

DIRECTORS' REPORT 2024

Dear Shareholders,
Assalamu Alaikum!

The Board of Directors of Index Agro Industries Limited is delighted to present this Directors' Report, accompanied by the Auditors' Report and Audited Financial Statements of the company for the year ended June 30th June 2024. We present this report for your esteemed consideration, approval, and adoption. This report provides a comprehensive overview of the company's performance, achievements, and future prospects.

Principal activities

Index Agro Industries Limited (IAIL) specializes in the manufacturing and marketing of animal feed, including poultry feed and fish feed, as well as the production of Day-Old-Chicks (DOC). In response to the increasing demand for poultry products nationwide, the company has established a Breeder Farm & Hatchery located at Rajendrapur, along with a state-of-the-art Feed Mill in Valuka, Mymensingh. IAIL commitment to quality is upheld by a dedicated team of experienced poultry experts working tirelessly within the company.

Industry outlook and possible future developments

Details of this section has been discussed in the 'Industry outlook and possible future developments' report on page no. 34 of this Annual Report.

Segment-wise performance

Index Agro maintains significant operational capacities, including an annual standard production capacity of 114,000 metric tons in the Feed Mill Division and 30.00 million units of Day-Old-Chicks (DOC) in the Poultry & Hatchery Division. Detailed performance metrics for each segment or product category can be found in the 'Segment-Wise Performance' report on page no. 50 of this Annual Report.

Financial results

For the fiscal year ending 30th June 2024, the company reported:

Revenue: Tk. 4,281.25 million against Tk. 4,191.03 million in the previous year.

Gross Profit: Tk. 758.07 million against Tk. 731.55 million in the previous year.

Net Profit after Tax: Tk. 259.17 million against Tk. 246.65 million achieved in the previous year.

The operational results of the company for the year ended 30th June 2024 as follows:

Particulars	30-Jun-2024	30-Jun-2023	(%) increased/ (decreased)
Revenue	4,281,254,785	4,191,025,405	2.15
Gross Profit	758,072,873	731,551,312	3.63
Net Profit After Tax	259,170,778	246,645,244	4.93
Earnings Per Share (EPS)	5.48	5.22	4.98
Net Asset Value (NAV)	3,881,200,528	3,638,305,842	6.67
Net Asset Value (NAV) per share	82.14	77.00	6.67



Appropriations of profit and key operating & financial data for the of preceding five years

The Directors are pleased to present the financial results for the year ended 30th June 2024, and propose the following appropriations:

Particulars	30 June 2024	30 June 2023
Profit before tax	302,604,437	290,050,618
Less: Provision for tax	43,433,659	43,405,374
Profit after tax	259,170,778	246,645,244
Add: Un-appropriated profit brought forward	2,251,569,959	2,050,555,865
Profit available for distribution	2,510,740,737	2,297,201,197
Less: Appropriation of dividend	16,507,298	47,253,649
Un-appropriated profit C/F	2,494,233,439	2,243,896,738

Key operating and financial data of the preceding five years is given in 'Annexure-A' on page no. 81 of this annual report.

Reserve and surplus

As on 30th June 2024, the company's reserves and surplus stood at Tk. 2,991,200,528 as against Tk. 2,748,305,842 for the year ended 30th June 2023. Reserve and surplus increased due to the Net Profit generated during the year.

Dividend

The Board of Directors has recommended cash dividend @25% (Twenty five percent) to the General Public Shareholders and 15% (Fifteen percent) to the Directors and Sponsor Shareholders of the respective paid up capital of the company for the year ended 30th June 2024, which will be paid subject to approval by the shareholders in the 24th AGM scheduled to be held on 23 December 2024.

The company paid cash dividend @ 20% (twenty percent) to the general public shareholders (Post IPO Shares) for the year ended June 30, 2023. No bonus shares or stock dividend has been declared for the same period.

Contribution to national exchequer

Index Agro Industries Limited is committed to timely disbursement of its direct and indirect tax obligations. During the fiscal year ending June 30, 2024, Index Agro contributed a total of Tk. 59.62 million to the National Exchequer through income tax, regulatory duty, TDS, VAT, CD and SD.

Extraordinary gain or loss

There was no extraordinary activities during the year ended June 30, 2024 affecting any extraordinary gain or loss.

Variance between quarterly and annual financial statements

Due to increased sales and collections, and deferred

payments to suppliers and others, Net Operating Cash Flow per share increased significantly to Tk. 14.77 in June 2024 as against Tk. (1.23) in June 2023.

Material change or change in the nature of business

During the year under review, there are no material changes in the nature of business of the company.

Cost of Goods sold, Gross Profit Margin and Net Profit Margin

Cost of Goods Sold: In June 2024, the cost of goods sold increased by 1.84% to Tk. 3,523.18 million from Tk. 3,459.47 million in June 2023. The cost of goods sold increased due to decrease in both purchases and closing raw material inventory.

Gross Profit: In June 2024, gross profit increased by 3.63% to Tk. 758.07 million from Tk. 731.55 million in June 2023. Gross profit increased due to increase of Revenue. The percentage of increase of revenue is more than the percentage of increase of COGS.

Net Profit: Net profit after tax earned during the year amounting to Tk. 259.17 million, compared to Tk. 246.65 million in 2023, marking a 5.08% increase. Net profit increased due to increase of GP and decreased of Operating expenses.

Risks and concerns

Risk assessment and mitigation are fundamental aspects of Index Agro Industries Limited. The company is well-equipped to anticipate uncertainties arising from changes in the local and global economy. The Board of Directors diligently monitors, assesses, and identifies potential risks and threats that could impact profitability and sustainable growth. Comprehensive details regarding risks and concerns, encompassing both internal and external factors, are elaborated in the 'Risk Management and Control' section on page no. 58 of this Annual Report.

Appointment of Statutory Auditors and Compliance Auditor

M/s G. Kibria & Co., Chartered Accountants were the statutory auditors of the company for previous consecutive 03 (three) years including the year ended 30 June 2024 and shall retire in the 24th AGM and are not eligible for re-appointment as per the Bangladesh Securities and Exchange Commission notification dated 20 June 2018.

The company received 04 (Four) proposals from CA Firms for appointment of auditors of the company for the year ended June 30, 2025. The Audit Committee of the Board scrutinized the proposals and recommended to appoint Khan Wahab Shafique Rahman & Co., Chartered Accountants, as the statutory auditors of the company for the year ended June 30, 2025.

The Board of Directors also recommended to appoint Khan Wahab Shafique Rahman & Co., Chartered Accountants, which will be placed before the 24th AGM for shareholders' approval. Remuneration of the auditor will also be fixed by the shareholders at the AGM.

In compliance with the CG Code 2018 of BSEC, the Board of Directors recommended to re-appoint M/s. Podder & Associates, Cost & Management Accountants as the compliance auditor of the company for the year ended June 30, 2025 for compliance certification on Corporate Governance Code 2018 which will be placed before the 24th AGM for shareholders' approval.

Related party transactions

The company has no transaction with related parties in the normal course of business in financial year ended 30th June 2024.

Utilization of IPO proceeds

The utilization of IPO proceeds of the company has fully completed by 31st August 2024. Detailed information on the utilization of the IPO proceeds is enclosed on page no. 62 of this Annual Report.

Corporate social responsibility

Details of the Company's CSR activities during the year is discussed in the 'Corporate social responsibilities' section on page no. 65 of this Annual Report.

Human Resources Management

Index Agro Industries Limited acknowledges that its people are its most valuable resource, essential to the organization's success. To cultivate and empower employees with essential skills, the company prioritizes their development through regular internal training and workshops aimed at enhancing knowledge in their

respective fields. Additionally, the company is dedicated to providing a safe and healthy work environment for all employees. Currently, Index Agro Industries Limited employs 998 full-time employees.

Internal control

The Company maintains comprehensive policies and procedures to uphold efficient business operations, safeguard assets, prevent and detect fraud and errors, ensure compliance with relevant legislation, maintain accurate and complete accounting records, and promptly produce reliable financial information.

Additionally, the Company has established an independent internal audit and compliance department, led by a dedicated head, to oversee the implementation of internal controls and ensure adherence to regulatory requirements.

Board of Directors

The company's Board of Directors consists of 05 (five) members, including 01 (one) independent director. Throughout the year under review, the Board convened for a total of 08 (Eight) meetings. Details regarding the number of meetings held and the attendance of each director can be found in 'Annexure-B' on page no. 81 of this Annual Report."

Appointment/re-appointment of directors

In accordance with Article 142 of the Articles of Association of the company, Mr. Md. Mamunur Rashid FCMA, will retire from his office as Director by rotation at the 24th Annual General Meeting (AGM). Being eligible, he offers himself for re-election as per the provisions of Article 144 of the Articles of Association of the company.

The name and profiles including nature of his expertise in specific functional areas, holding of directorship of other companies and the membership of committees is also present on page no. 20 of this Annual Report.

Remuneration to Directors including Independent Director

During the year ended 30th June 2024, the company did not pay any remuneration to any directors including the independent director except Board meeting attendance fees.

Code of conduct

In compliance with the conditions of corporate governance code, the Board has laid down a code of conduct for the Chairman of the Board and other Board members of the company and annual compliance of the code is recorded accordingly.



Pattern of shareholding

In accordance with the condition of the Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC) on 03 June 2018, the shareholding pattern of the company is disclosed in 'Annexure-C' on page no. 82 of this Annual Report.

Directors' statement on financial reporting

The Directors, in accordance with the corporate governance code 2018 of Bangladesh Securities and Exchange Commission dated June 03, 2018, confirm the followings to the best of their knowledge:

- a) The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of account of the issuer company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.
- g) There is no significant doubt upon the company's ability to continue as a going concern.

Matter of Emphasis

The statutory auditors' disclosed the "matter of emphasis" into the independent auditors' report on the financial statements of the company for the year ended 30th June 2024 as follows:

As per section 234 of the Labor Act 2006 (amended in 2013) regarding "Establishment of Participation Fund and Welfare Fund", the company shall pay 80% of tk. 107,234,074/- to its' employees not later than nine months from the closing of the financial year, which the Company has not complied and utilized this fund otherwise, which is also not in conformity of section 240 (3) of the Labor Act 2006 (amended in 2013). We have seen that the management deposited an amount of Tk. 1,39,73,530/- into Worker's Profit Participation Fund bank account on August, 2024. The management

has assured us that the rest payable amount of WPPF for the year ended 30th June 2024, shall be deposited after the end of the 24th AGM of the company.

Management discussion and analysis

As per requirement of corporate governance code, the statement of 'Management Discussion and Analysis' has been duly signed by the Managing Director of the company and is featured on page no. 30 of this annual report."

Declaration by MD and CFO

In compliance with the corporate governance code, a declaration on financial statements for the year ended 30th June, 2024 duly signed by the Managing Director and Chief Financial Officer is included on page no. 109 of this Annual Report.

Credit rating report

The Credit Rating Agency of Bangladesh Limited (CRAB) assigned the rating for Index Agro Industries Limited on December 20, 2024. This rating took into account the company's audited financials up to 30 June 2023, its bank liability position as on 31 October 2023, and other pertinent quantitative and qualitative information available up to the date of the rating declaration. The certificate on credit rating can be found on page no. 106 of this Annual Report."

Corporate Governance

Corporate Governance is the framework through which companies are directed, managed, and controlled by their Board of Directors, with a strong emphasis on accountability to shareholders. Index Agro Industries Limited is dedicated to adhering to all provisions outlined in the Corporate Governance Code of 2018 by the Bangladesh Securities and Exchange Commission. For more information on our corporate governance practices, please refer to the 'Corporate Governance Report' on page no. 87 of this Annual Report."

Reporting and compliance of corporate governance

The company has adhered to the conditions stipulated in the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission, dated June 3, 2018. Detailed information regarding the company's compliance with corporate governance, including the corporate governance compliance status, can be found on page no. 91 of this Annual Report."

Membership with BAPLC

Index Agro Industries Limited is a member of the Bangladesh Association of Publicly Listed Companies (BAPLC). The certificate of BAPLC membership can be found on page no. 105 of this Annual Report."

Event after the reporting date

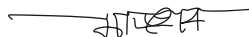
There are no material events which have occurred after the reporting date, non-disclosure of which could affect the ability of the users of these financial statements to make an appropriate evaluation.

Appreciation

The Board would like to express its sincere gratitude to government bodies, shareholders, investors, bankers, employees, and other stakeholders for their unwavering

commitment, cooperation, confidence, and support in achieving the company's objectives and outcomes.

For and on behalf of the Board of Directors



Md. Mazherul Quader

Chairman

Date: 24.10.2024

ANNEXURE-A

Key operating and financial data of preceding five years

Amounts in Taka

Particulars	30-Jun-2024	30-Jun-2023	30-Jun-2022	30-Jun-2021	30-Jun-2020
Revenue	4,281,254,785	4,191,025,405	4,154,327,729	3,672,667,933	4,047,090,398
Cost of goods sold	3,523,181,912	3,459,474,093	3,579,132,497	3,131,566,787	3,439,511,744
Gross profit	758,072,873	731,551,312	575,195,232	541,101,146	607,578,654
Administration expenses	72,266,038	60,879,705	68,316,776	49,566,872	54,598,566
Selling and distribution expenses	105,216,746	125,974,145	111,345,295	128,510,215	129,734,405
Operating Profit	580,590,089	544,697,461	395,533,161	363,024,059	423,245,683
Finance Cost	235,429,668	203,110,241	143,309,210	111,191,083	135,049,725
Other income	13,975,450	34,972,023	30,150,361	9,426,886	6,817,000
Net profit before tax	302,604,437	290,050,618	288,811,290	267,695,120	303,817,323
Income tax expenses	43,433,659	43,405,373	48,216,768	35,118,770	39,367,883
Net profit after tax	259,170,778	246,645,244	240,594,522	232,576,349	264,449,440
NAV per share	82.14	77.00	62.93	58.27	51.81
EPS	5.48	5.22	5.09	5.63	6.78

ANNEXURE-B

The number of Board meetings held and the attendance by each director for the year ended 30th June 2024.

Name of Directors	Position	Number of meetings held while a member	Number of meetings attended
Mr. Md. Mazherul Quader	Chairman	08	05
Mr. Mahin Bin Mazher	Managing Director	08	08
Ms. Mehzabin Mazher	Director	08	07
Mr. Md. Mamunur Rashid FCMA	Director	08	08
Mr. A.K.M. Delwer Hussain FCMA	Independent Director	08	04

ANNEXURE-C

The pattern of Shareholding as on 30th June 2024

Name	Status/Position	No. of Shares held
a) Parent/Subsidiary/Associated companies and other related parties	N/A	Nil
b) Directors/CEO/CS/CFO/HIAC and their spouses and minor children		
Md. Mazherul Quader	Chairman	39,00,000
Mahin Bin Mazher	Managing Director	39,00,000
Index Construction Ltd. (Represented by Mehzabin Mazher)	Director	39,00,000
Index Holdings Ltd. (Represented by Md. Mamunur Rashid FCMA)	Director	9,750,000
A.K.M. Delwer Hussain FCMA	Independent Director	Nil
Mrs. Khurshid Mazher (W/o- Md. Mazherul Quader)	Sponsor Shareholder	19,50,000
Esha Mahin (W/o- Mahin Bin Mazher)	Sponsor Shareholder	19,50,000
Abu Jafar Ali FCS	Company Secretary	Nil
Iqbal Ahmed FCMA	Chief Financial Officer (CC)	Nil
Md. Ayub Ibne Baquer	Head of Internal Audit	Nil
c) Shareholding status of top 5 salaried employees other than Directors, CEO, CS, CFO & HIAC		
Moniruzzaman Khondoker	CMO-Sales & Marketing	Nil
Sair Bin Ahmmmed Rusho	GM-Sales & Marketing	Nil
Mohammad Mazedul Hannan	VP-Operation	Nil
Md. Abu Sayed Chowdhury	GM-Feed Mill	Nil
Khirul Islam	AGM-Sales & Marketing	Nil
d) Shareholders holding 10% or more voting interest in the company		
Index Poultry (Pvt.) Ltd.	Corporate Shareholder	78,00,000
Index Holdings Ltd.	Corporate Shareholder	97,50,000