



The Maize Import Squeeze and CSE Poultry Stocks

Key terms used in this briefing

Plain-English meanings of the words and abbreviations used on the slides that follow.

Maize (corn)

The main grain in chicken feed, about 50–60% of a typical feed mix. Sri Lanka grows only about half of what it needs.

Maha and Yala

Sri Lanka's two growing seasons. Maha is the main one, harvested around February–March; Yala is the smaller one.

Import permit / quota

Government approval to bring in a set amount of maize. Without it, feed makers cannot import.

DAPH

Department of Animal Production and Health. It registers the feed makers allowed to import maize.

Import levy

A tax on every kilo of imported maize: now Rs 50/kg, double the earlier Rs 25/kg.

Factory vs self-mixed feed

Factory (compound) feed is ready-made by millers such as GRAN; self-mixed feed is blended by farmers themselves.

Day-old chick (DOC)

A one-day-old chick sold to farms to raise: broilers for meat, layers for eggs.

Integrated producer

A company that owns several steps of the chain, such as feed mills, hatcheries, farms and processing plants.

Gross margin

The share of sales left after direct costs such as feed and chicks. Higher means more profit per rupee sold.

P/E ratio

Share price divided by a year's profit per share. A lower number means a cheaper share.

P/B ratio

Share price divided by net assets per share. Below 1x, the share costs less than the company's book value.

GRAN, TAFL, BFL

Stock codes for Ceylon Grain Elevators, its subsidiary Three Acre Farms, and Bairaha Farms.

Integrated producers are better placed, but not equally

Supply has nearly stopped and costs are rising; the two groups (GRAN with TAFL, and BFL) start with very different buffers.

-64%

Maize imports Jan–Jul 2026 vs 2025

Rs 50/kg

Import levy, doubled from Rs 25

+17%

FAO cereals index, Aug 2026 y/y

~20%

Small producers exited, per industry body

GRAN

Strongest buffer

Rs 12.8 bn group cash (incl. TAFL), no debt, storage to stock up. Most exposed to maize cost but best able to pass it on.

TAFL

Little headroom

Gross margin already at a five-year high (26.8%). Chick prices may firm, but upside is limited.

BFL

Thinner buffer

Rs 2.8 bn borrowings and a near-loss in FY2024/25. Cheapest on book value (0.9x).

Main risk: a long delay, a price ceiling or a sudden import flood could squeeze margins that have little room left. Both GRAN and BFL say affordability limits how far they can raise prices.

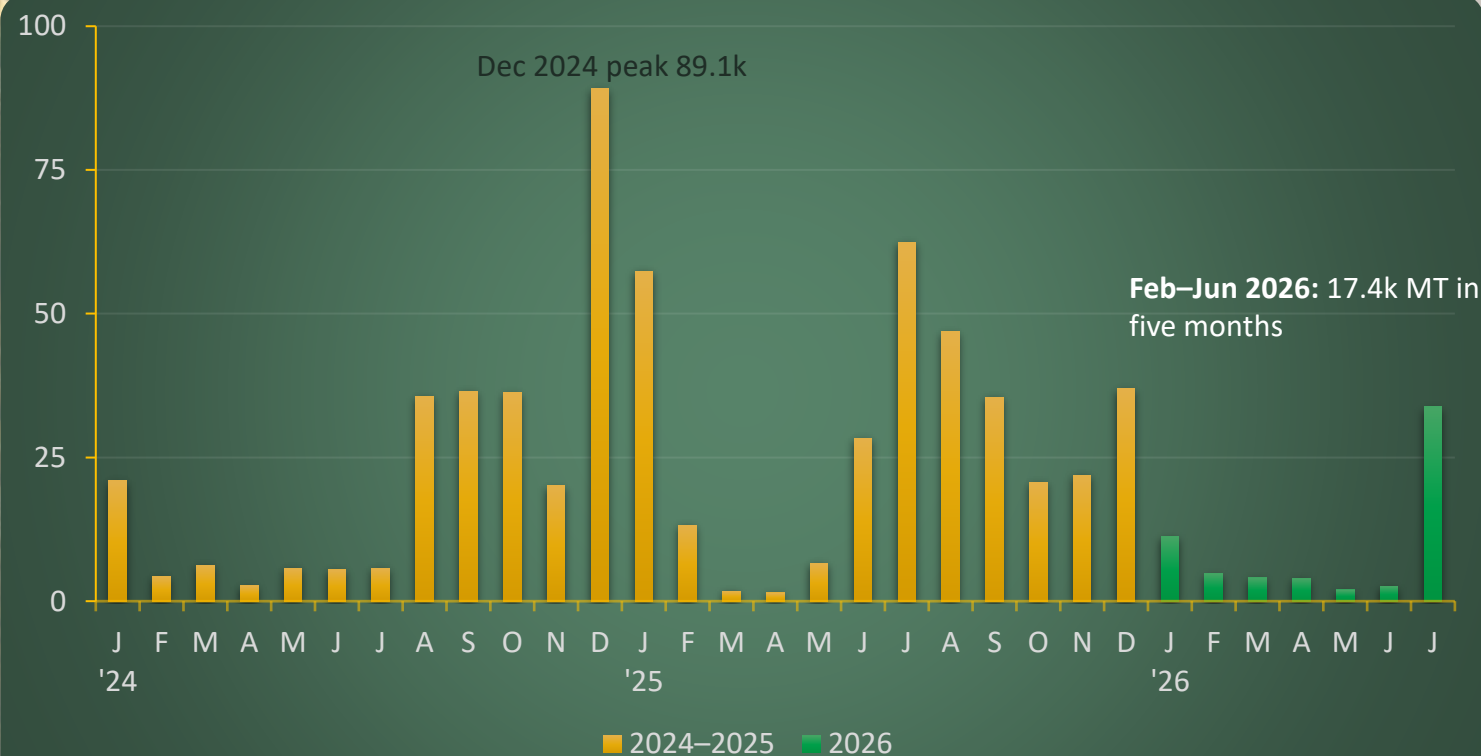
Signal to watch: the date and size of the next Cabinet / DAPH maize import approval.

In plain terms: Sri Lanka has almost stopped importing maize, the main ingredient in chicken feed, so feed and chicken costs are rising. GRAN has the most cash to ride this out, TAFL has little room to improve, and BFL is most at risk because it carries debt.

Maize imports almost stopped for five months in 2026

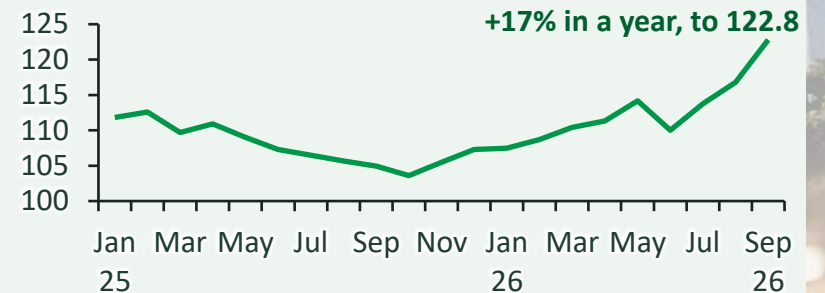
Imports normally arrive Aug–Jan. In 2026, Feb–Jun brought only 17.4k MT, before a partial restart of 33.8k MT in July.

Monthly maize imports, '000 MT



Why late buying costs more

FAO cereals price index (2014–16 = 100)



Rs 50/kg levy

Special Commodity Levy doubled from Rs 25/kg, 5 May–31 Dec 2026 (about USD 83/t extra).

Cyclone Ditwah

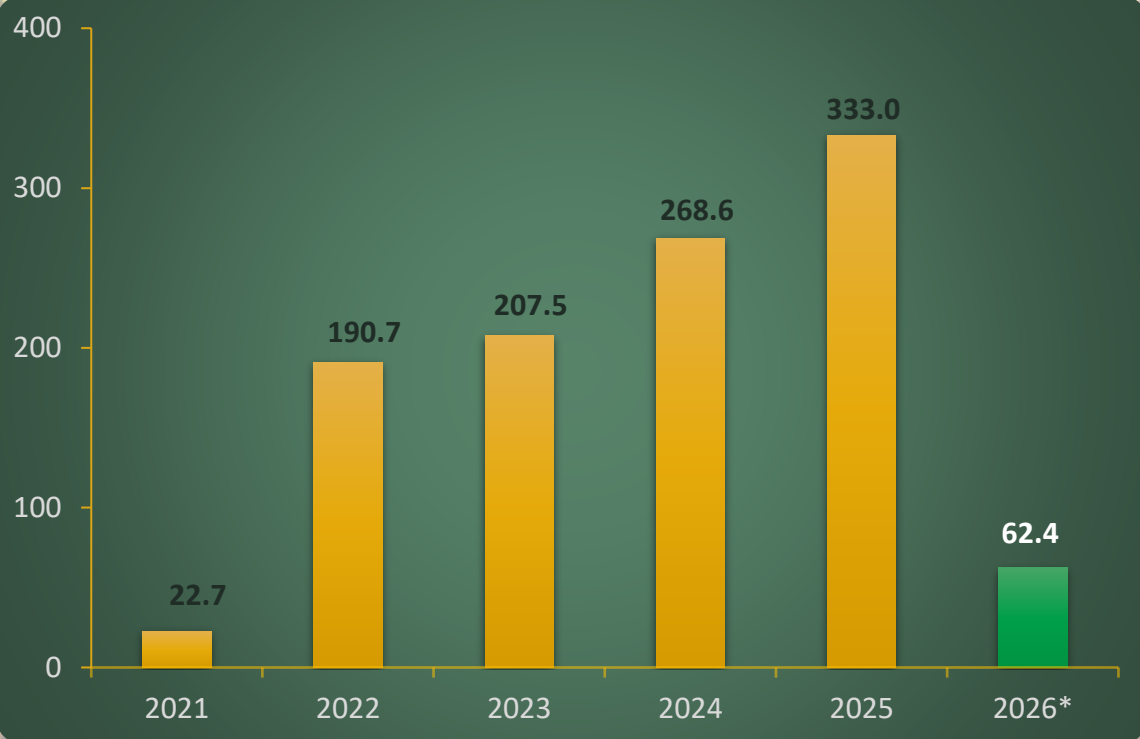
Flooded production areas in late 2025; chick output hit until March 2026.

In plain terms: Maize normally arrives by ship between August and January. This year almost none came in from February to June. World grain prices are also 17% higher and the import tax has doubled, so any maize bought late will cost more.

Annual imports grew every year to 2025, then stalled

The same pattern repeats: protection for local growers, a shortfall, then late emergency permits.

Maize imports per year, '000 MT



*2026 = January–July only

- 2021–22** Fertiliser ban and forex crisis cut harvests and imports
- 2023** Imports resume after the crisis, mostly from September
- 2024** Imports bunch at year end: 89.1k MT in December alone
- 2025** Local output +21.7%, yet imports still rise to 333k MT
- Late 2025** Cyclone Ditwah floods production areas
- May 2026** Import levy doubled to Rs 50/kg
- Oct 2026** Association warns approvals are stalled; ~20% of small farms exit

In plain terms: Each year Sri Lanka imported more maize, because local farms cannot grow enough. The government holds imports back to protect local growers, then issues emergency permits late. 2026 follows the same pattern, only more slowly.

2026 news so far points to a late, piecemeal import approval

Small lots still arrive, but bulk feed-import approvals are still pending. Each month of delay makes A less likely; no permits by December would mean C.

Maize news, 2026

- 25 Jan** **Imports held back until the Maha harvest**
Agriculture Dept expected 300–315k MT locally against a ~700k MT annual need; Cyclone Ditwah destroyed ~5,000 ha.
- 5 Mar** **Cabinet ties imports to a local shortfall**
A new committee sets maize prices; only DAPH-registered feed makers may import, and only when local supply runs short.
- Jun** **Feed inputs cost more than a year earlier**
Local maize Rs 174/kg (+8.5% y/y) and soybean meal Rs 222/kg (+23%), per CBSL.
- 31 Jul** **GRAN: farmers switch to self-mixed feed**
June-quarter profit +51% on price rises, but feed revenue slipped as farmers mixed their own feed from local grain.
- 3 Oct** **Industry warns of festive price rises**
Poultry association: approvals still pending, rice substitution cutting output, ~20% of small producers gone.

What it means for the three stocks

GRAN

Pricing power confirmed. The risk has moved to feed volumes, as small farms mix their own feed or exit.

TAFL

Firmer broiler chick demand in Q2 helps, but every small farm that exits is a lost chick buyer.

BFL

Profit kept recovering (Rs 1.3 bn in the 12 months to June), but it holds the least stock if permits slip to December.

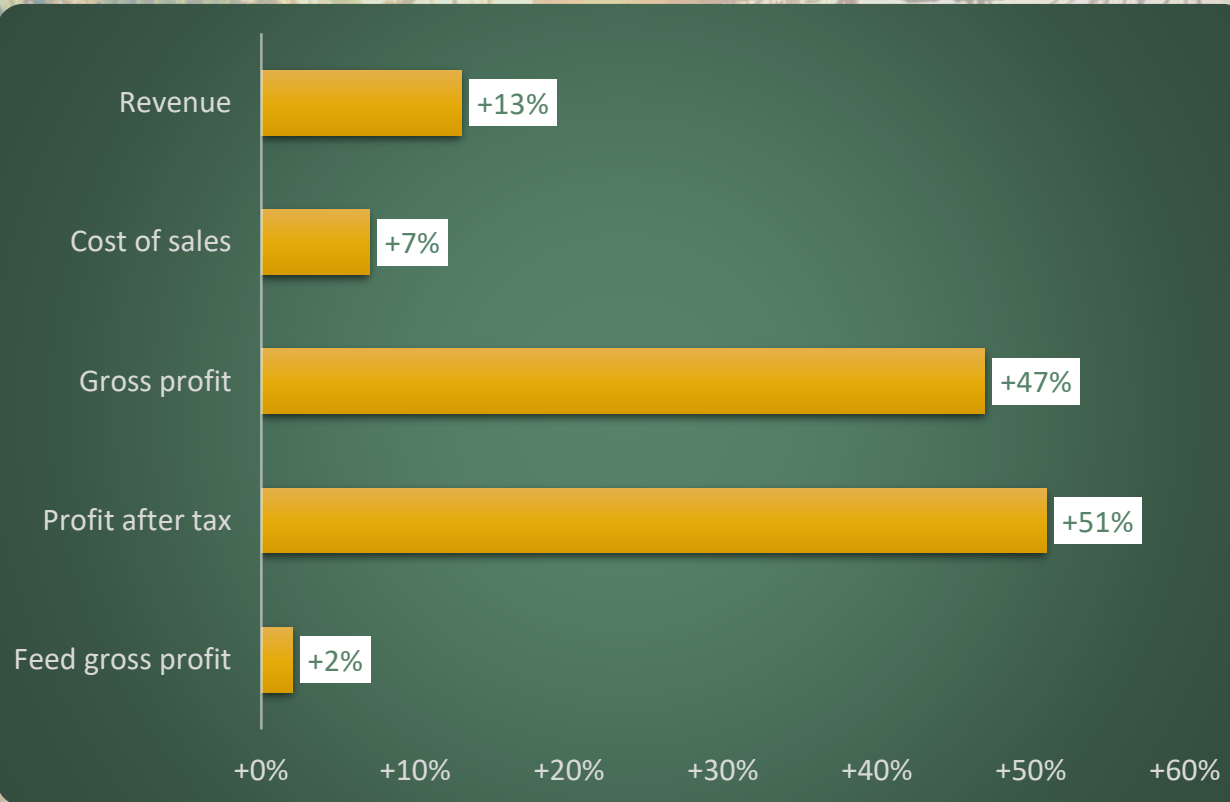
Watch: a Cabinet permit decision before end-October would keep scenario A (quick approval) in play.

In plain terms: Some maize is still being imported in 2026, but the large feed-import approvals the industry needs are still pending. Each extra month of delay makes the 'late, piecemeal' scenario more likely, which hurts small farms first.

GRAN lifted June-quarter profit 51%, but feed profit rose only 2%

Higher selling prices covered dearer inputs in chicken and chicks; feed lost volume to farmers mixing their own.

GRAN group (incl. 57%-owned TAFL), change by line, June quarter 2026 vs 2025



Rs 174/kg

Local maize, June 2026 (+8.5% y/y);
soybean meal +23%

47%

Of the Rs 4.7 bn full-year GRAN profit
market forecast, earned in H1

Rs 1.3 bn

BFL profit, 12 months to June 2026, up
from Rs 1.0 bn in FY2025/26

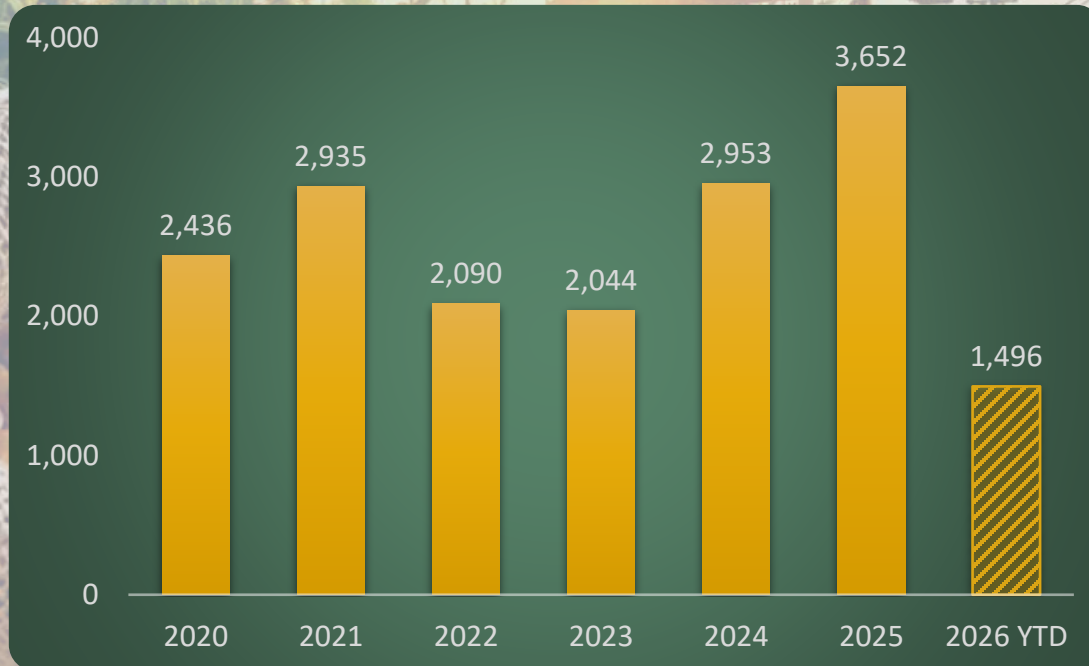
Read: a late approval hurts GRAN's feed volumes more than its margins. If maize stays scarce, self-mixers may return to factory feed.

In plain terms: GRAN raised its selling prices enough to cover dearer maize, so its overall profit jumped. Its feed business barely grew, though, because many small farmers began mixing their own cheaper feed instead of buying GRAN's.

Chicken demand held as prices rose 355%; egg output recovered

Chicken was the cheapest animal protein in Sri Lanka, so volumes held up even as feed costs pushed prices higher.

Egg output, million eggs



Output fell 30% from 2021 to 2023 as feed costs rose, then rebounded 44% in 2024 and 24% in 2025 to 167 eggs per person. Jan–May 2026 runs at 299 mn a month, close to 2025's 304.

+355%

Farm-gate chicken price 2019–2023, to Rs 1,140/kg

Rs 69 → 343

Broiler day-old chick price, 2019 to May 2026

13.3 kg

Chicken available per person in 2025, up from 11.8 kg

206.6 mn

Broiler chicks produced in 2025 (+11.8%)

Rice as a stopgap. Nadu paddy was Rs 102/kg in August 2026, down from Rs 110 a year earlier, so substituting rice for maize is affordable. The association warns it lowers bird weights and egg output.

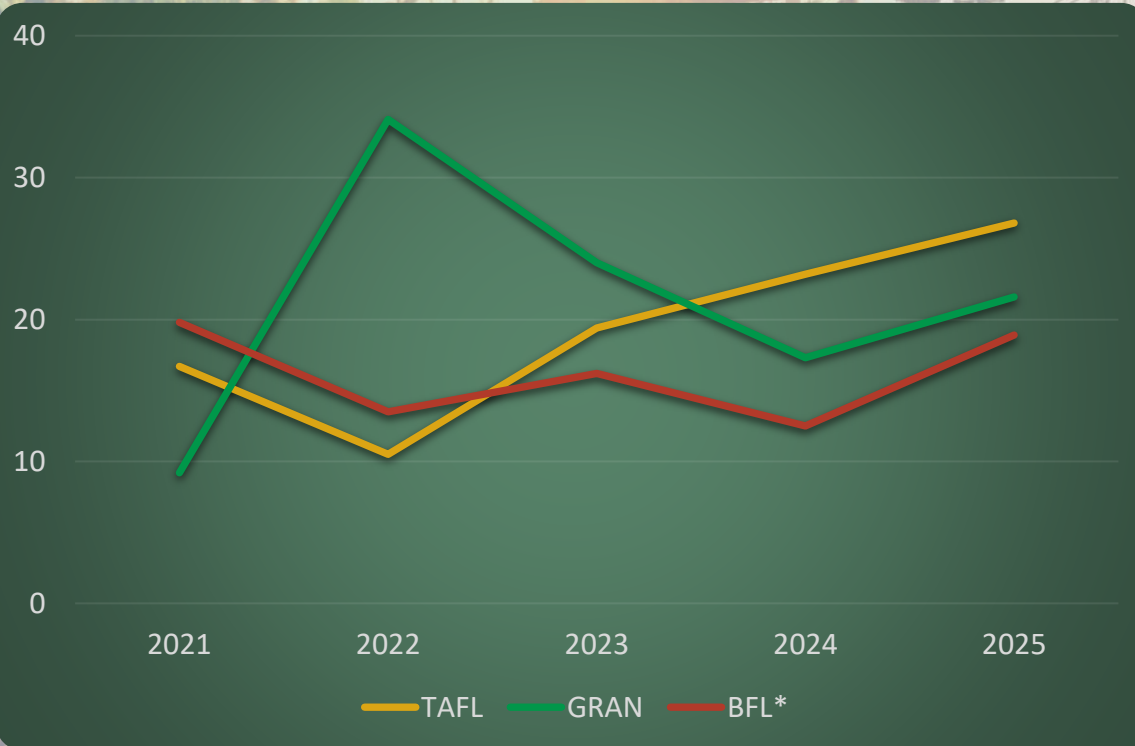
Factory feed grew in 2025: output rose 21% to 1.57 mn MT, but in 2026 small farms are switching back to mixing their own.

In plain terms: Dearer feed has pushed chicken and chick prices up several times over since 2019, yet people kept buying chicken because it was still the cheapest meat. Egg output fell 30% by 2023 but reached a record 3.65 bn in 2025.

Only Three Acre Farms' margin is at a five-year high

GRAN (21.6%) remains well below its 2022 peak of 34.1%; BFL (18.9%) is just under its 2021 high of 19.8%.

Gross margin, % of revenue



*BFL fiscal years to March (2025 = FY2025/26)

Latest year	GRAN (Dec 25)	TAFL (Dec 25)	BFL (Mar 26)
Revenue	Rs 29.8 bn (+24%)	Rs 6.2 bn (flat)	Rs 15.3 bn (+10%)
Operating profit	Rs 5.57 bn (+64%)	Rs 1.86 bn (+24%)	Rs 1.08 bn (from 0.11)
Profit after tax	Rs 4.12 bn (+31%)	Rs 1.54 bn (–9%)	Rs 1.00 bn (from 0.12)
Return on equity	23.9%	16%	15.7%
Cash	Rs 12.8 bn (group)	Rs 8.4 bn	Rs 0.5 bn
Borrowings	Nil	No long-term debt	Rs 2.8 bn
Current ratio	3.9x	5.4x	1.4x

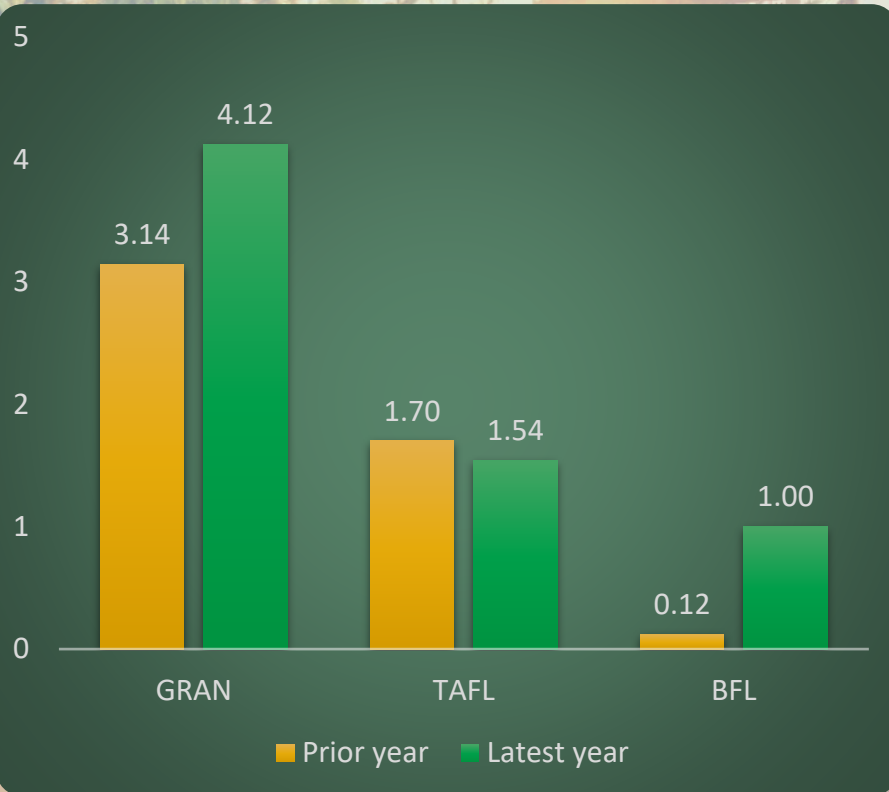
In plain terms: Gross margin is the share of each rupee of sales left after paying for feed, chicks and other direct costs. TAFL's is already at a five-year high, so it has little room to improve; GRAN's is well below its 2022 peak and could still rise, while BFL's is close to its 2021 high.

GRAN figures include 57%-owned TAFL. Source: GRAN and TAFL Annual Reports 2023–2025 (five-year summaries); BFL Annual Report 2025/26 (ten-year summary). BFL years end 31 March.

Profit recovered at GRAN and Bairaha; Three Acre Farms slipped

Each company meets the squeeze from a different position in the value chain.

Profit after tax, Rs bn



Ceylon Grain Elevators

Feed miller; owns TAFL

- 85% of revenue from feed and processed chicken
- Cost of sales up only 17.6% vs revenue +24%
- Stocks raw materials “whenever availability permitted”

Three Acre Farms

Day-old chick breeder

- Layer chick price fell from Rs 429 to Rs 198
- Gross profit +15% after a 5% cost cut
- Breeder farms: Rs 893 mn of Rs 1,653 mn gross profit

Bairaha Farms

Branded chicken; feed via 50% JV

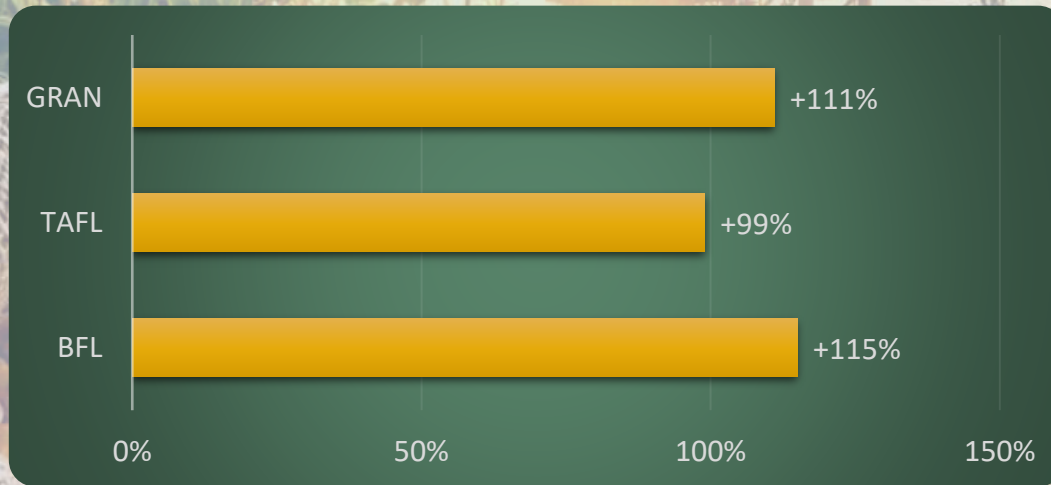
- Profit back to Rs 1.0 bn after FY2024/25 near-loss
- Maize from approx. 1,000 farmers via Fortune Agro JV
- Still imports a large share under the quota

In plain terms: In the latest year GRAN and Bairaha earned more than the year before, while TAFL earned slightly less. Each sits at a different step of the chain: GRAN makes feed, TAFL breeds chicks, and Bairaha sells branded chicken.

At year-end prices, all three traded at 6–9x earnings after big gains

BFL is the only one below book value, which reflects its debt and weak FY2024/25.

Share price change over the latest financial year



Read: low P/E ratios suggest the market still doubts these earnings will last. Check current CSE prices before acting; these use year-end prices.

Overlap: GRAN's EPS and price already include its 57% TAFL stake, so holding both doubles up on one group.

	GRAN	TAFL	BFL
Year end	31 Dec 2025	31 Dec 2025	31 Mar 2026
Share price (Rs)	400.00	592.25	71.00
EPS (Rs)	57.68	65.40	11.71
P/E	6.9x	9.1x	6.1x
Net assets/share (Rs)	246.67	406.97	78.10
P/B	1.6x	1.5x	0.9x
Dividend/share (Rs)	15.00	40.00	1.00

In plain terms: P/E is the share price divided by a year's profit per share; at 6–9x, these shares are cheap by usual standards. P/B compares the price with the company's net assets: BFL, below 1x, trades for less than its books say it is worth.

A late, piecemeal approval would hurt Bairaha most

Rule of thumb: a 10% rise in maize cost lifts broiler cost by about 4–5% (maize ≈ 40–48% of total broiler cost). Illustrative, not forecasts.

A. Quick approval

Quota approved in October; shipments land in November

0 to +10%

Maize cost

0 to +4%

Broiler/egg cost

- GRAN: festive demand lifts sales; margin holds
- TAFL: chick prices firm; margin near 27%
- BFL: profit recovery continues

B. Late, piecemeal

Small permits in Nov–Dec at the Rs 50/kg levy

+10 to +25%

Maize cost

+4 to +11%

Broiler/egg cost

- GRAN: stock and storage let it pass costs on
- TAFL: fewer placements, offset by higher chick prices
- BFL: squeezed most (debt, less stock)

C. No relief until Maha

Heavy rice substitution until Feb–Mar 2027

+25%+

Maize cost

+11%+

Broiler/egg cost

- GRAN: volumes fall; risk of price ceilings
- TAFL: weak placements cut chick demand
- BFL: profit could fall back to its FY2024/25 near-loss

In plain terms: The three columns are possible outcomes, set by when the government lets maize in. Approval in October points to A, small permits in Nov–Dec to B, nothing before the Maha harvest to C. Bairaha suffers most in B and C because it has debt and holds less stock.

The next import approval is the signal to watch

Every other signal follows from the date and size of the quota.

Signal	Where to watch	What it means
Import approval (size, who may import)	Cabinet, DAPH, Ministry of Agriculture	Large, early quota = cost relief; miller-only imports favour GRAN
Rs 50/kg levy	Finance Ministry gazettes	Cut before 31 Dec lowers landed cost; extension keeps it high
Monthly maize imports	CBSL bulletin (Customs)	Aug–Dec below 144k MT = weakest since 2022
Chicken and egg prices, Nov–Dec	Consumer Affairs Authority	Prices rising faster than costs support margins
Price ceilings or egg imports	CAA gazettes, Cabinet	Biggest downside: revenue capped while costs stay high
Quarterly results	CSE filings, Jan–Feb 2027	Gross margin, feed revenue, inventory

Other risks

- Good news partly priced in: GRAN and TAFL roughly doubled in 2025
- **One group:** GRAN owns 57% of TAFL, so holding both doubles the same risk
- A sudden quota before the Maha harvest could cut chicken prices
- Affordability limits price rises (both companies say so)
- Feed quality: rice-based feed lowers bird weights
- Thin trading: TAFL traded 6.7 mn shares in all of 2025
- Processed-meat makers and restaurants face higher input costs

In plain terms: The one thing to watch is when the government approves maize imports, and how much it allows. That decision drives feed costs, chicken prices and all three companies' profits; the table shows where to track each signal.



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