognized the severity and multiplicity of challenges faced by our end-consumers. Skyrocketing inflation coupled with pressures on livelihoods as a result of the post-pandemic period and Sri Lanka's economic crisis left many households in a state of food insecurity.

While ensuring uninterrupted supply of chicken to consumers despite disruptions in the supply chain and fluctuations in pricing, we also went beyond; Bairaha sought to make selected home-gardens a veritable endless source of food, through partnerships in the "apiwawamu" project.

The project aimed to grow sustainable crops in limited spaces within communities located in the Colombo District, thereby helping in some way to ensure food security for families in the area. Bairaha contributed to the project through a variety of means, including by incentivizing sustainable cultivation with gifts and supply of seeds free of charge, when the Company celebrated World Environment Day. Along with our media partners, we leveraged the Company's social media presence to drive home the message and raise awareness on the need for food security.

Bairaha's factories and farms set the tone for the project by initiating cultivation of various crops within Company's lands and made the products available at concessionary prices for both staff and people living in the neighbourhood.

Supply Chain

Product Development

The Company intensified its product development efforts in order to cater to the varied and diverse needs of our customers located around the Country. Pages 38 and 39 provide details of new product innovation during the year.

With the newly introduced PCR facility to the existing Microbiological and Eliza (Enzyme-Linked Immunological Assay) testing facilities of the in-house laboratory, the Company was able to strengthen food safety of its products and health status of poultry in the farms.

Community Development

Bairaha takes community development seriously and involves itself in a variety of initiatives that benefit the communities in which it operates. These initiatives also aim to address specific social issues or crises faced by these communities, and in particular those relating to poverty, education, health, environmental sustainability, and economic development.

This year we made a donation of LKR 1,413,932/- towards the establishment of a High Dependency Unit (HDU), at the Nagoda Teaching Hospital, Kalutara, which serves a population of approximately 1.4 million. The newly established HDU with a five-bed capacity enables the hospital to provide extensive medical care to patients in critical need, while supporting the region's broader health service delivery. During the year, the Company was also able to donate a number of walking aids to visually impaired persons in the Chilaw region, in the Northwest of Sri Lanka.

Children and Youth

In celebrating the World Children's Day 2022, Bairaha, partnered with the Dehiwala – Mount Lavinia Municipal Council and three Schools in the Gampaha District to host a number of social responsibility initiatives.

Bairaha partnered with the Dehiwala Municipal Council by catering and providing food free of charge at the Children's Day celebration event held in October 2022. Over 200,000 parents and children attended the event and participated in various

entertainment activities. Further, the Company arranged to supply chicken, free of charge, to three local schools; Minu Pasyala President Kanista Vidyalaya, Nittambuwa Roman Catholic School, and Pasyala Ellalamulla Zahira Muslim College; enabling them to serve lunch to all students as part of worldwide celebrations on Children's Day.

Further, as part of World Children's Day celebrations, Bairaha's own "Help to Learn" event was held in a number of locations. The Help to Learn project aims to support the education of employees' children by providing them with essential supplies, such as school bags, books, and stationery. Held annually since 2018, this year the project was able to support over 600 students from grades 1 to 13.

Diversity and Inclusion

Bairaha Farms PLC is diverse in terms of its footprint in Sri Lanka, with operations in six districts. The Company engages in diverse activities related to poultry production, from farm to fork. Company had also invested as a minority shareholder in an agricultural project to produce corn, silage for the dairy sector, as well as paddy.

Bairaha's recruitment policy ensures that competent persons with suitable qualifications and experience are recruited, while also ensuring that persons of all communities are employed, in addition to maintaining a balance with regard to male/female ratio among staff. Where possible, differently abled persons are also recruited to the cadre.



Donation of Chairs to a Puttalam School



Dry Food distribution at Anamaduwa



Dry Food distribution at Ellakkala Pasyala



Food ration distribution at Kottantheevu

Cultivation Project





Shareholders

Investor Relations

Thirty Major Shareholders as at 31st March

Name	31st March 2023		31st March 2022	
	No. of shares	%	No. of shares	%
1. Mr M N M Yakooth	1,872,053	10.64	1,701,867	10.64
2. Mr M N M Mubarak	1,826,998	10.38	1,660,908	10.38
3. Mr M N M Kamil	1,764,316	10.02	1,603,924	10.02
4. Employees' Trust Fund Board	949,812	5.40	863,466	5.40
5. Mr M Y M Riyal	906,735	5.15	824,305	5.15
6. Mrs F S Imran	673,251	3.83	612,047	3.83
7. Mr M E N Mohamed Ilyas	590,059	3.35	536,418	3.35
8. Mr M I Ilyas Naleem	590,035	3.35	536,396	3.35
9. Mrs A W M S Rafeeka	319,000	1.81	290,000	1.81
10. Mrs F F Ilyas Naleem	295,016	1.68	268,197	1.68
11. Mr M T A Furkhan (Deceased)	263,505	1.50	239,550	1.50
12. Mrs F I Mohamed Rauff (Deceased)	210,727	1.20	191,570	1.20
13. Kalin Holdings (Pvt) Ltd.	208,715	1.19	Nil	Nil
14. Amana Bank PLC/Hi Line Trading (Pvt) Ltd.	168,512	0.96	153,193	0.96
15. Hatton National Bank PLC/Senfin Growth Fund	143,000	0.81	130,000	0.81
16. Macksons Holdings (Pvt) Ltd.	135,000	0.77	82,257	0.51
17. People's Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd.	130,540	0.74	107,694	0.67
18. Mr R Pestonjee	118,939	0.68	108,127	0.68
19. Mrs V Saraswathi and Mr S Vasudevan	116,600	0.66	106,000	0.66
20. Mrs H M A R K Kaluhendiwela	110,040	0.63	Nil	Nil
21. Sandwave Limited	106,110	0.60	148,117	0.93
22. Mr V C Mathani and Mrs M V Mathani	97,458	0.55	Nil	Nil
23. Winsland Reality (Pvt) Ltd.	91,807	0.52	Nil	Nil
24. People's Leasing & Finance PLC/Hi Line Towers (Pvt) Ltd.	77,550	0.44	70,500	0.44
25. Mercantile Fortunes (Private) Limited	74,050	0.42	67,319	0.42
26. Seylan Bank PLC/Mohamed Mushtaq Fuad	72,431	0.41	114,013	0.71
27. Confifi Management Services (Private) Ltd.	61,320	0.35	65,072	0.41
28. Mrs W N S De Silva	59,845	0.34	54,405	0.34
29. Mr R A Rishard	57,750	0.33	Nil	Nil
30. Mr M S F Haqqe and Mrs S I Haqqe	57,517	0.33	10,000	0.06
	12,148,691	69.03	10,545,345	65.91
Others	5,451,309	30.97	5,454,655	34.09
	17,600,000	100.00	16,000,000	100.00

Directors' and Chief Executive Officer's Holding in Shares as at 31st March 2023

Name		No. of shares	%
1. Mr Reyaz Mihular	Chairman	7,114	0.04
2. Mr M N M Yakooth	Managing Director/CEO	1,872,053	10.64
3. Mr M Y M Riyal	Executive Director	906,735	5.15
4. Mr M N M Kamil		1,764,316	10.02
5. Mr M N M Mubarak		1,826,998	10.38
6. Prof H Abeygunawardena		–	0.00
7. Mr M I Wahid		2,200	0.01
		6,379,416	36.25
Others		11,220,584	63.75
		17,600,000	100.00

Market Value per Share during the year (LKR)

	As at 31st March 2023	As at 31st March 2022
Highest	254.00 7th September 2022	320.00 14th December 2021
Lowest	110.00 29th June 2022	121.00 27th April 2021
Closing	145.00	151.25

Share Trading

Number of shares traded during the year	5,730,037
Value of shares traded during the year	975,189,193.75
Number of transactions during the year	14,003

		No. of transaction (Trade volume)	Share volume (No. of shares traded)	Turnover volume (Value of shares)
1st April 2022	30th June 2022	1,690	884,494	112,815,867.75
1st July 2022	30th September 2022	6,309	2,795,764	525,613,524.25
1st October 2022	31st December 2022	3,133	983,223	178,412,441.00
1st January 2023	31st March 2023	2,871	1,066,556	158,347,360.75
		14,003	5,730,037	975,189,193.75

Shareholding as at 31st March 2023

From	To	No. of holders	No. of shares	%
1	1,000	3,368	682,447	3.88
1,001	10,000	664	1,925,012	10.94
10,001	100,000	133	3,493,578	19.85
100,001	1,000,000	18	6,035,596	34.29
Over 1,000,000		3	5,463,367	31.04
		4,186	17,600,000	100.00

Categories of Shareholders

Local individuals	3,974	14,014,827	79.63
Local institutions	175	3,213,072	18.25
Foreign individuals	30	179,031	1.02
Foreign institutions	7	193,070	1.10
	4,186	17,600,000	100.00

Public Holding

The percentage of shares held by the public as at 31st March 2023 is 63.75% comprising of 4,178 shareholders.
Float adjusted market capitalization as at 31st March 2023 – LKR 1,626,900,435/-

Natural Capital

As a responsible corporate citizen, Bairaha considers it as important, the preservation of natural capital in all aspects of our business operations. Accordingly, we conduct our primary business with due considerations and care for the nature and environment.

While pursuing sustainable goals in our growth and expansion strategy, we remain committed to the responsible and efficient management of our natural capital, which in turn will foster the continued success of our business.

Compliance with Regulations and Industry Best-practices

As a food processing company and a major player in the livestock sector, Bairaha Farms PLC is subject to regulations under the Food Act No. 26 of 1980 and those framed by the Department of Animal Production and Health (DAPH). To ensure food safety and product quality, we comply with applicable standards such as ISO 9001:2015, ISO 22000:2018, HACCP, GMP, and SLS product certification as well as GSO/Halal certification. Our factories, hatcheries, and farms undergo periodic third-party independent audits by accreditation bodies as well as other audits, namely Quality Management Systems carried out by persons/ organizations at the request of some customers, representing multinational organizations. We consistently meet the required standards for our operations, reflecting our strict adherence to the highest standards of quality, hygiene, safety, and animal welfare.

Our broiler chicken is free of antibiotics. We follow industry best practices to deliver superior quality chicken, pre-cooked meat products and broiler day-old-chicks to our customers. Our entire production process is well-documented, enabling regulatory bodies and other concerned parties to easily verify compliance with applicable regulations and standards.

Ensuring bio-security and Animal Welfare

Ensuring the bio-security of our farms is a top priority, and we continually review and improve our internal measures, processes, and practices. As part of our farming practices we maintain adequate distances between poultry-houses and adjoining properties of neighbours to create a bio-security buffer-zone for the safety of our flocks and farms and to minimize odour and environmental pollution.

Our farms adhere to strict hygiene and quality standards to ensure the health of our flocks. Access to the farms is restricted and staff members follow industry specific protocols prior to entering, such as showering, wearing farm uniforms and changing footwear, to maintain the highest standards of hygiene.

At Bairaha, we are committed to upholding animal welfare protocols in line with expectations and guidelines issued by some of our key customers. We take these responsibilities seriously and strive to meet and exceed those standards at all times.

Upholding Standards in Our Facilities

The Bairaha Group complies with the environmental regulations in Sri Lanka. Numerous initiatives have been introduced to ensure our continued compliance with those regulations.

Bairaha manages waste and by-products in an environmentally-friendly manner by recycling where possible. The storage of chemicals and pesticides is carried out in compliance with guidelines issued by the CEA.

We recognize the importance of protecting our natural capital, not only for the longevity of our business but also for the greater good of society. Being a Sri Lankan company, with strong values and ethics, we are committed to preserving the environment, while conducting our business operations in a profitable, and wherever possible in a sustainable manner.

Addressing Global Challenges

At Bairaha Farms PLC, we acknowledge the importance of reducing our impact on the environmental by promoting sustainable practices across our operations. Despite the environmental impact from our poultry operations being relatively low compared with other businesses in the livestock sector, we continue to have measures in place to minimize environmental hazards, while also encouraging the use of renewable resources: treated wastewater is recycled for use in certain processes, solar power is partly used for energy generation, and sale of poultry litter (droppings) as a substitute for imported chemical fertilizer.

In addition, the use of Enterprise Resource Planning together with Sale-force Automation in our operations and sales functions' have enabled the Company to reduce environmental footprint while at the same time providing timely information for decision-making.

We have also given priority to factors relating to the preservation and enhancement of our natural environment. We aim to be a leader in sustainability, setting an example in the poultry sector, and for employees, suppliers, and smallholders across our supply chain. Further, we encourage and inspire our employees and their families to participate in activities that align with this goal.



Tree planting within the company premises.



Environment day celebration with issue of plants to employees.

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01 Reyaz Mihular
Chairman

02 Yakooth Naleem
Managing Director/
Chief Executive Officer

**03 Emeritus Professor Harischandra
Abeygunawardena**
Director

04 Riyal Yakoob
Executive Director

05 Kamil Naleem
Executive Director

06 Mubarak Naleem
Executive Director

07 Mohamed Imtizam Wahid
Executive Director-Operations

01 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 Education programmes at INSEAD France, London Business School and Harvard Business School.

Reyaz presently also serves as an Independent Non-Executive Director of Melstacorp PLC, Sunshine Holdings PLC, Sri Lanka Telecom PLC, Nestle Lanka PLC, DAMRO Holdings Ltd, LTL Holdings Ltd and Agility Innovation (Pvt) Ltd. Reyaz also serves as a Commissioner of the Colombo Port City Economic Commission and a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka.

02 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.

03 EMERITUS PROFESSOR HARISCHANDRA ABEYGUNAWARDENA

Director

Emeritus Professor Harischandra Abeygunawardena (BVSc, MSc, Ph.D & DSc.) is a renowned academic with extensive experience in the fields of animal production and health, and 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 and proceeded to USA in 1981 as a Fulbright Scholar to pursue his postgraduate studies. Upon his return in 1987, was 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. In 2022, the University of Peradeniya honoured him again by awarding a DSc (*Honoris Causa*) in recognition of his excellence in academic teaching, and research, and his outstanding service to the University and contribution made to the country in the field of education.

Again in 2022, he was felicitated by His Excellency the President by inducting him as the Chancellor of the University of Vocational Technology. 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 Wirckramaarachi University of Indigenous Medicine, and the National Institute of Education.

04 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.

05 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.

06 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.

07 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.

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 Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions – complied with 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. 12 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



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, 10 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 subcommittees, 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 Practices 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 responsibility. The Board has set up the Risk and Investment Committee as a new subcommittee during the year 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 subcommittees are set out below and the Reports of the subcommittees are available on pages 77 to 80 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:

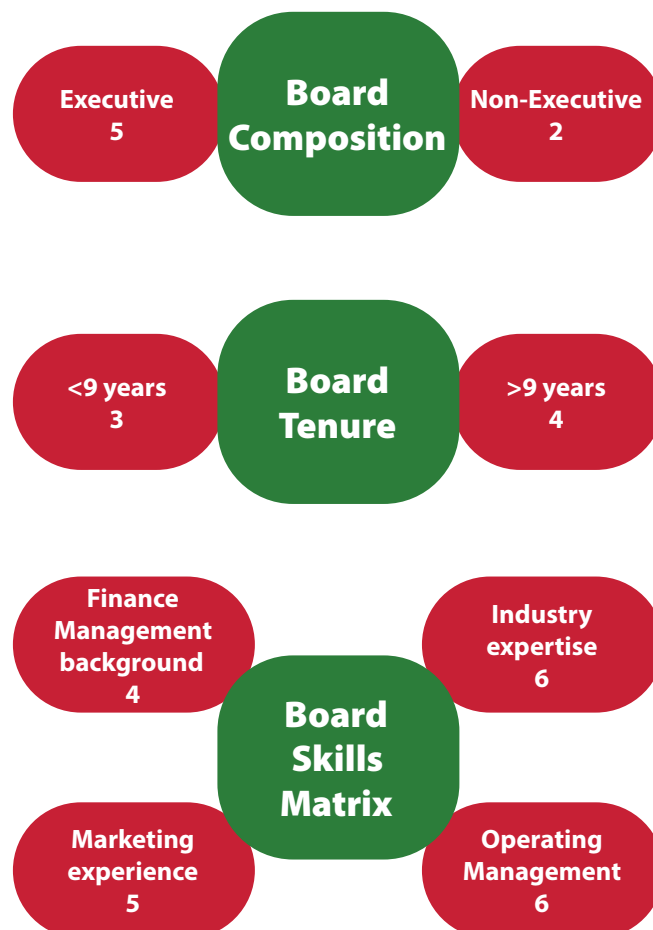
The main function of this Committee is to review and approve related party transactions to ensure that those are being entered into at reasonable prices with a view to ensure that they are in the best interests of the Company while safeguarding interests of various other stakeholders.

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, Financial Controller, 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 on the date of this report is as 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 61 and 62 of this Report.

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 responsible for the 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 scrutinize their performance to ensure the successful achievement of the Company's objectives.

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 55 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.

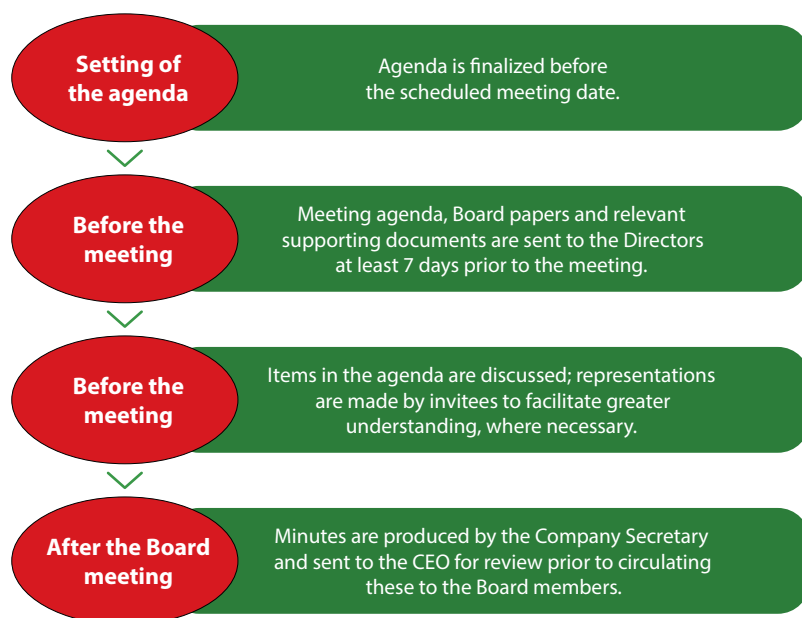
Based on the declarations submitted, the Board deemed that Emeritus Prof H Abeygunawardena and Mr Reyaz Mihular are independent.

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 10 times.

Name of Director	Number of meetings held	Attendance
Reyaz Mihular	10	09
Yakooth Naleem	10	10
Emeritus Prof H Abeygunawardena	10	10
Riyal Yakooob	10	10
Kamil Naleem	10	10
Mubarak Naleem	10	09
Mohamed Imtizam Wahid	10	10

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 by the Board in identifying and appointing persons with required talent.

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 and thereby enabling him/her to gain an understanding of all aspects of the business. Each newly appointed Director receives a general induction which covers his/her 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 familiarize the new Director with the role of the subcommittee. 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 79 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 paid by other companies, where necessary, to ensure that the level and structure of the Executive Directors' remuneration is 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 attendance at meetings. Non-Executive Directors are not entitled to performance-based incentives. During the year under review, the Company made payments of LKR 67,994,341/- 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 Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka are given on pages 69 to 72.

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 capitalization, 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.

CSE Rule		Compliance status	Reference in Annual Report
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
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 Audit Committee meetings	Yes	CEO and CFO are permanent invitees to all Audit Committee meetings.
a.4	The Chairman of the Audit Committee 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 2023.

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 PQ 122. Accordingly, the name of the Company was 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 of poultry and operating of hatcheries for the production and sale of both parent and commercial broiler day-old chicks;
- Operating of Company owned large broiler farms as well as hundreds of outgrower 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 meatballs, chicken sandwich slices and marinated chicken;
- Manufacture of feed for poultry and other species of animals;
- Marketing and selling of other products required for poultry farming

Financial Statements

The financial statements of the Company are given on pages 102 to 107.

Summarized Financial Results

As at	31st March 2023 LKR '000	31st March 2022 LKR '000
Group revenue	11,798,963	6,742,247
Total comprehensive income	519,159	766,696
Retained earnings	3,868,125	3,960,977

Auditor's Report

The Report of the Auditors on the financial statements of the Company is given on page 98.

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 108 to 122.

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 61 and 62.

Executive Directors

Mr Yakooth Naleem – Managing Director

Mr Riyal Yakoob

Mr Kamil Naleem

Mr Mubarak Naleem

Mr M I Wahid

Independent Non-Executive Directors

Mr Reyaz Mihular – Chairman
(Appointed w.e.f. 20th January 2022)

Prof H Abeygunawardena

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

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.

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

The Directors have recommended the reappointment of Prof H Abeygunawardena who is 74 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 reappointment.

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 2023 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 24 to the financial statements on page 148.

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 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 97.

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 5,636,355/-.

The Auditors have also provided tax compliance services during the year and the fee payable in this regard amounts to LKR 1,454,566/-.

The Auditors have expressed their willingness to continue to serve as the Auditors. A resolution to reappoint the Auditors and to authorize 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.

Stated Capital

The stated capital of the Company is LKR 536,305,197/- divided into 17,600,000 ordinary shares.

Directors' Shareholding

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

As at	Number of Shares	
	31st March 2023	31st March 2022
Directors		
Mr Reyaz Mihular	7,114	5,400
Mr Yakooth Naleem	1,872,053	1,701,867
Prof H Abeygunawardena	N/A	N/A
Mr Riyal Yakooob	906,735	824,305
Mr Kamil Naleem	1,764,316	1,603,924
Mr Mubarak Naleem	1,826,998	1,660,908
Mr M I Wahid	2,200	2,000

Major Shareholders, Distribution Schedule, and other Information

Information on the thirty 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 54 to 56 under Investor Relations.

Public Holding

Float adjusted market capitalization – LKR 1,626,900,435/-. 63.75% of the issued shares of the Company are in the hands of 4,178 public shareholders. The Company has complied with Option 5 of the Listing Rules 7.14.1 (a).

Reserves

The movement of reserves during the year are given under the Statement of Changes in Equity on page 105.

Land Holdings

Details of 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 828 Mn. compared to LKR 485 Mn. incurred in the previous year. Details of movements in property, plant and equipment are given under Note 4 to the Financial Statements.

Dividends

There was no dividends declared during the year ended 31st March 2023.

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 5,950,176/- (2022 - LKR 3,305,808/-) for the year ended 31st March 2023.

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 statement.

Corporate Governance

Corporate governance practices and principles with respect to the management and operations of the Company are set out on pages 63 and 68 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 subcommittees 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

Prof H Abeygunawardena – Member

Remuneration Committee

Mr Reyaz Mihular – Chairman

Prof H Abeygunawardena – Member

Related Party Transactions Review Committee

Prof H Abeygunawardena – Chairman

Mr Reyaz Mihular – Member

Mr Riyal Yakooob – Member

The Related Party Transactions Review Committee has reviewed all related party transactions that require their review for the year ended 31st March 2023.

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 2023.

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 63 to 68 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 11.30am on Wednesday the 19th July 2023. The Notice of the Annual General Meeting appears on page 177.

By Order of the Board

Bairaha Farms PLC

(Sgd.)

Yakooth Naleem

Managing Director

(Sgd.)

Riyal Yakooob

Executive Director

(Sgd.)

P W CORPORATE SECRETARIAL (PVT) LTD.

Secretaries

24th May 2023

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 review of Financial Statements, internal control procedures, risk management processes, to ensure compliance with relevant accounting standards whilst safeguarding independence of the External Auditor. These functions are carried out with a view to protect 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 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 Member of the Committee is:

2. Emeritus Harischandra Abeygunawardena, who has both 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 Financial Controller attended those meetings on invitation.

Attendance at Audit Committee Meetings held during the period 1st April 2022 to 31st March 2023

Name of the Director	Attendance
1. Mr Reyaz Mihular	5/5
2. Emeritus Prof H Abeygunawardena	5/5

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 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 including an Information Technology General Controls review. The audit was aimed at ensuring the adequacy and effectiveness of the ITGCs and compliance with policies and procedures by way of conducting a sample test of transactions. The ITGC Audit was mainly focused on Organization Structure and Responsibilities, Organization IT Systems and Tiers, User Access Management, IT Asset Management, Change Management, IT Security Policies and Procedures, Business Continuity and Disaster recovery plan, Backup Procedures, IT Support & Maintenance Services, Super user Access and Incident Management.

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 finalization 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 also met the External Auditors to discuss the Management Letter of the previous year to take appropriate corrective action as needed.

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 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 Ernst & Young be re-appointed as the External Auditor for the financial year ending 31st March 2024, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)

Reyaz Mihular

Chairman

Audit Committee

24th May 2023

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

As part of the Company's remuneration policy, the Remuneration Committee seeks to have a dynamic performance-based culture within the business and monitors and reviews the key management staff as part of its succession plan and growth strategy.

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 optimizing shareholders' wealth and striving to optimize 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.

In determining the remuneration in the calendar year 2022 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 20.8 per cent increment was granted and for Executives, Senior Management and for Executive Directors an average increase of 18 per cent was granted based on the excellent financial performance of the Company in the previous year. The total amount of remuneration payable was considered and recommended to the Board and approved by the Board. Increments granted were incorporated into the remuneration of staff with effect from April 2022.

Composition of the Committee

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

- Mr Reyaz Mihular – Chairman
- Emeritus Prof H Abeygunawardena

Meetings

The Committee meets only once a year. The Chief Executive Officer and Executive Director attended the meeting on invitation.

Attendance at Remuneration Committee Meetings held during the period 1st April 2022 and 31st March 2023

Name of the Director	Attendance
1. Mr Reyaz Mihular	1/1
2. Emeritus Prof H Abeygunawardena	1/1

(Sgd.)

Mr Reyaz Mihular

Chairman
Remuneration Committee

24th May 2023

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee has been functioning as an advisory committee to guide 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 of two Independent Non-Executive Directors and one Executive Director.

Emeritus Professor Harischandra Abeygunawardena – Chairman (Independent, Non-Executive Director)

Mr Reyaz Mihular – Member (Independent, Non-Executive Director)

Mr Riyal Yakoob – Member (Executive Director)

Meetings

The Committee held four (4) 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 Transactions Review Committee held during the period 1st April 2022 and 31st March 2023.

Name of the Director	Attendance
1. Emeritus Prof Harischandra Abeygunawardena	4/4
2. Mr Reyaz Mihular	4/4
3. 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 except for the transactions disclosed in Note 32.1.4. 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 Transactions Review Committee has reviewed all related party transactions that require their review for the year ended 31st March 2023.

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 76 of the Report.

(Sgd.)

Emeritus Prof Harischandra Abeygunawardena

Chairman

Related Party Transactions Review Committee

24th May 2023

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 which are considered to be both 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, fuel shortage that lead to difficulties in transportation and consistent power cuts, lower disposable income of individuals due to hyperinflation and increased personal income taxes.

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 mitigating such risks due to the constraints imposed by a severely contracted economy as a result of the economic crises that the country faced.

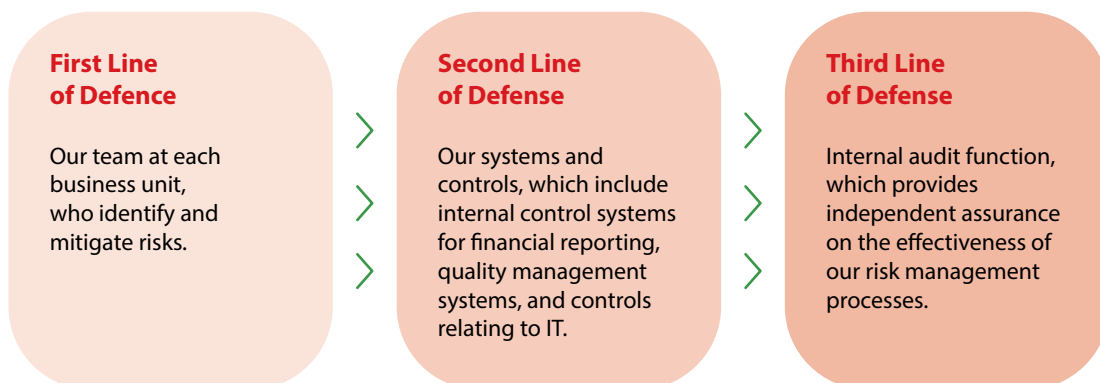
Risk Management

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 in our pursuit of value creation.

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

Bairaha Risk Management Framework



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

Risk Identification

The responsibility for risk identification lies with the risk owners in each segment and function. This helps to produce a comprehensive list of risks which forms the risk universe of Bairaha.



Risk Assessment

Given the nature of the poultry business, and the myriad of associated risks, it is essential for us to prioritize the risks to ensure that Management's attention is focused on the key risks identified. This prioritization is accomplished by performing a risk assessment.

We collate and evaluate the risks identified in the risk identification stage, based on the potential impact and likelihood of their occurrence, quantitatively and qualitatively. The interactions between different risks are also considered.

In order to prioritize the risks, we use a risk mapping chart, where its impact is plotted against the likelihood of the occurrence of the identified risk (Refer to page 94). Each intersection in the chart indicates a specific level of risk, and the associated level of adverse consequences if the identified risk materializes. The risks that appear in the chart as "high and medium level risk" would be considered as "principal risks" for Bairaha and accordingly Management's attention would be drawn to these risks for monitoring and managing them.



Risk Response

Management may decide to accept a specific risk, or try to reduce its impact, or else seek to completely avoid the risk based on its severity and likelihood of occurrence.



Risk Reporting

Risk information is communicated in a timely manner to ensure that relevant employees are well informed to take preventative action or to mitigate risks.



Risk Monitoring

Monitoring is carried out through ongoing management activities to identify the appropriateness and timeliness of our responses as well as the corrective measures that have been taken. Further, periodic evaluation of the risk management framework is performed to ensure that Bairaha has the right standards, methods, and tools in place for managing risks.

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	1.1 Foreign currency availability and 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.
	1.2 Interest rates	R Increased cost of borrowings O Profit share deposit rates have almost doubled	• Strong balance sheet with a reasonable gearing level. • Long-standing relationships with banks facilitate in obtaining competitive interest rates for funding.
	1.3 Inflation	R Increased costs of inputs O Achieve cost reduction by taking full advantage of a paperless office and digitalization to curb expenses.	• Continuous monitoring of prices of inputs and seeking wherever possible fixed prices with suppliers for an agreed period; • Continuous initiatives to improve productivity, such as automation of processes; • Inflation affects both costs and revenue, and thus has at times a neutralising effect;

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
	1.4 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 minimizes 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 by promoting popular products in the pre-cooked range and by intensifying direct delivery operations to “households” to expand the Company’s market segment and to widen the customer base.
2. Industry risk	2.1 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.

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
2.2 Adverse weather		R Raw material availability O Explore innovative ways to store rainwater in a sustainable mode, to lessen the burden on the national water supply and also to reduce costs	- When the locally produced raw materials are 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. - Recycling water after treatment in the processes, wherever possible.
2.3 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 second and third 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 with 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 and with state of the art facilities.
2.4 Supply chain risk		R Unexpected increases in raw material prices cannot be immediately passed on to customers and it would also impact the profit margin. Availability of quality raw materials is critical. O Consistently growing our supply chain to infuse fresh ideas 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 substitutes raw materials. - Review suppliers periodically to ensure their quality standards. - Reformulate the recipes without any deviations in quality and nutrients.

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
	2.5 Competition	R Squeezing of profit margins O Although Bairaha is a well 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. - Expanding product offerings and portfolio.
	2.6 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 by harnessing experienced skilled persons from other sectors and thereby infusing a repertoire of soft skills and specialized 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 labor contractors helps to mitigate the risk of attrition among unskilled workers. - Digitization and automation of work processes. - Setting up work culture where innovative ideas are recognized and rewarded.
	2.7 Risk of reimposition 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.
	2.8 Occupational health	R Risk of business interruptions and lower productivity O Periodic and structured inspections to ensure overall staff welfare, job satisfaction and prevention of illness 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 and safety.

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
	2.9 Market demand	R Impacts on the smooth operation of business activities due to continuously changing of government policies and economic conditions (depreciation of Rupee value against US dollar, 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 products.
	2.10 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. • Widen product portfolio to some extent issues arising from market volatility.
3. Risk of being exposed to a single business sector	3.1 Global epidemics, such as bird flu, can impact the entire business	R Loss of business continuity O Diversification, to mitigate the risk from being only in the poultry sector.	• The Company believes in specialization and has taken measures to minimize 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 specialized in poultry, the Company has diversified across various product segments of the market.

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
	3.2 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
	3.3 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	4.1 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 create value	- Rigid internal controls adapted by implementing strong authorization metrics, clearly stating the responsibilities and authority at 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 with policies, processes, procedures, and systems.

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
5. Environmental risk	5.1 Proximity to human habitats and other farms	R All indicators have impact on Company's reputation and ongoing operations as well as there being the risk of punitive action by regulatory authorities O Interaction with the community is already at a satisfactory level. Company has the opportunity to engage with it, and strengthen it	- 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.
	5.2 Farm/Factory odour	O Introducing robust controls to contain this risk, allows Bairaha to be recognized as a responsible corporate citizen	- Biosecurity 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.
	5.3 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 fertilizer using poultry manure.
	5.4 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.
	5.5 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 recycling. - An accredited laboratory analyses the quality of treated waste water to ensure compliance with the accepted levels that are stipulated under the EPL.

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
	5.6 Energy management	O Company's contribution to lessen the burden on the national grid is an opportunity	- Investment in solar power to provide electricity to the national grid. - Use of firewood for biomass 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. - Streamlining deliveries to minimize fuel wastage.
6. Regulatory risk	6.1 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) Labor 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 be accountable	- 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 gazette regulations.
	6.2 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.
	6.3 Government policy inconsistencies	R Unexpected constraints on operations O Meaningful engagement with government authorities, as a stakeholder in the poultry industry	Although this is a problematic area with no easy solutions but in the recent times has produced positive results. An example in this regard is the shortage in the maize supply due to the delays in granting of the import permits.

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
7. Food safety, quality, and risk relating to business reputation	7.1 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 teams conducts regular quality and food safety audits to ensure compliance with accepted standards. • External assurance/guarantee on processes provided by third-party independent audits, including the 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 subsector 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 processes. • 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 as per accepted protocols. • Bairaha monitors its freezer trucks' temperature using tracking software and requires that customers too maintain freezer temperatures at recommended levels to maintain food safety.
	7.2 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.

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
	7.3 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 minimize 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. COVID-19 and other pandemic	9.1 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 9.2 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 R Increased cost of production	- Precautions taken in the farms and factories by insisting on wearing of masks. - Developing multiple sourcing channels and markets to mitigate against being 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 some extent to pass on the cost escalation to the customers while always seeking to improve productivity within the operations.

Principal risks	Risk indicators	Impact to business (R Risks; O Opportunities)	Mitigating factors and measures
10. Debtors receivables	10.1 Default by customers	R Constraints in cash flow O Introduction of stringent credit frameworks and incentivizing 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 customers' 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. • Incentivizing the sales staff to improve cash collection and to reduce the outstanding amount.
11. Information security risk	11.1 Cybersecurity risks associated with various software and IT systems used by the Company 11.2 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 unauthorized persons O Encourage both the IT and Finance Division staff to engage in software development, thus encouraging creativity within the staff cadre	• 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	12.1 Business interruptions due to turbulent conditions	It impedes smooth operations and continuity of business due to unexpected and sudden civil unrest and rebellions in the country	Constant monitoring

Principal Risk Heat Map

The principal risks are summarized below, and the likelihood of the risks are mapped against their impact in the principal risk heat map. The risk map for the year under review was crafted being cognizant of the Country’s economic crisis that resulted in critical issues such as reduced purchasing power due to inflation, job losses that tightened consumer spending, and increased Company’s costs on distribution and staff well-being among others.

In the table below, and throughout the Report, we have detailed the proactive steps we have taken to address this crisis situation.



1. Macroeconomic risk
2. Industry risk
3. Risk of being exposed to a single business sector
4. Environmental risk
5. Regulatory risk
6. Food safety, quality, and reputation risk
7. Risk of fire or natural disasters
8. COVID-19 risk
9. Risk from debtors’ receivables
10. Information security risk
11. Operational risk
12. Social risk

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Financial Calendar

Interim Financial Statements Calendar

	2022/23	Target set for 2023/24
1st Quarter (ended 30th June)	28th July 2022	28th July 2023
2nd Quarter (ended 30th September)	27th October 2022	27th October 2023
3rd Quarter (ended 31st December)	18th January 2023	31st January 2024
4th Quarter (ended 31st March)	30th May 2023	25th May 2024

Annual General Meeting Calendar

	2022/23	Target set for 2023/24
Annual Report and Financial Statements to shareholders	21st June 2023	30th May 2024
Annual General Meeting (to be held on)	19th July 2023	30th June 2024

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

24th May 2023
Colombo

Independent Auditors' Report



Ernst & Young
Chartered Accountants
201, De Saram Place
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PNS/MAR

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 2023 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 2023, 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 FCA 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 FCMA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACA, D L B Karunathilaka ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

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) Valuation of bearer biological assets The Group carried bearer biological assets at fair value amounting to LKR 989,194,800 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 12% of the group's total assets. • Key assumptions made by management such as 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 used in the valuation of bearer biological assets; • Tested the capitalized amounts by tracing amounts to related supporting documents; • Evaluated the reasonableness of the key assumptions used such as day-old chick prices, egg – production rate, hatchability and mortality rate relating to fair valuation by comparing those assumptions with the industry'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
2) Revenue Recognition The Group derived its revenue of LKR 11.8 Bn. from the sale of goods, as disclosed in Note 03 to the Financial Statements Revenue was a key audit matter due to: - The significance of the reported revenue coupled with the significant increase (75%) in revenue recorded by the Group during the year due to the price changes of products.	Our audit procedures included the followings; • We tested the design, implementation and operating effectiveness of the relevant key internal controls related to revenue recognition. We tested the General IT control environment and the IT application controls relating to the IT system relevant to revenue recognition. • We performed test of details on revenue transactions throughout the financial year to ensure the validity of the transactions. • We performed procedures to test revenue cut-off at the period-end date to determine whether transactions are recorded in the proper period and to the proper accounts. • We reviewed the management journal entries posted to revenue accounts. We assessed the adequacy of the disclosures made in Note 3 and 2.3.14 to the Financial Statements.

Other Information included in the 2023 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.
- 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.

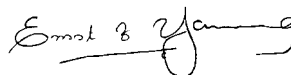
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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



24th May 2023
Colombo

Statement of Financial Position

As at 31st March	Notes	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Assets					
Non-current assets					
Property, plant and equipment	4	3,455,905,537	2,500,695,088	1,282,393,726	933,729,816
Right of use asset	5	4,430,142	8,860,289	7,071,254	14,142,510
Investment property	6	–	–	49,617,329	51,932,769
Intangible assets	7	36,108,953	39,989,250	36,031,953	39,898,250
Investments in subsidiaries	8	–	–	381,532,820	381,532,820
Investments in joint ventures	9	1,433,281,759	1,176,730,340	711,922,000	711,922,000
Other investments	10	891,800	891,800	891,800	891,800
Biological assets – Bearer	12	51,145,198	105,002,246	51,145,198	52,608,411
		4,981,763,389	3,832,169,013	2,520,606,080	2,186,658,376
Current assets					
Inventories	11	986,210,193	362,024,188	668,029,955	219,928,475
Biological assets – Consumable	12	392,708,325	211,654,885	259,628,108	161,689,272
Biological assets – Bearer	12	938,049,602	438,754,507	490,158,169	257,230,802
Trade and other receivables	13	926,009,934	694,261,283	1,081,318,489	710,502,107
Income tax receivable		4,998,544	24,265,487	–	13,061,539
Other investments	10	25,555,014	46,135,670	55,014	61,154
Amounts due from related parties	14	21,004,226	50,509,233	65,824,243	117,290,757
Cash and bank balances	27	239,287,491	541,691,393	178,327,765	302,079,107
		3,533,823,329	2,369,296,646	2,743,341,743	1,781,843,213
Total Assets		8,515,586,718	6,201,465,659	5,263,947,823	3,968,501,589
Equity and liabilities					
Equity					
Stated capital	15	536,305,197	256,305,197	536,305,197	256,305,197
Revaluation surplus	16.1	816,534,724	572,830,044	288,119,507	183,956,592
Fair value reserve		(1,254,207)	(1,254,207)	(1,254,207)	(1,254,207)
Actuarial gain on defined benefit plans		(11,661,179)	(3,968,043)	(11,661,179)	(3,968,043)
Retained earnings		3,868,125,120	3,960,977,491	609,204,910	1,326,787,653
Total equity		5,208,049,655	4,784,890,482	1,420,714,228	1,761,827,192

As at 31st March	Notes	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Non-current liabilities					
Financing and lease (Ijara) payables	17	363,961,061	257,660,284	107,310,416	106,558,148
Deferred tax liabilities	25.2	488,560,755	177,672,605	173,601,670	60,207,891
Retirement benefit liability	18	122,048,635	94,863,017	109,700,980	83,018,834
		974,570,451	530,195,906	390,613,066	249,784,873
Current liabilities					
Trade and other payables	19	693,151,496	594,676,038	1,263,957,591	1,425,360,210
Dividends payable	20	6,380,367	16,545,937	6,380,367	16,545,937
Amounts due to related parties	21	–	–	657,658,747	306,583,406
Income tax payable		–	–	3,477,596	–
Financing and lease (Ijara) payables	17	1,633,434,749	275,157,296	1,521,146,228	208,399,971
		2,332,966,612	886,379,271	3,452,620,529	1,956,889,524
Total equity and liabilities		8,515,586,718	6,201,465,659	5,263,947,823	3,968,501,589

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007

(Sgd.)

Shafraz Hussaindeen
Financial Controller

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf the Board by;

(Sgd.)

Yakooth Naleem
Managing Director

(Sgd.)

Riyal Yakooob
Executive Director

The Accounting Policies and Notes on pages 108 through 170 form an integral part of the Financial Statements.

24th May 2023
Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31st March	Notes	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Revenue	3	11,798,962,672	6,742,246,571	9,763,839,689	5,270,821,362
Cost of sales		(10,266,576,869)	(5,405,754,779)	(9,131,199,606)	(4,578,063,169)
Gross profit		1,532,385,803	1,336,491,792	632,640,083	692,758,193
Other operating income	22	63,520,716	29,526,545	311,033,228	305,613,948
Distribution costs		(817,540,065)	(416,445,166)	(674,681,203)	(332,404,799)
Administrative expenses		(408,976,269)	(285,995,464)	(357,151,899)	(245,634,857)
Other operating expenses		(1,941,776)	(626,660)	(1,001,792)	(588,555)
Finance cost	23	(229,419,288)	(41,173,807)	(177,105,535)	(26,676,236)
Share of profit/(loss) from joint venture companies (net of tax)	9.2	330,318,680	171,999,969	–	–
Profit/(loss) before tax	24	468,347,801	793,777,209	(266,267,118)	393,067,694
Income tax expense	25	(185,200,172)	(28,430,180)	(75,315,625)	(30,263,340)
Profit/(loss) for the year		283,147,629	765,347,029	(341,582,743)	362,804,354
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)	–	(240,100)
Actuarial gain on defined benefit plans	18.2	(10,990,194)	1,848,603	(10,990,194)	1,848,603
Deferred tax impact on defined benefit plans	25.2	3,297,058	(258,804)	3,297,058	(258,804)
Revaluation of property, plant and equipment	16.1	371,792,260	–	166,552,959	–
Deferred tax impact on revaluation	16.1	(154,320,320)	–	(62,390,044)	–
Share of other comprehensive income net of tax equity accounted investees	16.1	26,232,740	–	–	–
Other comprehensive income for the year		236,011,544	1,349,699	96,469,779	1,349,699
Total comprehensive income		519,159,172	766,696,728	(245,112,964)	364,154,053
Profit/(loss) attributable to:					
Equity holders of the parent		283,147,629	765,347,029	(341,582,743)	362,804,354
Non-controlling interest		–	–	–	–
		283,147,629	765,347,029	(341,582,743)	362,804,354
Total comprehensive income attributable to:					
Equity holders of the parent		519,159,172	766,696,728	(245,112,964)	364,154,053
Non-controlling interest		–	–	–	–
		519,159,172	766,696,728	(245,112,964)	364,154,053
Earnings per share – Basic/Diluted	26	16.09	43.49	(19.41)	20.61

The Accounting Policies and Notes on pages 108 through 170 form an integral part of the Financial Statements.

Statement of Changes in Equity

Year ended 31st March

Group	Stated Capital	Revaluation Surplus	Fair Value Reserve	Actuarial Gain on Defined Benefit Plans	Retained Earnings	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1st April 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
Realized 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
Profit for the year	–	–	–	–	283,147,629	283,147,629
Other comprehensive income (Net)	–	243,704,680	–	(7,693,136)	–	236,011,544
Dividends (DPS : LKR 6.00)	–	–	–	–	(96,000,000)	(96,000,000)
Bonus issue of shares (Note 15)	280,000,000	–	–	–	(280,000,000)	–
Balance as at 31st March 2023	536,305,197	816,534,724	(1,254,207)	(11,661,179)	3,868,125,120	5,208,049,655

Company	Stated Capital	Revaluation Surplus	Fair Value Reserve	Actuarial Gain on Defined Benefit Plans	Retained Earnings	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1st April 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	–	–	(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
Loss for the year	–	–	–	–	(341,582,743)	(341,582,743)
Other comprehensive income (Net)	–	104,162,915	–	(7,693,136)	–	96,469,779
Dividends (DPS : LKR 6.00)	–	–	–	–	(96,000,000)	(96,000,000)
Bonus issue of shares (Note 15)	280,000,000	–	–	–	(280,000,000)	–
Balance as at 31st March 2023	536,305,197	288,119,507	(1,254,207)	(11,661,179)	609,204,910	1,420,714,228

The Accounting Policies and Notes on pages 108 through 170 form an integral part of the Financial Statements.

Statement of Cash Flows

Year ended 31st March	Notes	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Operating activities					
Profit/(loss) before income tax expense		468,347,801	793,777,209	(266,267,118)	393,067,694
Adjustments for					
Allowance for weight loss	24	74,607,407	38,986,937	74,607,407	38,986,937
Depreciation	4	244,562,785	205,158,915	126,602,896	105,862,499
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	1,128,526,615	548,084,198	334,424,400	158,552,012
Share of profit/(loss) from joint venture companies (net of tax)	9.2	(330,318,680)	(171,999,969)	-	-
Fair value gain on quoted investments		6,140	16,440	6,140	16,440
Intangible assets amortization	7	3,880,297	5,648,749	3,866,297	5,634,749
Income from investments	22	(966)	(1,302)	(100,000,966)	(150,001,302)
Profit on disposal of property, plant and equipment	22	357	4,511,608	357	143,741
Finance cost	23	229,419,288	41,173,807	177,105,535	26,676,236
Provision for defined benefit plans	18	20,026,124	4,540,282	18,557,652	5,751,961
Allowance for bad and doubtful debts	13.1	12,578,021	(2,671,594)	12,000,000	(3,290,670)
Operating profit before working capital changes		1,856,065,336	1,471,655,427	387,973,856	588,471,553
(Increase)/decrease in inventories		(698,793,412)	(155,948,092)	(522,708,887)	(95,108,258)
(Increase)/decrease in biological assets		(181,053,440)	(9,150,252)	(97,938,836)	(46,522,181)
(Increase)/decrease in trade and other receivables		(244,326,669)	(194,317,941)	(382,816,399)	(307,624,186)
Increase/(decrease) in related company balances (Net)		29,505,007	(50,000,000)	402,541,855	1,724,215
Increase/(decrease) in trade and other payables		98,475,456	220,325,654	(161,402,600)	527,340,338
Cash generated from operations		859,872,278	1,282,564,796	(374,351,012)	668,281,481
Finance costs paid	23	(229,419,288)	(41,173,807)	(177,105,535)	(26,676,236)
Defined benefit plan costs paid	18	(3,830,700)	(3,758,100)	(2,865,700)	(3,659,225)
Income tax paid		(6,068,340)	(10,488,188)	(4,475,696)	(11,900,001)
Net cash flows from operating activities		620,553,950	1,227,144,701	(558,797,943)	626,046,019

Year ended 31st March	Notes	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Investing activities					
Acquisition of property, plant and equipment	4	(827,994,725)	(485,332,664)	(306,412,159)	(172,904,490)
Acquisition of intangible assets	7	–	(6,913,170)	–	(6,913,170)
Acquisition of biological assets	12.1	(1,573,964,662)	(582,855,270)	(565,888,554)	(324,667,685)
Investment in wakala investment		20,574,516	60,820	–	–
Proceeds from sale of property, plant and equipment		13,393	124,827,778	13,393	5,027,778
Dividend received	22	100,000,966	100,001,302	100,000,966	150,001,302
Net cash flows used in investing activities		(2,281,370,512)	(850,211,204)	(772,286,354)	(349,456,265)
Financing activities					
Dividend paid	20.3	(106,165,570)	(94,274,722)	(106,165,570)	(94,274,722)
Proceeds from financing and lease (Ijara)	17	2,167,372,063	351,300,000	1,980,500,000	214,000,000
Repayment of financing payable	17	(804,113,616)	(339,448,286)	(768,321,257)	(282,476,701)
Net cash flows from/(used in) financing activities		1,257,092,877	(82,423,008)	1,106,013,172	(162,751,423)
Net increase/(decrease) in cash and cash equivalents		(403,723,686)	294,510,489	(225,071,125)	113,838,331
Cash and cash equivalents at the beginning of the year	27	457,304,031	162,793,542	217,691,745	103,853,414
Cash and cash equivalents at the end of the year	27	53,580,346	457,304,031	(7,379,380)	217,691,745

The accounting policies and notes on pages 108 through 170 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 %
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Subsidiaries

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 %
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 2023 were authorised for issue by the Board of Directors on 24 May 2023.

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 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 (LKR).

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.

2.1.2 Statement of Compliance

The Financial Statements of the Group and the 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

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 2023. 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.

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 & 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 4.

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.

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.

Land, Buildings, Poultry sheds, Furniture and Fittings and Motor Vehicles are revalued once in every three years and the rest of the classes of assets were kept at cost.

(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.

(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 amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization 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	Amortization 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 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 (a) 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. Unrealized 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 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 (b) 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 unrealized 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 8.

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 amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- 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 amortized cost in accordance with above criteria. The Company measures trade debtors at amortized cost.

Classification of financial assets

The Group classify financial assets as subsequently measured at either amortized 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.

A gain or loss on a financial asset that is measured at amortized 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 amortization 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 amortized 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.

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

Inventories

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

Net realizable 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.

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 categorized 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 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 realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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.

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.

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.

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.

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 utilized 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 utilized.

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 utilized.

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

(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 realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

- Expected to be realized 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.

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 new and amended standards and interpretations that are issued up to the date of issuance of the Group's Consolidated Financial Statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

(a) Definition of accounting estimates – amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

(b) Deferred tax related to assets and liabilities arising from a single transaction - amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the Financial Statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

(c) A disclosure of accounting policies - amendments to LKAS 1 and IFRS practice statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

(d) Classification of liabilities as current or non-current – amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify -

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

(e) SLFRS 17 insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

3. Revenue

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Sale of goods	11,798,962,672	6,742,246,571	9,763,839,689	5,270,821,362
	11,798,962,672	6,742,246,571	9,763,839,689	5,270,821,362

4. Property, plant and equipment

4.1 Group

4.1.1 Gross carrying amounts

	Balance as at 1st April 2022 LKR	Additions/ Transfers LKR	Revaluation Surplus LKR	Disposals/ Transfers LKR	Balance as at 31st March 2023 LKR
At valuation					
Land	630,029,682	–	83,680,068	–	713,709,750
Buildings	328,841,761	41,309,477	49,662,796	(20,837,849)	398,976,185
Buildings on leasehold land	15,629,013	–	2,594,416	(937,740)	17,285,689
Poultry sheds	494,265,297	83,939,612	126,003,768	(60,061,001)	644,147,676
Furniture and fittings	54,000,181	23,239,372	24,422,577	(11,904,091)	89,758,039
Motor vehicles	191,901,797	61,636,350	85,428,635	(60,259,725)	278,707,057
	1,714,667,731	210,124,811	371,792,260	(154,000,406)	2,142,584,396
At cost					
Plant and machinery	1,100,656,660	347,580,932	–	–	1,448,237,592
Equipment	673,608,562	206,233,969	–	(330,000)	879,512,531
Computer equipment	35,112,475	15,714,938	–	–	50,827,413
	1,809,377,697	569,529,839	–	(330,000)	2,378,577,536
Total value of depreciable assets	3,524,045,428	779,654,650	371,792,260	(154,330,406)	4,521,161,933

4.1.2 In the course of construction

Capital work-in-progress	138,662,591	331,497,433	–	(283,157,358)	187,002,666
Total gross carrying amount	3,662,708,020	1,111,152,083	371,792,260	(437,487,764)	4,708,164,599

4.1.3 Depreciation

	Balance as at 1st April 2022 LKR	Additions/ Transfers LKR	Disposals/ Transfers LKR	Balance as at 31st March 2023 LKR
At valuation				
Buildings	10,007,978	10,829,871	(20,837,849)	–
Buildings on leasehold land	468,870	468,870	(937,740)	–
Poultry sheds	27,225,106	32,835,895	(60,061,001)	–
Furniture and fittings	5,285,755	6,618,336	(11,904,091)	–
Motor vehicles	28,629,287	31,630,438	(60,259,725)	–
	71,616,996	82,383,410	(154,000,406)	–
At cost				
Plant and machinery	601,048,527	100,259,647	–	701,308,174
Equipment	461,120,851	58,424,205	(316,250)	519,228,806
Computer equipment	28,226,558	3,495,523	–	31,722,081
	1,090,395,936	162,179,375	(316,250)	1,252,259,061
Total depreciation	1,162,012,932	244,562,785	(154,316,656)	1,252,259,061

4.1.4 Net book values

Year ended 31st March	Balance as at 31st March 2023 LKR	Balance as at 31st March 2022 LKR
At valuation		
Land	713,709,750	630,029,682
Buildings	398,976,185	318,833,783
Buildings on leasehold land	17,285,689	15,160,143
Poultry sheds	644,147,676	467,040,191
Furniture and fittings	89,758,039	48,714,426
Motor vehicles	278,707,057	163,272,510
	2,142,584,396	1,643,050,735
At cost		
Plant and machinery	746,929,418	499,608,133
Equipment	360,283,725	212,487,711
Computer equipment	19,105,332	6,885,917
	1,126,318,475	718,981,761
In the course of construction		
Capital work-in-progress	187,002,666	138,662,591
Total carrying amount of property, plant and equipment	3,455,905,537	2,500,695,087

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 three years. The fair value of property, plant and equipment was determined by means of a revaluation during the financial year 2023 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 2023. The surplus arising from the revaluation was transferred to a revaluation reserve.

Freehold land carried at revalued amount

Company	Location	Last Revaluation Date	Land Extent	Per Perch Value LKR	Carrying Value as at 31st March 2023 Freehold Land
Bairaha Farms PLC.	Ginigama Estate – Hiripitiya	31.3.2023	20A-4R-19.5P	5,937	20,064,000
	Ganeshan Estate – Kottaramulla	31.3.2023	27A-3R-9P	4,688	20,857,500
					40,921,500
Hill Country Farms Ltd.	Ellakkala Estate – Pasyala	31.3.2023	39A-0R-28.9P	20,312	127,335,000
					127,335,000
Lanka Land Development Ltd.	Kendalanda Estate – Urapola	31.3.2023	31A-3R-24.55P	9,374	47,850,000
					47,850,000
H C F Land Development Ltd.	Ginigama Estate – Hiripitiya	31.3.2023	9A-0R-0P	10,938	15,750,000
	Pahalammillewa – Nikawaratiya	31.3.2023	28A-1R-6.5P	8,249	37,337,500
	Polgasagare Estate – Kalalpitiya	31.3.2023	0A-0R-12.5P	500,000	6,250,000
					59,337,500
B F Lands Development Ltd.	Ellakkala Estate – Pasyala	31.3.2023	25A-2R-5.1P	20,313	82,979,000
	Kattakaduwa – Puttalam	31.3.2023	13A-1R-10P	15,622	33,275,000
	Kondaghamulla Estate – Kondaghamulla	31.3.2023	6A-1R-0.6P	23,423	23,437,500
					139,691,500
Siyane Farms Ltd.	St. Catherine Estate – Dolosbage	31.3.2023	24A-0R-15P	4,687	18,067,500
	Siyambalahawatte – Kochchikade		0A-0R-43.55P	850,069	37,020,500
					55,088,000
Nature's Best Industry Ltd.	Dangaswewa Estate - Anamaduwa	31.3.2023	48A-2R-10P	11,446	88,938,750
					88,938,750
Foster Real Estate Ltd.	St. Catherine Estate – Dolosbage	31.3.2023	18A-1R-24P	12,500	36,800,000
	Watarappala Road – Mount Lavinia	31.3.2023	0A-0R-28.13P	3,250,000	91,422,500
	Pahalammillewa – Nikawaratiya	31.3.2023	21A-0R-10P	7,812	26,325,000
					154,547,500
Total					713,709,750

Freehold buildings carried at revalued amount

Company	Location	As at 31st March 2023		As at 31st March 2022	
		Number of buildings	Gross carrying value freehold buildings LKR	Number of buildings	Gross carrying value freehold buildings LKR
Bairaha Farms PLC.	Ganeshan Estate – Kottaramulla	15	6,211,898	14	6,533,848
	Ginigama Estate-Hiripitiya	19	21,406,023	17	14,401,037
	Ellakkala Estate – Pasyala	85	172,173,961	83	147,896,591
	Church View Estate – Kondaghamulla	11	6,160,438	11	1,789,759
	Green Park - Nittambuwa	1	7,891,496	1	12,710,245
	Thummodera – Nattandiya	9	19,670,999	7	1,084,723
	Madurankuliya – Puttalam	6	3,563,439	6	2,959,498
			237,078,254		187,375,701
Hill Country Farms Ltd.	Ellakkala Estate – Pasyala	17	37,367,026	17	25,617,991
	Halmillawa – Nikaweratiya	15	33,858,739	15	33,488,537
			71,225,765		59,106,528
Siyane Farms Ltd.	St. Catherine Estate – Dolosbage	11	10,442,028	11	9,928,951
	Kendalanda Estate – Urapola	1	539,391	1	377,464
	Siyambalagahawatte – Kochchikade	1	24,736,805	1	22,366,008
			35,718,224		32,672,423
Nature's Best Industry Ltd.	Dangaswewa Estate – Anamaduwa	22	54,953,942	22	49,687,109
			54,953,942		49,687,109
Total			398,976,185		328,841,761

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:

	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount 2023 LKR	Net Carrying Amount 2022 LKR
Class of assets				
Land	164,159,721	–	164,159,721	164,159,721
Buildings	225,815,588	102,027,375	123,788,213	123,166,228
Buildings on leasehold land	11,667,021	11,667,021	–	–
Poultry sheds	381,766,457	185,766,790	195,999,667	137,343,071
Furniture and fittings	41,034,585	17,477,810	23,556,775	2,641,341
Motor vehicles	231,454,929	128,534,343	102,920,586	76,002,475
	1,055,898,301	445,473,340	610,424,961	503,312,836

4.1.6 During the financial year, the Group acquired property, plant and equipment to the aggregate value of LKR 827,994,735/- (2022 - LKR 485,332,664/-). Cash payments amounting to LKR 827,994,735/- (2022 - LKR 485,332,664/-) 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
Equipment	Over 8 years
Furniture and fittings	Over 10 years
Motor vehicles	Over 6.67 years
Computer equipment	Over 4 years

4.2 Company

4.2.1 Gross carrying amounts

	Balance as at 1st April 2022 LKR	Additions/ Transfers LKR	Revaluation Surplus LKR	Disposals/ Transfers LKR	Balance as at 31st March 2023 LKR
At valuation					
Land	34,638,000	–	6,283,500	–	40,921,500
Buildings	121,880,383	37,808,071	24,515,369	(7,588,392)	176,615,431
Poultry sheds	163,782,364	14,025,481	37,900,899	(19,053,266)	196,655,478
Furniture and fittings	43,864,302	12,514,921	17,924,246	(9,227,736)	65,075,733
Motor vehicles	177,118,701	49,936,350	79,928,945	(55,537,716)	251,446,281
	541,283,751	114,284,823	166,552,959	(91,407,110)	730,714,423
At cost					
Plant and machinery	562,273,836	173,004,626	–	–	735,278,462
Equipment	350,549,763	27,629,318	–	(330,000)	377,849,081
Computer equipment	31,222,798	14,440,938	–	–	45,663,736
	944,046,397	215,074,882	–	(330,000)	1,158,791,279
Total value of depreciable assets	1,485,330,149	329,359,705	166,552,959	(91,737,110)	1,889,505,703

4.2.2 In the course of construction

	Balance as at 1st April 2022 LKR	Additions/ Transfers LKR	Revaluation Surplus LKR	Disposals/ Transfers LKR	Balance as at 31st March 2023 LKR
Capital work-in-progress	70,802,762	41,455,217	–	(64,402,763)	47,855,216
Total gross carrying amount	1,556,132,910	370,814,922	166,552,959	(156,139,873)	1,937,360,918

4.2.3 Depreciation

	Balance as at 1st April 2022 LKR	Additions/ Transfers LKR	Disposals/ Transfers LKR	Balance as at 31st March 2023 LKR
At valuation				
Buildings	3,412,330	4,176,062	(7,588,392)	–
Poultry sheds	8,797,650	10,255,616	(19,053,266)	–
Furniture and fittings	4,344,119	4,883,616	(9,227,735)	–
Motor vehicles	26,414,429	29,123,287	(55,537,716)	–
	42,968,528	48,438,580	(91,407,108)	–
At cost				
Plant and machinery	309,167,064	47,882,801	–	357,049,864
Equipment	244,025,808	25,470,206	(316,250)	269,179,763
Computer equipment	26,241,696	2,495,869	–	28,737,565
	579,434,567	75,848,876	(316,250)	654,967,193
Total depreciation	622,403,095	124,287,456	(91,723,358)	654,967,193

4.2.4 Net book values

Year ended 31st March	Balance as at 31st March 2023 LKR	Balance as at 31st March 2022 LKR
At valuation		
Land	40,921,500	34,638,000
Buildings	176,615,431	118,468,053
Poultry sheds	196,655,478	154,984,714
Furniture and fittings	65,075,733	39,520,183
Motor vehicles	251,446,281	150,704,272
	730,714,423	498,315,223
At cost		
Plant and machinery	378,228,598	253,106,773
Equipment	108,669,318	106,523,955
Computer equipment	16,926,171	4,981,102
	503,824,087	364,611,830
	1,234,538,510	862,927,054
In the course of construction		
Capital work-in-progress	47,855,216	70,802,762
Total carrying amount of property, plant and equipment	1,282,393,726	933,729,816

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 three years. The fair value of property, plant and equipment except Lands was determined by means of a revaluation during the financial year 2023 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 2023. The surplus arising from the revaluation was transferred to a revaluation reserve.

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:

	Cost LKR	Depreciation If assets were carried at cost LKR	Net Carrying Amount 2023 LKR	Net Carrying Amount 2022 LKR
Class of assets				
Land	17,082,718		17,082,718	17,082,718
Buildings	136,292,416	45,252,744	91,039,672	57,320,372
Poultry sheds	132,721,585	74,594,502	58,127,083	52,064,897
Furniture and fittings	25,110,921	14,002,059	11,108,862	1,105,033
Motor vehicles	202,906,043	107,477,461	95,428,582	75,928,138
	514,113,683	241,326,767	272,786,916	203,501,158

4.2.6 During the financial year, the Company acquired property, plant and equipment to the aggregate value of LKR 306,412,159/- (2022 - LKR 172,904,490/-). Cash payments amounting to LKR 306,412,159/- (2022 - LKR 172,904,490/-) was paid during the year for purchases of property, plant and equipment.

5. Right-of-use assets

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 2023.

5.1 Right-of-use assets

	Group		Company	
Year ended 31st March	2023 LKR	2022 LKR	2023 LKR	2022 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	13,290,441	8,860,294	21,213,768	14,142,512
Depreciation for the year	4,430,147	4,430,147	7,071,256	7,071,256
Balance at the end of the year	17,720,588	13,290,441	28,285,024	21,213,768
Net book value	4,430,142	8,860,289	7,071,254	14,142,510

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 2023.

5.2 Lease liabilities

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Balance at the beginning of the year	10,912,544	15,282,037	17,171,944	24,141,515
Additions	–	–	–	–
Interest expense	1,206,371	1,864,015	1,916,077	2,960,615
Payments	(6,301,778)	(6,233,508)	(9,930,188)	(9,930,186)
As at 31st March	5,817,137	10,912,544	9,157,833	17,171,944
Payable within one year	5,817,137	5,061,276	9,157,833	8,038,811
Payable after one year	–	5,851,268	–	9,133,133
Total lease liability as at 31st March	5,817,137	10,912,544	9,157,833	17,171,944

The maturity analysis of lease liabilities are as follows:

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Less than 1 year	7,924,530	6,267,648	12,586,510	9,954,888
1 to 5 years	–	7,924,530	–	12,586,510

5.3 The following are the amounts recognized in income statement:

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 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	1,206,371	1,864,015	1,916,077	2,960,615
Total amount recognized in profit or loss	5,636,518	6,294,162	8,987,333	10,031,871

6. Investment property

6.1 Company

6.1.1 Gross carrying amounts

	Rented to	Balance as at 1st April 2022 LKR	Additions/ (Transfers) LKR	Disposals/ (Transfers) LKR	Balance as at 31st March 2023 LKR
At cost					
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

Year ended 31st March	Balance as at 1st April 2022 LKR	Charge LKR	Disposals/ (Transfers) LKR	Balance as at 31st March 2023 LKR
At cost				
Buildings				
Pasyala Hatchery	18,321,271	1,669,707	–	19,990,978
Bairaha Foods Factory	4,380,208	433,843	–	4,814,051
Breeder Farms Pasyala	2,547,086	211,890	–	2,758,976
Total depreciation	25,248,565	2,315,440	–	27,564,005

6.1.3 Net book values

	Balance as at 31st March 2023 LKR	Balance as at 31st March 2022 LKR
At cost		
Buildings		
Pasyala Hatchery	35,665,924	37,335,631
Bairaha Foods Factory	9,647,381	10,081,224
Breeder Farms Pasyala	4,304,024	4,515,914
Total carrying amount of investment property	49,617,329	51,932,769

6.1.4 Relevant income and expenditure relating to investment properties

For the year ended 31st March	Company	
	2023 LKR	2022 LKR
Rent income earned	1,539,618	1,750,729

6.1.5 The fair value of investment property was determined by means of a revaluation during the financial year 2023 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.

	No of Buildings	Extent (sq.ft)	Fair Value as at 31st March 2023 LKR	Fair Value as at 31st March 2022 LKR
Buildings				
Pasyala Hatchery	3	29,900	48,863,408	43,104,714
Bairaha Foods Factory	1	7,154	11,588,261	12,641,443
Breeder Farms Pasyala	10	11,454	6,032,183	6,362,570
Total carrying amount of investment property			66,483,852	62,108,727

7. Intangible assets

7.1 Group

Year ended 31st March	2023 LKR	2022 LKR
Cost		
Computer software		
Balance at the beginning of the year	59,640,993	52,727,823
Acquired during the year	–	6,913,170
Balance at the end of the year	59,640,993	59,640,993
Amortization		
Balance at the beginning of the year	19,651,744	14,002,995
Amortization for the year	3,880,297	5,648,749
Balance at the end of the year	23,532,041	19,651,744
Net book value	36,108,953	39,989,250

7.2 Company

Year ended 31st March	2023 LKR	2022 LKR
Cost		
Computer software		
Balance at the beginning of the year	59,325,994	52,412,824
Acquired during the year	-	6,913,170
Balance at the end of the year	59,325,994	59,325,994
Amortization		
Balance at the beginning of the year	19,427,744	13,792,995
Amortization for the year	3,866,297	5,634,749
Balance at the end of the year	23,294,041	19,427,744
Net book value	36,031,953	39,898,250

8. Investments in subsidiaries

8.1 Subsidiaries

Year ended 31st March	Principal Activity	Country of Incorporation	Holding %	Cost 2023 LKR	Cost 2022 LKR
Non-quoted					
Bairaha Foods (Pvt) Ltd.	Manufacturing of Pre-Cooked Meat Products	Sri Lanka	100	38,750,000	38,750,000
Lanka Land Development Ltd.	Purchasing and Leasing Agricultural Lands	Sri Lanka	100	17,087,150	17,087,150
HCF Land Development Ltd.	Purchasing and Leasing Agricultural Lands	Sri Lanka	100	17,154,620	17,154,620
BF Lands Development Ltd.	Purchasing and Leasing Agricultural Lands	Sri Lanka	100	10,540,000	10,540,000
Golden Rooster Restaurants (Pvt) Ltd.	Not in Operation	Sri Lanka	100	2,000,000	2,000,000
Siyane Farms Ltd.	Breeder Farming	Sri Lanka	100	35,000,050	35,000,050
Nature's Best Industry Ltd.	Broiler Farming	Sri Lanka	100	263,000,000	263,000,000
Regency Real Estate Company Ltd.	Operation has not started	Sri Lanka	100	1,000	1,000
Total non-quoted investments in subsidiaries				383,532,820	383,532,820
Allowance for impairment losses (8.1.1)				(2,000,000)	(2,000,000)
Total carrying value of investments in subsidiaries				381,532,820	381,532,820

8.1.1 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

Year ended 31st March	Holding		Group		Company	
			Carrying Value		Cost	
	2023 %	2022 %	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Non Quoted						
Rajarata Land Development Ltd.	50	50	18,542,027	16,351,806	1,495,000	1,495,000
Cultural Triangle Land Development Ltd.	50	50	7,044,647	6,354,687	1,400,000	1,400,000
Windsor Real Estate Limited	50	50	53,589,896	46,019,165	32,793,500	32,793,500
Fortune G-P Farms (Lanka) Ltd.	50	50	580,290,783	512,516,660	21,233,500	21,233,500
Fortune Agro Industries (Pvt) Ltd.	50	50	773,814,407	595,488,022	655,000,000	655,000,000
Investment in joint ventures			1,433,281,759	1,176,730,340	711,922,000	711,922,000

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 31st March	2023 LKR	2022 LKR
Non-current assets	2,837,140,207	2,983,431,016
Current assets	4,754,701,969	1,976,254,394
Non-current liabilities	(176,978,631)	(62,250,492)
Current liabilities	(4,071,445,454)	(2,067,119,662)
Equity	3,343,418,091	2,830,315,256
Group's carrying amount of the investment	1,433,281,759	1,176,730,340
Revenue	17,067,529,238	8,578,195,589
Cost of sales	(15,452,645,904)	(8,048,230,736)
Administrative expenses	(915,804,856)	(186,978,726)
Profit before tax	699,078,478	342,986,127
Income tax expenses	(38,441,119)	1,013,810
Profit for the year	660,637,359	343,999,937
Total profit for the year	660,637,359	343,999,937
Group's share of profit for the year	330,318,680	171,999,969
Other comprehensive income	26,232,740	–

9.3 Investment in joint ventures equity reconciliation

Year ended 31st March	2023 LKR	2022 LKR
Beginning balance	1,176,730,340	1,104,730,371
Profit for the year	330,318,680	171,999,969
Revaluation share of equity accounted investees	26,232,740	-
Dividends paid	(100,000,000)	(100,000,000)
Ending balance	1,433,281,759	1,176,730,340

9.4 Investment in joint ventures - Other information

	Rajarata Land Development Ltd.	Cultural Triangle Land Development Ltd.	Windsor Real Estate Limited	Fortune G-P Farms (Lanka) Ltd.	Fortune Agro Industries (Pvt) Ltd.	Total
Cash and cash equivalents	1,535,843	673,811	681,683	19,339,866	70,378,996	92,610,199
Depreciation and amortization	-	-	-	32,920,203	67,030,864	99,951,067
Interest income	-	-	-	1,369,685	-	1,369,685
Interest expense	-	-	-	5,933,662	690,066,717	696,000,379

10. Other investments (Group/Company)

Year ended 31st March	No. of shares 2023	No. of shares 2022	Group		Company	
			Carrying value 2023 LKR	Carrying value 2022 LKR	Carrying value 2023 LKR	Carrying value 2022 LKR
Financial assets fair value through profit or loss						
Merchant Bank of Sri Lanka PLC	2,307	2,307	7,844	11,766	7,844	11,766
Mahaweli Reach Hotel PLC	3,500	3,500	45,150	42,000	45,150	42,000
Lanka Walltiles PLC	42	42	2,020	2,927	2,020	2,927
Blue Diamonds Jewellery Worldwide PLC	8,922	8,922	-	4,461	-	4,461
			55,014	61,154	55,014	61,154
Financial instruments at amortized cost						
Wakala Deposit – LOLC			25,500,000	46,074,516	-	-
			25,555,014	46,135,670	55,014	61,154
Financial instruments at fair value through OCI						
Amana Bank PLC	343,000	343,000	891,800	891,800	891,800	891,800
			891,800	891,800	891,800	891,800
			26,446,814	47,027,470	946,814	952,954

11. Inventories

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Broiler meat	265,520,162	73,494,933	263,982,531	66,378,369
Poultry feed and drugs	408,138,475	143,247,889	305,282,146	105,949,355
Sundry stocks	312,551,556	145,281,366	98,765,278	47,600,751
	986,210,193	362,024,188	668,029,955	219,928,475

12. Biological assets

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Bearer biological assets				
Breeder birds – non-current	51,145,198	105,002,246	51,145,198	52,608,411
Bearer biological assets				
Breeder birds – current	938,049,602	438,754,507	490,158,169	257,230,802
Total bearer biological assets	989,194,800	543,756,753	541,303,367	309,839,213
Consumable biological assets				
Broiler birds	214,588,414	122,630,864	155,214,727	104,902,837
Hatching eggs	178,119,911	89,024,021	104,413,381	56,786,435
	392,708,325	211,654,885	259,628,108	161,689,272

12.1 Bearer biological assets - reconciliation of changing carrying value

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Net book value as at 1st April	543,756,753	508,985,681	309,839,213	143,723,540
Net additions	1,502,956,175	577,866,355	564,092,567	249,579,214
Transferred to cost of sales	(1,128,526,615)	(548,084,198)	(334,424,400)	(158,552,012)
Fair value gain/(loss)	71,008,487	4,988,915	1,795,987	75,088,471
Net book value as at 31st March	989,194,800	543,756,753	541,303,367	309,839,213

12.2 Valuation technique and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter - relationship between key unobservable inputs and fair value measurements
			The FV will
Biological Asset	Documented cash flows	Day old chicks selling price	– increase when selling price increased – decrease when selling price decreased
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)	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

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

13. Trade and other receivables

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Financial assets				
Trade receivables – related parties (13.2)	–	–	382,139,886	171,506,760
– Others	774,037,242	542,434,184	637,947,829	452,434,334
Less: allowance for impairment – trade receivables	(55,813,707)	(43,235,686)	(54,914,494)	(42,914,494)
	718,223,535	499,198,498	965,173,221	581,026,600
Other debtors	46,506,650	46,506,650	46,506,650	46,506,650
Loans to company officers	–	–	–	–
Less : allowance for impairment – other debtors	(46,506,428)	(46,506,428)	(46,506,428)	(46,506,428)
	222	222	222	222
Non financial assets				
Advances and prepayments	207,786,177	195,062,563	116,145,046	129,475,285
	926,009,934	694,261,283	1,081,318,489	710,502,107
Total Allowance for impairment (13.1)	(102,320,135)	(89,742,114)	(101,420,922)	(89,420,922)

13.1 Impairment of trade and other receivables

Year ended 31st March	2023 LKR	2022 LKR	2023 LKR	2022 LKR
As at 1st April	89,742,114	93,206,565	89,420,922	92,711,592
Charge/(reversal) for the year	12,578,021	(2,671,594)	12,000,000	(3,290,670)
Write-off during the year	–	(792,857)	–	–
As at 31st March	102,320,135	89,742,114	101,420,922	89,420,922

13.2 Trade dues receivable from related parties

Year ended 31st March	Relationship	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Bairaha Foods (Pvt) Ltd.	Subsidiary	–	–	367,820,220	171,506,760
Nature's Best Industry Ltd.	Subsidiary	–	–	14,319,666	–
		–	–	382,139,886	171,506,760

14. Amounts due from related parties

Year ended 31st March	Relationship	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Bairaha Foods (Pvt) Ltd.	Subsidiary	–	–	38,623,224	33,283,816
BF Lands Development Ltd .	Subsidiary	–	–	23,450,153	24,360,274
Golden Rooster Restaurants (Pvt) Ltd.	Subsidiary	–	–	2,572,824	2,484,474
Cultural Land Development Ltd.	Joint Venture	18,500	18,500	18,500	18,500
Nature's Best Industry Ltd.	Subsidiary	–	–	–	9,049,584
Foster Real Estate Ltd.	Subsidiary	–	–	3,065,433	–
Rajarata Land Development Ltd.	Joint Venture	462,150	28,997	28,997	28,997
Windsor Real Estate Ltd.	Joint Venture	20,523,576	461,736	461,736	461,736
Fortune GP (Pvt) Ltd.	Joint Venture	–	50,000,000	–	50,000,000
		21,004,226	50,509,233	68,220,867	119,687,381
Less : Allowance made for amounts due from - Golden Rooster Restaurants (Pvt) Ltd.		–	–	(2,396,624)	(2,396,624)
		21,004,226	50,509,233	65,824,243	117,290,757

15. Stated capital (Group/Company)

	2023 LKR	2022 LKR
Fully paid ordinary shares (16,000,000 ordinary shares)	256,305,197	256,305,197
Bonus issue of shares (1.6 Mn. shares at LKR 175/-)	280,000,000	–
	536,305,197	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

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Summary				
Revaluation surplus (16.1)	816,534,724	572,830,044	288,119,507	183,956,592
	816,534,724	572,830,044	288,119,507	183,956,592

16.1 Revaluation surplus

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
On property, plant and equipment				
Balance as at the beginning of the year	572,830,044	580,246,801	183,956,592	183,956,592
Revaluation surplus during the year	371,792,260	–	166,552,959	–
Deferred tax adjustment on revaluation	(154,320,320)	–	(62,390,044)	–
Share of other comprehensive income net of tax equity accounted investees	26,232,740	–	–	–
Realized surplus on disposal transferred to retained profit	–	(7,416,757)	–	–
Balance as at the end of the year	816,534,724	572,830,044	288,119,507	183,956,592

17. Financing and lease (Ijara) payables

17.1 Group

Year ended 31st March	2023			2022		
	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)	1,441,910,466	363,961,061	1,805,871,527	185,708,658	251,809,016	437,517,674
Bank overdrafts (27.2)	185,707,145	–	185,707,145	84,387,362	–	84,387,362
Lease liability on right-of-use assets (5.2)	5,817,138	–	5,817,138	5,061,276	5,851,268	10,912,544
	1,633,434,749	363,961,061	1,997,395,810	275,157,296	257,660,284	532,817,580

Non-current lease liabilities are payable within 5 years.

17.1.1 Bank loans

	As at 1st April 2022 LKR	Loans obtained LKR	Repayments LKR	As at 31st March 2023 LKR
Amana Bank PLC	391,586,758	1,717,372,063	(586,087,294)	1,522,871,527
MCB Bank Limited - Islamic Banking Unit	12,930,916	–	(12,930,916)	–
Hatton National Bank PLC – Al Najah	33,000,000	–	–	33,000,000
Seylan Bank PLC – Islamic Banking Unit	–	450,000,000	(200,000,000)	250,000,000
	437,517,674	2,167,372,063	(799,018,210)	1,805,871,527

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.

17.2 Company

Year ended 31st March	2023			2022		
	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)	1,326,281,250	107,310,416	1,433,591,666	115,973,798	97,425,015	213,398,813
Bank Overdrafts (27.2)	185,707,145	–	185,707,145	84,387,362	–	84,387,362
Lease Liability on right-of-use assets	9,157,833	–	9,157,833	8,038,811	9,133,133	17,171,944
	1,521,146,228	107,310,416	1,628,456,644	208,399,971	106,558,148	314,958,119

Non-current lease liabilities are payable within 5 years.

17.2.1 Bank loans

	As at 1st April 2022 LKR	Loans obtained LKR	Repayments LKR	As at 31st March 2023 LKR
Amana Bank PLC	211,064,552	1,530,500,000	(557,972,885)	1,183,591,666
MCB Bank Limited - Islamic Banking Unit	2,334,261	–	(2,334,261)	–
Seylan Bank PLC – Islamic Banking Unit	–	450,000,000	(200,000,000)	250,000,000
	213,398,813	1,980,500,000	(760,307,146)	1,433,591,666

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 + 0.75%	60 to 84 months
	Bank Overdrafts	AWPLR + 0.75%	
Seylan Bank - Islamic Unit	Local Murabaha	AWPLR + 1%	180 days
Hatton National Bank PLC	Diminishing Musharaka	AWPLR + 2%	60 months

18. Retirement benefit liability

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Defined benefit obligation – gratuity				
Balance as at the beginning of the year	94,863,017	95,929,438	83,018,834	82,774,701
Charge for the year (18.1)	20,026,124	4,540,282	18,557,652	5,751,961
Amounts recognized in other comprehensive income (18.2)	10,990,194	(1,848,603)	10,990,194	(1,848,603)
Payments during the year	(3,830,700)	(3,758,100)	(2,865,700)	(3,659,225)
Balance as at the end of the year	122,048,635	94,863,017	109,700,980	83,018,834

18.1 Charge for the year

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Current service cost	8,154,431	4,589,503	6,685,959	5,801,182
Interest cost on benefit liability	11,871,693	7,035,849	11,871,693	7,035,849
Immediate recognition of (gain) loss arising during the year due to plan amendments	–	(7,085,070)	–	(7,085,070)
	20,026,124	4,540,282	18,557,652	5,751,961

18.2 Amounts recognized in other comprehensive income

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Liability experience loss/(gain) arising during the year	(2,472,515)	(2,754,147)	(2,472,515)	(2,754,147)
Liability gain due to changes in assumptions during the year	13,462,709	905,544	13,462,709	905,544
Total amount recognized in other comprehensive income	10,990,194	(1,848,603)	10,990,194	(1,848,603)

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 2023 and the principal assumptions used in the valuation is as follows:

Year ended 31st March		2023	2022
Principal actuarial assumption			
Discount rate		22.2% p.a.	14.3% p.a.
Salary increases		18% p.a.	10% 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 50 years	1%	1%
No. of active participants		257	257
Expected future working life time		10.1	10.1
Demographic assumption			
Retirement age		60	60
Mortality table		GA 1983	GA 1983

18.4 Sensitivity analysis

Assumption	Change	Effect on PVDBO 2023 LKR	Effect on PVDBO 2022 LKR
Discount rate	+1%	(2,925,040)	(2,604,522)
	-1%	3,244,548	2,883,184
Expected salary increase	+1%	4,968,333	3,517,876
	-1%	(4,596,757)	(3,245,239)

Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years;

As at 31st March	Group & Company	
	2023	2022
Within the next 12 months	21,210,291	34,789,211
Between 1-2 years	5,713,996	21,227,255
Between 2-5 years	43,100,549	33,202,471
Between 5-10 years	63,914,493	35,635,701
Total expected payments	133,939,329	124,854,638
Weighted average duration of the defined benefit planning years	3.6	3.9

19. Trade and other payables

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Trade creditors – related parties (19.1)	336,949,123	290,605,714	1,060,714,941	1,265,957,117
– Others	93,707,326	141,817,476	53,442,127	69,765,141
	430,656,449	432,423,190	1,114,157,068	1,335,722,258
Sundry creditors including accrued expenses	262,495,047	162,252,848	149,800,523	89,637,952
	693,151,496	594,676,038	1,263,957,591	1,425,360,210

19.1 Trade dues payable to related parties

Year ended 31st March	Relationship	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Nature's Best Industries Ltd.	Subsidiary	–	–	–	237,987,295
Siyane Farms Ltd.	Subsidiary	–	–	729,410,014	641,443,228
Hill Country Farms Ltd.	Subsidiary	–	–	87,980,905	181,866,058
Fortune Agro Industries Ltd.	Joint Venture	257,535,650	283,321,079	190,466,438	197,375,834
Fortune G-P Farms (Lanka) Ltd.	Joint Venture	79,413,473	7,284,635	52,857,584	7,284,703
		336,949,123	290,605,714	1,060,714,941	1,265,957,117

20. Dividends

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
20.1 Dividends payable (Unclaimed dividends) (Note 20.3)	6,380,367	16,545,937	6,380,367	16,545,937
	6,380,367	16,545,937	6,380,367	16,545,937

20.2 An interim dividend per share of LKR 6 was declared on 28th March 2022 for the year 2021/22 and paid on 29th April 2022.

20.3 Reconciliation for dividends

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Payable balance 1st April	16,545,937	16,545,937	16,545,937	16,545,937
Dividends	96,000,000	96,000,000	96,000,000	96,000,000
Dividends paid	(106,165,570)	(96,000,000)	(106,165,570)	(96,000,000)
Payable balance 31st March	6,380,367	16,545,937	6,380,367	16,545,937

21. Amounts due to related parties

Year ended 31st March	Relationship	2023 LKR	2022 LKR
HCF Land Ltd.	Subsidiary	419,250	38,250
Lanka Land Ltd.	Subsidiary	1,163,867	–
Hill Country Farms Ltd.	Subsidiary	222,092,938	151,826,004
Bairaha Trading (Pvt) Ltd.	Subsidiary	1,631,582	752,104
Natures Best Industries Ltd.	Subsidiary	197,835,761	–
Siyane Farms Ltd.	Subsidiary	234,515,349	153,967,048
		657,658,747	306,583,406

22. Other operating income

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Income from other investments – Quoted	966	1,302	966	1,302
Fair value gain on quoted investments	(6,140)	(16,442)	(6,140)	(16,440)
Dividend from other investments – Subsidiaries	–	–	–	50,000,000
Dividend from other investments – Joint Ventures	–	–	100,000,000	100,000,000
Rental income	–	–	1,539,618	1,750,729
Profit/(loss) on disposal of property, plant and equipment	(357)	(4,511,608)	(357)	(143,741)
Lab income – External	5,224,215	3,357,144	5,224,215	3,132,578
Lab income – Related parties	–	–	3,557,607	3,357,144
Service fee from related parties – Shared services	–	–	198,599,963	137,167,758
Miscellaneous income	28,403,793	4,988,493	1,326,911	1,618,830
Exchange gain	790,445	8,745,788	790,445	8,745,788
Sale of vaccines	13,144,372	2,606,058	–	–
Sale of agricultural produce	15,963,422	14,355,810	–	–
	63,520,716	29,526,545	311,033,228	305,613,948

23. Finance cost

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Interest expense on overdrafts	20,657,666	6,117,122	20,657,666	6,114,343
Interest expense on lease liabilities	1,206,371	1,864,015	1,916,076	2,960,615
Interest expense on fixed loans	207,555,251	33,192,670	154,531,793	17,601,278
	229,419,288	41,173,807	177,105,535	26,676,236

24. Profit from operating activities

Stated after charging/(crediting)

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Production overheads;				
Allowance for weight losses	74,607,407	38,986,937	74,607,407	38,986,937
Depreciation	212,967,849	174,454,856	99,716,190	79,270,008
Staff cost (including following retirement benefit plan cost)	500,829,098	421,505,972	321,760,375	238,045,920
– Defined benefit plan cost – Gratuity	12,111,042	1,630,209	10,139,190	2,058,620
– Defined contribution plan costs – EPF & ETF	15,802,557	16,403,977	8,033,279	7,586,035
Administration expenses;				
Directors' emoluments	67,994,341	52,313,399	67,994,341	52,313,399
Legal fees	1,037,500	548,500	1,019,500	548,500
Donations	5,950,176	3,305,808	5,800,176	3,280,808
Depreciation/amortization	11,806,698	16,274,947	11,430,276	16,168,053
Auditors remuneration	5,636,355	5,443,425	3,303,300	3,180,000
Staff cost (including following retirement benefit plan cost)	98,446,092	69,467,821	87,119,282	68,467,911
– Defined benefit plan cost – Gratuity	2,380,622	2,011,536	2,745,270	2,530,326
– Defined contribution plan costs – EPF & ETF	14,717,481	11,980,133	13,559,681	11,871,816
Distribution cost;				
Advertising costs	70,133,190	54,391,817	64,008,119	54,391,817
Allowance for impairment	12,578,021	(2,671,594)	12,000,000	(3,290,670)
Depreciation	28,098,683	24,508,007	26,393,983	23,130,444
Staff cost (including following retirement benefit plan cost)	228,867,097	135,102,982	180,034,932	133,014,927
– Defined benefit plan cost – Gratuity	5,534,461	898,537	5,673,192	1,163,015
– Defined contribution plan costs – EPF & ETF	10,736,155	7,406,559	8,599,094	7,406,559

25. Income tax expense

The major components of income tax expense are as follows :

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Income statement				
Current income tax				
Current tax expense on ordinary activities for the year (25.1)	10,251,501	27,381,901	7,014,831	23,103,538
Under/(over) provision of current taxes in respect of prior years	–	(128,459)	–	349,216
Esc write-off during the year	1,083,783	3,900,062	–	3,091,215
Tax on dividend income	14,000,000	–	14,000,000	–
	25,335,284	31,153,504	21,014,831	26,543,969
Deferred income tax				
Deferred taxation charge (25.2)	159,864,888	(2,723,324)	54,300,794	3,719,371
Income tax expense reported in the income statement	185,200,172	28,430,180	75,315,625	30,263,340

The Group and Company recognized an additional deferred tax of LKR 101 Mn. and LKR 26.9 Mn. respectively as a result of the income tax rate change.

25.1 Reconciliation of accounting profit and taxable profit

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Accounting profit before tax from operations	468,347,801	793,777,209	(266,267,118)	393,067,694
Disallowable expenses	278,758,661	212,967,743	173,147,045	131,809,738
Tax deductible expenses	(461,730,955)	(401,423,002)	(294,134,891)	(287,777,851)
	285,375,506	605,321,950	(387,254,964)	237,099,581
Exempt loss/(profit)	(299,646,564)	(595,195,120)	387,254,964	(237,099,581)
Other income	127,980,504	169,171,510	126,585,689	154,516,453
Tax loss utilized during the year	(14,099,757)	(959,940)	–	(626,061)
Taxable profit	99,609,690	178,338,399	126,585,689	153,890,392
Income tax @ 14%	14,000,000	21,000,182	14,000,000	18,900,182
Income tax @ 18%	599,561	1,257,553	599,561	990,078
Income tax @ 24%	3,724,107	5,124,167	2,244,670	3,213,278
Income tax @ 30%	5,927,833	–	4,170,600	–
Current tax expense on ordinary activities for the year	24,251,501	27,381,901	21,014,831	23,103,538
Tax loss brought forward	72,515,555	8,319,499	–	626,061
Tax loss for the year	–	65,155,996	–	–
Tax loss W/Off for the year	(6,332,308)	–	–	–
Tax loss utilized during the year	(14,099,757)	(959,940)	–	(626,061)
Tax loss carried forward	52,083,490	72,515,555	–	–

25.1.1 The Inland Revenue (Amended) Act No. 45 of 2022 was certified by the speaker on 19th December 2022. The standard rate of income tax has been increased from 14% to 30%. The increase in the income tax rate to 30% has resulted in two tax rates being applicable for a particular operation for the year of assessment 2022/23. The Company and Group have computed the current tax based on the appropriate rates.

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

25.2.1 Group

Year ended 31st March	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Deferred tax liability						
Property, plant and equipment	434,910,304	125,243,080	(200,258,010)	(9,005,294)	(109,409,214)	–
Revaluation of land	122,319,542	77,408,436	–	–	(44,911,106)	–
	557,229,846	202,651,516				
Deferred tax assets						
Allowance for bad and doubtful debts	(16,474,348)	–	16,474,348	–	–	–
Defined benefit plans	(36,569,696)	(13,286,453)	19,986,185	36,160	3,297,058	(258,804)
Tax losses carried forward	(15,625,047)	(11,692,458)	3,932,589	11,692,458	–	–
	(68,669,091)	(24,978,911)				
Deferred income tax expense			(159,864,888)	2,723,324	(151,023,262)	(258,804)
Net deferred tax liability	488,560,755	177,672,605				

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

Year ended 31st March	2023 LKR	2022 LKR
Charge to income tax expenses	(19,986,185)	(36,160)
Charge to other comprehensive income	(3,297,058)	258,804
	(23,283,243)	222,644

25.2.2 Company

Year ended 31st March	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Deferred tax liability						
Property, plant and equipment	215,834,678	60,959,391	(88,765,741)	(4,012,354)	(66,109,546)	–
Revaluation of land	7,151,634	10,871,137	–	–	3,719,503	–
	222,986,312	71,830,528				
Deferred tax assets						
Allowance for bad and doubtful debts	(16,474,348)	–	16,474,348	–		
Defined benefit plans	(32,910,294)	(11,622,637)	17,990,599	292,983	3,297,058	(258,804)
	(49,384,642)	(11,622,637)				
Deferred income tax expense			(54,300,794)	(3,719,371)	(59,092,985)	(258,804)
Net deferred tax liability	173,601,670	60,207,891				

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

Year ended 31st March	2023 LKR	2022 LKR
Charge to income tax expenses	(17,990,599)	(292,983)
Charge to other comprehensive income	(3,297,058)	258,804
	(21,287,657)	(34,179)

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.

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

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Amounts used as the numerators:				
Net profit	283,147,629	765,347,029	(341,582,743)	362,804,354
Net profit attributable to ordinary shareholders for basic				
Earnings per share	283,147,629	765,347,029	(341,582,743)	362,804,354

Year ended 31st March	Group		Company	
	2023 Number	2022 Number (restated)	2023 Number	2022 Number (restated)
Number of ordinary shares used as denominators:				
Weighted average number of ordinary shares in issue applicable to basic earnings per share	17,600,000	17,600,000	17,600,000	17,600,000
Earnings per share	16.09	43.49	(19.41)	20.61

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

27. Cash and cash equivalents

Components of cash and cash equivalents

27.1 Favorable cash and cash equivalent balance

Year ended 31st March	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
Cash and bank balances	239,287,491	541,691,393	178,327,765	302,079,107
	239,287,491	541,691,393	178,327,765	302,079,107

27.2 Unfavorable cash and cash equivalent balances

Year ended 31st March	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
Bank overdrafts	(185,707,145)	(84,387,362)	(185,707,145)	(84,387,362)
Total cash and cash equivalents for the purpose of cash flow statements	53,580,346	457,304,031	(7,379,380)	217,691,745

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 & Company is nil.

Contingencies (Group/Company)

Company has given Corporate Guarantee worth of LKR 400 Mn. to Amana Bank PLC and another Corporate Guarantee worth of LKR 500 Mn. to MCB Bank Limited on behalf of Fortune Agro Industries (Pvt) Ltd. for its working capital financing.

- 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.

29. Assets pledged

Assets pledged on bank loans are disclosed under Note 17.1.2 and 17.2.1 for Group & 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 summarized 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.

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.

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 fair value 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 2023 – Group

	Total	Fair Value Measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	LKR	LKR	LKR	LKR
Assets measured at fair value				
Property, plant and equipment				
Freehold land	713,709,750			713,709,750
Freehold and leasehold buildings	416,261,874			416,261,874
Poultry sheds	644,147,676			644,147,676
Furniture	89,758,039			89,758,039
Motor vehicles	278,707,057			278,707,057
	2,142,584,396	–	–	2,142,584,396
Biological assets – Consumable	392,708,325	–	–	392,708,325
Biological assets – Bearer	989,194,800	–	–	989,194,800
Financial assets at fair value through profit or loss				
Quoted shares	55,014	55,014	–	–
Financial assets at fair value through OCI				
Quoted shares	891,800	891,800	–	–

As at 31st March 2022 – Group

	Total	Fair Value Measurement using		
		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	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	–	–

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 categorized as Level 3 in the fair value hierarchy as at 31st March 2023.

Type of Instrument	Fair values as at 31st March 2023 LKR	Fair values as at 31st March 2022 LKR	Valuation Technique	Significant Unobservable Inputs
Freehold land	713,709,750	630,029,682	Market comparison method	Estimated price per perch
Freehold and leasehold buildings	416,261,874	333,993,926	Depreciated replacement cost	Estimated rate per Sq ft
Poultry sheds	644,147,676	467,040,191	Depreciated replacement cost	Estimated rate per Sq ft
Furniture	89,758,039	48,714,426	Depreciated replacement cost	Estimated replacement cost adjusted for wear and tear
Motor vehicles	278,707,057	163,272,510	Depreciated replacement cost	Estimated replacement cost adjusted for wear and tear
Biological assets – Consumable	392,708,325	211,654,885	Formation costs	Actual costs incurred which approximates to its fair value.
Biological assets – Bearer	989,194,800	543,756,753	Discounted cash flows	Mortality, egg production rate, hatchability of eggs, day old chick market price & IRR of the farm

31.1.2 Fair value measurement - Company

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

As at 31st March 2023 – Company

	Total LKR	Fair Value Measurement using		
		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	40,921,500			40,921,500
Freehold buildings	176,615,431			176,615,431
Poultry sheds	196,655,478			196,655,478
Furniture	65,075,733			65,075,733
Motor vehicles	251,446,281			251,446,281
	730,714,423	–	–	730,714,423
Biological assets - consumable	259,628,108	–	–	259,628,108
Biological assets - bearer	541,303,367	–	–	541,303,367
Financial assets at fair value through profit or loss				
Quoted shares	55,014	55,014	–	–
Financial assets at fair value through OCI				
Quoted shares	891,800	891,800	–	–
Assets for which fair values are disclosed				
Investment property	66,483,852	–	–	66,483,852

As at 31st March 2022 – Company

	Total	Fair Value Measurement using		
		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 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

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			
	2023		2022		2023		2022	
	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	718,223,757	718,223,757	499,198,720	499,198,720	965,173,443	965,173,443	581,026,822	581,026,822
Amounts due from related parties	21,004,226	21,004,226	50,509,233	50,509,233	65,824,243	65,824,243	117,290,757	117,290,757
Cash and bank balances	239,287,491	239,287,491	541,691,393	541,691,393	178,327,765	178,327,765	302,079,107	302,079,107
Total financial assets	978,515,474	978,515,474	1,091,399,346	1,091,399,346	1,209,325,451	1,209,325,451	1,000,396,686	1,000,396,686
Financial liabilities								
Trade and other payables	693,151,496	693,151,496	594,676,038	594,676,038	1,263,957,591	1,263,957,591	1,425,360,210	1,425,360,210
Amounts due to related parties	-	-	-	-	657,658,747	657,658,747	306,583,406	306,583,406
Financing and lease (Ijara) payables	1,997,395,810	1,997,395,810	532,817,580	532,817,580	1,628,456,644	1,628,456,644	314,958,119	314,958,119
Total financial liabilities	2,690,547,306	2,690,547,306	1,127,493,618	1,127,493,618	3,550,072,982	3,550,072,982	2,046,901,735	2,046,901,735

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.

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.

As at 31st March 2023	Financial assets at				Total LKR
	Fair value through profit or loss LKR	Amortized cost LKR	Fair value through OCI LKR	Amortized cost LKR	
Financial assets					
Other investments	25,555,014		891,800		26,446,814
Trade and other receivables	-	-	-	718,223,757	718,223,757
Amounts due from related parties	-	-	-	21,004,226	21,004,226
Cash and bank balances				239,287,491	239,287,491
Total financial assets	25,555,014	-	891,800	978,515,474	1,004,962,288
Financial liabilities					
Trade and other payables	-	-	-	693,151,496	693,151,496
Financing and lease (Ijara) payables				1,997,395,810	1,997,395,810
Total financial liabilities	-	-	-	2,690,547,306	2,690,547,306

As at 31st March 2022	Financial assets at				Total LKR
	Fair value through profit or loss LKR	Amortized cost LKR	Fair value through OCI LKR	Amortized cost 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

30.4 Analysis of financial instruments by measurement basis - Company

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

As at 31st March 2023	Financial assets at				Total LKR
	Fair value through profit or loss LKR	Amortized cost LKR	Fair value through OCI LKR	Amortized cost LKR	
Financial assets					
Other investments	55,014		891,800		946,814
Trade and other receivables	-	-	-	965,173,443	965,173,443
Amounts due from related parties	-	-	-	65,824,243	65,824,243
Cash and bank balances				178,327,765	178,327,765
Total financial assets	55,014	-	891,800	1,209,325,451	1,210,272,265
Financial liabilities					
Trade and other payables	-	-	-	1,263,957,591	1,263,957,591
Amounts due to related parties	-	-	-	657,658,747	657,658,747
Financing and lease (Ijara) payables				1,628,456,644	1,628,456,644
Total financial liabilities	-	-	-	3,550,072,982	3,550,072,982

As at 31st March 2022	Financial assets at				Total LKR
	Fair value through profit or loss LKR	Amortized cost LKR	Fair value through OCI LKR	Amortized cost 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

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 minimize 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:

As at 31st March 2023	Group		Company	
	Neither Past Due nor Impaired LKR	Overdue LKR	Neither Past Due nor Impaired LKR	Overdue LKR
Carrying amount				
Trade and other receivables	630,401,694	143,635,547	582,098,041	437,989,674
Cash and cash equivalents	239,287,491	–	178,327,765	–
Amounts due from related parties	21,004,226	–	65,824,243	–
	890,693,411	143,635,547	826,250,049	437,989,674

As at 31st March 2022	Group		Company	
	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

31.2.2 Age analysis of trade receivables

	Group						Total LKR
	Past due but not impaired					Impaired LKR	
	Not past due LKR	Less than 30 days LKR	31 to 60 days LKR	61 to 90 days LKR	More than 91 days LKR		
Trade receivables net -2023	630,401,694	93,418,464	27,688,531	2,425,936	20,102,616	(55,813,707)	718,223,535
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

	Company						Total
	Past due but not impaired					Impaired	
	Not past due	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days		
Trade receivables net -2023	582,098,041	131,730,570	78,347,420	81,234,429	146,677,255	(54,914,494)	965,173,221
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

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.

As at 31st March 2023	Group		Company	
	Gross exposure LKR	Net exposure LKR	Gross exposure LKR	Net exposure LKR
Carrying amount	718,223,757	718,223,757	965,173,443	965,173,443
Trade and other receivables	239,287,491	239,287,491	178,327,765	178,327,765
Cash and cash equivalents	21,004,226	21,004,226	65,824,243	65,824,243
Amounts due from related parties	26,446,814	26,446,814	946,814	946,814
Other investments	1,004,962,288	1,004,962,288	1,210,272,265	1,210,272,265

As at 31st March 2022	Group		Company	
	Gross exposure LKR	Net exposure LKR	Gross exposure LKR	Net exposure LKR
Carrying amount	499,198,720	499,198,720	581,026,822	581,026,822
Trade and other receivables	541,691,393	541,691,393	302,079,107	302,079,107
Cash and cash equivalents	50,509,233	50,509,233	117,290,757	117,290,757
Amounts due from related parties	47,027,470	47,027,470	952,954	952,954
Other investments	1,138,426,816	1,138,426,816	1,001,349,640	1,001,349,640

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.

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					
	2023			2022		
	Within 12 months LKR	After 12 months LKR	Total as at 31st March 2023 LKR	Within 12 months LKR	After 12 months LKR	Total as at 31st March 2022 LKR
Assets						
Trade and other receivables, Net	718,223,757	–	718,223,757	499,198,720	–	499,198,720
Amounts due from related parties	21,004,226	–	21,004,226	50,509,233	–	50,509,233
Cash and bank balances	239,287,491	–	239,287,491	541,691,393	–	541,691,393
Other investments	25,555,014	891,800	26,446,814	46,135,670	891,800	47,027,470
Total assets	1,004,070,488	891,800	1,004,962,288	1,137,535,016	891,800	1,138,426,816
Liabilities						
Trade and other payables	684,816,608	–	684,816,608	586,341,150	–	586,341,150
Amounts due to related parties	–	–	–	–	–	–
Financing and lease (Ijara) payables	1,633,434,749	363,961,061	1,997,395,810	275,157,296	257,660,284	532,817,580
Total liabilities	2,318,251,357	363,961,061	2,682,212,418	861,498,446	257,660,284	1,119,158,730
Net	(1,314,180,869)	(363,961,061)	(1,678,141,930)	276,036,570	(257,660,284)	18,376,286

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.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings.

Company					
2023			2022		
Within 12 months	After 12 months	Total as at 31st March 2023	Within 12 months	After 12 months	Total as at 31st March 2022
LKR	LKR	LKR	LKR	LKR	LKR
965,173,443	–	965,173,443	581,026,822	–	581,026,822
65,824,243	–	65,824,243	117,290,757	–	117,290,757
178,327,765	–	178,327,765	302,079,107	–	302,079,107
55,014	891,800	946,814	61,154	891,800	952,954
1,209,380,465	891,800	1,210,272,265	1,000,457,840	891,800	1,001,349,640
1,259,975,575	–	1,259,975,575	1,421,378,194	–	1,421,378,194
657,658,747	–	657,658,747	306,583,406	–	306,583,406
1,521,146,228	107,310,416	1,628,456,644	208,399,971	106,558,148	314,958,119
3,438,780,550	107,310,416	3,546,090,966	1,936,361,571	106,558,148	2,042,919,719
(2,229,400,085)	(106,418,616)	(2,335,818,701)	(935,903,731)	(105,666,348)	(1,041,570,079)

The Group's and the Company's profit before tax is affected through the impact on floating rate borrowings as follows.

Increase/Decrease in basis points	2023		2022	
	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	(19,973,958)	(16,284,566)	(5,328,176)	(3,149,581)
-100	19,973,958	16,284,566	5,328,176	3,149,581

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

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Nature of transactions				
Sales	–	–	1,400,920,517	650,504,345
Purchases	–	–	1,628,418,814	1,210,210,244
Rent income	–	–	1,749,744	1,750,729
Rent expenses	–	–	3,992,440	3,810,040
Hatching fees	–	–	93,221,733	48,696,417
Dividend income	–	–	–	50,000,000
Shared service income	–	–	195,549,096	148,141,157
Expenses incurred	–	–	242,682,142	127,789,835
Collection	–	–	662,488,725	652,853,561
Settlement	–	–	1,147,186,838	862,594,132

32.1.2 Joint ventures

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Purchases	8,953,122,097	4,049,193,908	7,158,281,140	3,036,737,248
Dividend income	100,000,000	100,000,000	100,000,000	100,000,000
Settlement	8,879,193,102	3,937,029,320	7,151,514,851	2,954,784,692

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	7,014,458,062	72
Group				
Fortune Agro Industries (Pvt) Ltd.	Joint venture	Feed purchases	8,626,892,686	73

32.1.4 Non-recurrent transactions with related parties

Company has given Corporate Guarantee worth of LKR 400 Mn. to Amana Bank PLC and another Corporate Guarantee worth of LKR 500 Mn. to MCB Bank Limited on behalf of Fortune Agro Industries (Pvt) Ltd.

Name of the related party	Relationship	Value of transaction	As a % of equity	As a % of total assets
Fortune Agro Industries (Pvt) Ltd.	Joint Venture	900,000,000	17	11

The guarantees were given to the respective banks in order to facilitate raw material imports of Fortune Agro Industries (Pvt) Ltd.

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.

Year ended 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 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	67,994,341	52,313,399	67,994,341	52,313,399

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 Note 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 2023. The Group has not recorded any impairment of receivables relating to amounts owed by related parties (2021/22 - Rs. Nil).

33. Events occurring after the reporting period

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

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 return on shareholders' capital 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 of share capital, reserves and retained earnings, as disclosed in the statement of changes in equity.

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Year ended 31st March	2023 LKR Mn.	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.
Income Statement										
Revenue	11,799	6,742	5,057	4,361	4,724	4,215	4,364	3,890	3,357	3,054
Gross profit	1,532	1,336	819	446	1,076	993	1,203	994	512	441
Profit from operations	367	663	256	(57)	545	552	805	699	209	170
Share of profit from joint ventures and associates (net of tax)	330	171	167	(62)	41	34	126	18	20	28
Profit before tax	468	793	359	(193)	510	500	863	665	193	159
Income tax expense	(185)	(28)	(12)	(3)	(97)	(95)	(161)	(74)	(34)	(21)
Profit for the year	283	765	347	(196)	413	404	702	591	160	138
Balance Sheet										
Assets										
Non-current assets										
Property, plant and equipment	3,456	2,501	2,350	2,346	2,167	2,086	2,047	1,781	1,553	1,521
Investments in joint ventures	1,433	1,176	1,105	931	919	913	872	517	12	12
Investments in associates	–	–	–	–	–	–	–	–	101	81
Biological assets	51	105	33	60	51	68	84	251	204	134
Other non-current assets	37	41	40	38	30	5	5	6	7	7
Total non-current assets	4,981	3,832	3,541	3,393	3,168	3,072	3,008	2,556	1,877	1,755
Current assets										
Inventories	986	362	245	374	216	166	156	124	124	99
Trade and other receivables	926	694	497	491	521	491	450	337	323	282
Biological assets	1,331	651	679	553	477	420	335	122	122	149
Cash and bank balances	239	541	237	159	430	438	377	327	147	159
Other current assets	52	121	92	93	149	43	24	257	220	87
Total current assets	3,534	2,369	1,750	1,669	1,792	1,557	1,342	1,168	935	776
Total assets	8,515	6,201	5,290	5,061	4,960	4,629	4,350	3,723	2,812	2,531
Equity and liabilities										
Equity										
Stated capital	536	256	256	256	256	256	256	256	256	256
Revaluation surplus	817	573	580	508	421	421	425	425	248	248
Retained earnings	3,868	3,961	3,284	2,937	3,197	2,893	2,601	2,019	1,500	1,323
Other reserves	(13)	(5)	(7)	(3)	(8)	(10)	(1)	(2)	(4)	(8)
Total equity	5,208	4,785	4,114	3,698	3,866	3,560	3,281	2,699	2,000	1,819

Year ended 31st March	2023 LKR Mn.	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.
Non-current liabilities										
Financing and lease payables	364	258	142	258	298	393	483	485	254	159
Other non-current liabilities	611	272	276	239	243	237	168	128	99	91
Total non-current liabilities	975	530	418	497	541	629	651	612	353	249
Current liabilities										
Trade and other payables	693	595	374	459	352	275	218	283	353	366
Financing and lease payables	1,633	275	369	393	187	153	156	110	102	93
Other current liabilities	6	16	15	15	14	12	44	20	4	3
Total current liabilities	2,332	886	758	866	553	440	418	413	459	463
Total equity and liabilities	8,515	6,201	5,290	5,061	4,960	4,629	4,350	3,723	2,812	2,531

Year ended 31st March	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Key ratios										
Gross profit margin (%)	12.98	19.82	16.20	10.22	22.79	23.57	27.57	25.54	15.24	14.45
Net profit margin (%)	2.40	11.35	6.87	(4.50)	8.74	9.60	16.08	15.18	4.75	4.51
Return on average assets (%)	3.85	13.32	6.71	(3.91)	8.61	9.01	17.39	18.07	5.97	5.65
Return on average equity (%)	5.66	17.20	8.89	(5.19)	11.12	11.82	23.47	25.14	8.36	7.80
Current ratio (x)	1.52	2.67	2.31	1.93	3.24	3.54	3.21	2.83	2.04	1.68
Debt-to-capital ratio (%)	27.72	10.02	11.05	14.97	11.14	13.29	16.31	18.05	15.14	12.17
Earnings per share (LKR)	16.09	43.49	21.71	(12.26)	25.81	25.28	43.87	36.91	9.97	8.62
Net assets per share (LKR)	295.91	271.89	257.11	231.12	241.62	222.51	205.08	168.66	125.01	113.68
Market price per share (LKR)	145.00	151.25	137.75	78.70	114.80	134.60	160.20	144.00	108.00	147.00
Dividend per share (LKR)*	6.00	6.00	–	4.00	8.00	6.00	7.50	6.00	2.50	1.25
Price earnings ratio (x)	9.02	3.48	6.34	(6.42)	4.45	5.32	3.65	3.90	10.83	17.06
Price to book value (x)	0.49	0.56	0.54	0.34	0.48	0.60	0.78	0.85	0.86	1.29
Dividend yield (%)	4.14	3.97	–	5.08	6.97	4.46	4.68	4.17	2.31	0.85
Dividend payout (%)	37.31	13.8	–	>100	31.00	23.73	17.10	16.26	25.07	14.51

*Dividends per share – based on the dividends declared for the financial year

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

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
	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(s)
	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	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 Eighth Annual General Meeting of Bairaha Farms PLC will be held in the Auditorium, Sri Lanka Foundation Institute, 100, Padanama Mawatha, Independence Square, Colombo 07 at 11.30am on Wednesday 19th July 2023 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 2023 and the Report of the Auditors thereon.
2. To re-elect as a Director Mr Kamil Naleem, who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.
3. To pass the ordinary resolution set out below to appoint Prof H Abeygunawardena who is 74 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 Prof H Abeygunawardena who is 74 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"
4. To authorize the Directors to determine donations as they think fit during the year ending 31st March 2024 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 authorize the Directors to determine their remuneration.

By Order of the Board,

Bairaha Farms PLC

(Sgd.)

P W CORPORATE SECRETARIAL (PVT) LTD.

Director/Secretaries

24th May 2023
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 the Attendance slip (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 Eighth Annual General Meeting of the Company to be held in the Auditorium, Sri Lanka Foundation Institute, 100, Padanama Mawatha, Independence Square, Colombo 07 at 11.30 a.m. on Wednesday 19th July 2023, and at any adjournment thereof and at every poll which may be taken in consequence thereon.

	For	Against
1. To re-elect as a Director Mr Kamil Naleem, who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.	☐	☐
2. To pass the ordinary resolution set out below to appoint Prof H Abeygunawardena who is 74 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 Prof H Abeygunawardena who is 74 years of age and that he be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007"		
3. To authorize the Directors to determine donations as they think fit during the year ending 31st March 2024 and up to the date of the next Annual General Meeting.	☐	☐
4. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.	☐	☐

In witness my/our* hands this day of Two Thousand and Twenty-Three.

** 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.

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 Mihular – 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

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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