



DIRECTORS' REPORT 2025

Dear Shareholders,
Assalamu Alaikum!

The Board of Directors of Index Agro Industries Limited is pleased to present this Directors' Report together with the Auditors' Report and the Audited Financial Statements of the Company for the year ended 30th June 2025. This report is presented for your kind consideration, approval, and adoption. It highlights the company's performance, key achievements, and future prospects in a comprehensive manner.

Principal Activities

Index Agro Industries Limited (IAIL) is engaged in the manufacturing and marketing of high-quality animal feed, including poultry and fish feed, as well as the production of Day-Old Chicks (DOC). To meet the growing nationwide demand for poultry products, the company has established a modern Breeder Farm & Hatchery at Rajendrapur and a state-of-the-art Feed Mill at Valuka, Mymensingh. IAIL's commitment to excellence is driven by a team of experienced poultry professionals dedicated to ensuring consistent quality and innovation.

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. 33 of this Annual Report.

Segment-wise performance

Index Agro possesses strong operational capacities, with an annual standard production capacity of 114,000 metric tons in its Feed Mill Division and 30.00 million units of Day-Old-Chicks (DOC) in the Poultry & Hatchery Division. Comprehensive performance details for each business segment and product category are presented in the *Segment-Wise Performance* section on page no. 47 of this Annual Report.

Financial results

For the fiscal year ended 30 June 2025, the company delivered the following performance compared to the previous year:

Revenue: Tk. 4,410.24 million against Tk. 4,281.25 million in the previous year.

Gross Profit: Tk. 899.05 million against Tk. 758.07 million in the previous year.

Net Profit after Tax: Tk. 261.05 million against Tk. 259.17 million achieved in the previous year.

The results reflect the company's operational performance during the year, highlighting changes in revenue, profitability, and overall financial position compared to the prior period.

The operational results of the company for the year ended 30th June 2025 as follows:

Particulars	30-Jun-2025	30-Jun-2024	(%) increased/ (decreased)
Revenue	4,410,237,259	4,281,254,785	3.01
Gross Profit	899,049,342	758,072,873	18.60
Net Profit After Tax	261,054,589	259,170,778	0.73
Earnings Per Share (EPS)	5.52	5.48	0.73
Net Asset Value (NAV)	4,051,729,269	3,881,200,528	4.39
Net Asset Value (NAV) per share	85.74	82.14	4.39

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

The Directors are pleased to present the financial results for the year ended 30th June 2025, and propose the following appropriations:

Particulars	30 June 2025	30 June 2024
Profit before tax	343,449,477	302,604,437
Less: Provision for tax	82,394,888	43,433,659
Profit after tax	261,054,589	259,170,778
Add: Un-appropriated profit brought forward	2,495,774,813	2,251,569,959
Profit available for distribution	2,756,829,402	2,510,740,737
Less: Appropriation of dividend	90,834,123	16,507,298
Un-appropriated profit C/F	2,665,995,279	2,494,233,439

Key operating and financial data of the preceding five years is given in 'Annexure-A' on page no. 75 of this annual report.

Reserves and Surplus

As of 30th June 2025, the company's reserves and surplus stood at Tk. 3,162,757,371 compared to Tk. 2,991,200,528 as of 30th June 2024. The increase in reserves and surplus is primarily attributable to the net profit generated during the year.

The Net Profit after Tax amounted to Tk. 261.05 million, as against Tk. 259.17 million recorded in the previous year.

Dividend

The Board of Directors unanimously recommended a Cash Dividend@ 12% and a Stock Dividend @5% totaling 17% of the paid up capital of the company for the year ended 30 June 2025 subject to approval by the shareholders at the ensuing AGM of the company.

Disclosure on recommendation of stock dividend (bonus share):

- The stock dividend has been recommended to capitalize retained earnings for strengthening the company's capital base.
- The stock dividend has been declared out of accumulated profit.
- The stock dividend (bonus shares) has not been declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the Company or through reducing paid up capital or through doing anything so that the post dividend retained earnings become negative or a debit balance.

The company paid cash dividend @ 25% (twenty percent) to the general public shareholders and 15% (Fifteen percent) to the Directors and Sponsor Shareholders for the year ended June 30, 2024. No bonus shares or stock dividend has been declared for the same year.

Contribution to the National Exchequer

Index Agro Industries Limited remains committed to meeting its direct and indirect tax obligations in a timely manner. For the fiscal year ended June 30, 2025, the company contributed a total of **Tk. 96.58** million to the National Exchequer, covering income tax, regulatory duties, TDS and VDS.

Extraordinary gain or loss

There was no extraordinary activities during the year ended June 30, 2025 affecting any extraordinary gain or loss.

Variance between quarterly and annual financial statements

There are significant variances in the financial results between quarterly and annual financial statements and from the last year's operating results. Gross profit increased by 18.60% to Tk. 899.05 million from Tk. 758.07 million in June 2024. Gross profit increased as the cost of sales declined compared to the growth of revenue in 2025 as against in 2024.

The Net Operating Cash Flow per Share (NOCFPS) declined by 30.53%, falling to Tk. 10.26 from Tk. 14.77 in June 2024. NOCFPS has decreased due to increase in inventory, lower collection from customers, higher payment to suppliers and tax authorities. Operating profit increased by 26.42% to Tk. 733.96 million from Tk. 580.59 million in June 2024. Operating profit increased due to increase of revenue and decreased of selling and distribution expenses.

Material change or change in the nature of business

During the year under review, there are no 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 2025, the cost of goods sold decreased by 0.34% to Tk. 3,511.19 million from Tk. 3,523.18 million in June 2024. The cost of goods sold decreased due to increase of closing inventory during the year.

Gross Profit Margin: In June 2025, gross profit increased by 18.60% to Tk. 899.05 million from Tk. 758.07 million in June 2024. The Gross Profit Margin of the company has also improved to 20.39% in FY 2024–25 compared to 17.71% in FY 2023–24, reflecting an increase of approximately 2.68 percentage points.

Net Profit Margin: The net profit margin represents how much net income a company generates as a percentage of its total revenue, indicating overall profitability and cost efficiency. For the year ended 30 June 2025, the company's net profit margin stood at 5.92%, compared to 6.05% in the previous year. Net profit increased due to increase of gross profit and decrease operating expenses.

Although net profit increased slightly from Tk. 259.17 million to Tk. 261.05 million, the rate of increase in revenue overtaken the growth in profit. This led to a marginal decline in the profit margin by 0.13 percentage points.

Risks and concerns

Risk assessment and mitigation constitute a core focus of Index Agro Industries Limited. The company is well-positioned to anticipate uncertainties arising from both local and global economic developments. The Board of Directors actively monitors, evaluates, and identifies

potential risks and threats that may affect the company's profitability and long-term sustainable growth. Detailed information on these risks, including both internal and external factors, is provided in the 'Risk Management and Control' section on page no. 55 of this Annual Report.

Appointment of Statutory Auditors and Compliance Auditor

Khan Wahab Shafique Rahman & Co., Chartered Accountants, shall retire at the 25th Annual General Meeting (AGM) and, being eligible, have offered themselves for re-appointment. The Board of Directors has recommended their re-appointment as statutory auditors for the year ending June 30, 2026. The statutory auditors have submitted their reports on the financial statements of the company for the year ended June 30, 2025, which form an integral part of this Annual Report.

In accordance with the Corporate Governance Code 2018 issued by BSEC, the Board has also recommended the re-appointment of M/s. Podder & Associates, Cost & Management Accountants, as the company's compliance auditor for the year ending June 30, 2026. Their appointment, for certification of compliance with the Corporate Governance Code 2018, will be placed before the 25th AGM for shareholders' approval.

Related party transactions

The company has no transactions with related parties in the normal course of business during the financial year 2024–2025. However, the company entered into certain transactions with entities that fall within the definition of related parties as per IAS 24. The total transactions with significant related parties as of 30 June 2025 are as follows:

Name of the company	Relationship	Nature of the Transaction	Opening Balance	Addition	(Adjustment)	Closing Balance
Monalisa Ceramics (BD) PLC.	Common Director	Short Term borrowing	-	45,000,000	(29,000,000)	16,000,000
Kanchan Purbachal Power Generation Ltd.	Common Director	Short Term borrowing	-	71,500,000	-	71,500,000
X-Ceramics Ltd.	Associate Company	Equity Income	-	14,959,274	-	-

Corporate social responsibility

Details of the company's CSR activities during the year is discussed in the 'Corporate social responsibilities' section on page no. 60 of this Annual Report.

Human Resources Management

Index Agro Industries Limited recognizes that its workforce is its most valuable asset and a key driver of organizational success. The company is committed to cultivating and empowering employees by equipping them with essential skills through regular internal training programs and workshops designed to enhance expertise

within their respective fields. In addition, Index Agro Industries Limited prioritizes the provision of a safe and healthy work environment for all employees. As of the reporting period, the company employs 992 full-time staff members.

Internal Control

The company has established robust policies and procedures to ensure efficient business operations, protect assets, prevent and detect fraud or errors, comply with applicable laws and regulations, maintain accurate and complete accounting records, and provide timely, reliable financial information.

Furthermore, an independent Internal Audit and Compliance Department, headed by a dedicated chief, has been instituted to monitor the effectiveness of internal controls and ensure ongoing compliance with regulatory requirements.

Board of Directors meetings and attendance

The company's Board of Directors consists of 06 (six) members, including 02 (two) independent directors of which one is female director as per CG Code of BSEC. Throughout the year under review, the Board convened for a total of 10 (Ten) meetings. Details regarding the number of meetings held and the attendance of each director can be found in 'Annexure-B' on page no. 75 of this Annual Report."

Code of conduct

In compliance with the conditions of Corporate Governance Code 2018 of BSEC, 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.

Appointment/re-appointment of directors

In accordance with Article 142 of the Articles of Association of the company, Mr. Md. Mazherul Quader, will retire from his office as Director by rotation at the 25th 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 2025, the company did not pay any remuneration to any directors including the independent director except Board meeting attendance fees.

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. 76 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.

Explanations on qualification and adverse remark of auditor's report

Basis for qualified Opinion

Auditor's Remark:

The auditor has mentioned that the company has an excess balance of Tk. 17,368,754 and Tk. 5,477,757 in advance income tax and provision for income tax respectively than presented in the financial statements, which can be adjusted in the later years.

Management's Explanation:

The difference in the balances of advance income tax and provision for income tax primarily arose due to excess amount of AIT and Provision for Income tax has not been adjusted with the tax liability of the respective year. Therefore, the balance of excess amount exists in the balance sheet as advance, deposits and pre-payments and provision for expenses. However, this additional amount shall be adjusted with the tax liability in the upcoming year.

The management believes that the said matter is of temporary nature and will be resolved in due course, and therefore does not affect the true and fair view of the financial statements.

Matter of Emphasis

- a. Attention is drawn to the fact that X-ceramics Limited has shared a profit of BDT 14,959,274 with Index Agro Industries Limited during the year. However, the financial statements of X-Ceramics Limited have not yet been audited.



Management Explanation: The said amount represents Index Agro's share of profit from investment in X-Ceramics Ltd. (XCL), as per records and confirmation by XCL. The audit of financial statements of X-Ceramics Ltd. is expected to be completed shortly. Necessary adjustments, if any, arising out of the audited financial statements of XCL will be accounted for in the subsequent period, upon finalization of their audit.

- b. An amount of Tk. 107,502,255 has been lying in the balance of Workers' Profit Participation Fund (WPPF) Payable which the company will transfer to the respective WPPF trustee account as disclosed in note 20.03 03 to the financial statements.

Management Explanation: Due to cash flow mismatches in the poultry sector over the past few years, the company could not transfer the entire provisioned amount within the reporting period. As of June 30, 2025, the closing balance stood at Tk. 107,502,255.00 out of which Tk. 20,500,000 has already been transferred to the designated WPPF bank account on October 23 and October 26, 2025. The management has decided to take appropriate measures to transfer the remaining provisioned amount to the WPPF account and to ensure its timely disbursement among eligible employees within the next couple of years.

- c. We are yet to receive confirmation for complete receivable amount. The management maintains expected credit loss provision based on management policy which need to be updated.

Management Explanation: The company has followed its internal policy in determining the expected credit loss provision based on aging, historical trends and customer-specific assessments. While not all external confirmations were received within the audit timeline, management has verified the balances through subsequent collections and internal review.

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, 2025 duly signed by the Managing Director and Chief Financial Officer is included on page no. 103 of this Annual Report.

Credit rating report

The Credit Rating Agency of Bangladesh Limited (CRAB) assigned a credit rating to Index Agro Industries Limited on 20 December 2024. In determining this rating, CRAB considered the company's audited financial statements

up to 30 June 2024, its bank liability position as of 30 November 2024, and other relevant quantitative and qualitative information available up to the date of the rating declaration. The credit rating certificate is presented on page no. 100 of this Annual Report.

Corporate Governance

Corporate Governance constitutes the framework through which a company is directed, managed, and controlled by its Board of Directors, with a primary focus on accountability to shareholders. Index Agro Industries Limited remains committed to full compliance with the provisions of the Corporate Governance Code 2018, issued by the Bangladesh Securities and Exchange Commission. Detailed information on our corporate governance practices can be found in the *Corporate Governance Report* on page no. 81 of this Annual Report.

Reporting and compliance of corporate governance

The company has complied with the provisions of the Corporate Governance Code 2018, issued by the Bangladesh Securities and Exchange Commission on 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. 85 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. 99 of this Annual Report.

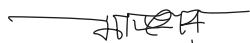
Event after the reporting date

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: 16.10.2025

ANNEXURE-A

Key operating and financial data of preceding five years

Amounts in Taka

Particulars	30-Jun-2025	30-Jun-2024	30-Jun-2023	30-Jun-2022	30-Jun-2021
Revenue	4,410,237,259	4,281,254,785	4,191,025,405	4,154,327,729	3,672,667,933
Cost of goods sold	3,511,187,917	3,523,181,912	3,459,474,093	3,579,132,497	3,131,566,787
Gross profit	899,049,342	758,072,873	731,551,312	575,195,232	541,101,146
Administration expenses	73,367,755	72,266,038	60,879,705	68,316,776	49,566,872
Selling and distribution expenses	91,725,627	105,216,746	125,974,145	111,345,295	128,510,215
Operating Profit	733,955,960	580,590,089	544,697,461	395,533,161	363,024,059
Finance Cost	366,369,409	235,429,668	203,110,241	143,309,210	111,191,083
Other income	6,669,983	13,975,450	34,972,023	30,150,361	9,426,886
Net profit before tax	343,449,477	302,604,437	290,050,618	288,811,290	267,695,120
Income tax expenses	82,394,888	43,433,659	43,405,373	48,216,768	35,118,770
Net profit after tax	261,054,589	259,170,778	246,645,244	240,594,522	232,576,349
NAV per share	85.74	82.14	77.00	62.93	58.27
EPS	5.52	5.48	5.22	5.09	5.63

ANNEXURE-B

The number of Board meetings held and the attendance by each director for the year ended 30th June 2025

Name of Directors	Position	Number of meetings held while a member	Number of meetings attended
Mr. Md. Mazherul Quader	Chairman	10	8
Mr. Mahin Bin Mazher	Managing Director	10	9
Ms. Mehzabin Mazher	Director	10	8
Mr. Md. Mamunur Rashid FCMA	Director	10	8
Mr. A.K.M. Delwer Hussain FCMA	Independent Director	5	2
Mr. Abu Bakar Siddique FCMA	Independent Director	4	2
Ms. Shahana Parvin FCMA	Independent Director	4	2



ANNEXURE-C

The pattern of Shareholding as on 30th June 2025

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	97,50,000
Abu Bakar Siddique FCMA	Independent Director	Nil
Shahana Parvin 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	4,630
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		
Mohammad Mazedul Hannan	VP, Operations	Nil
Md. Abdul Jalil	Head of Plant	Nil
Sair Bin Ahmmmed (Rusho)	GM, Sales & Marketing	Nil
Lulu Shahanaz	AVP, QC	Nil
Md. Kamruzzaman	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