

*Strictly Private & Confidential*

## INFORMATION MEMORANDUM

Runner Auto Sustainability Bond

of

**BDT 2,675,000,000**

for

**Runner Automobiles PLC**

**RUNNER**

Trustee



DBH Finance PLC

Guarantee provider



GuarantCo Ltd

Sustainability Certificate Provider

**Moody's**

Moody's Investors Service Singapore Pte. Ltd

Sustainability Bond Guidelines



International Capital Market Association

**Lead Arranger & Advisor to the Transaction:**

**Green Delta Capital Limited**



**Issue Amount:** BDT 2,675,000,000 (Twenty-Six Hundred Seventy-Five Million)

**Face Value of Each Bond:** BDT 1,000,000

**Number of Securities:** 2,675

**Coupon Rate:** Will be fixed at the time of bond issuance within the range of 8.50%-9.00% per annum

**Tenor:** Up to 7 years with up to 2-year moratorium period

**Issue Date of IM:** June 20, 2023

### Credit Rating status of the Issue

Runner Automobiles PLC	Short Term	Long Term
Rating of the Issuer	ST-3	A1
Bond Issue Rating	AA3	
Rating Agency	Credit Rating Agency of Bangladesh Ltd. ( CRAB)	

If you have any queries about this document, you may consult the issuer and the trustee.

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

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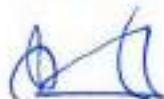
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The information relating to the company contained in this Information Memorandum is believed by the issuing company to be accurate in all respects as to the date hereof. The issuer has prepared this Information Memorandum and the issuer is solely responsible for its contents. The issuer will comply with all laws, rules and regulations and has obtained or will obtain all regulatory, governmental and corporate approvals for the issuance of the Bond. All of the information contained in this Information Memorandum has been provided by the issuer or is from publicly available sources, and such information has not been independently verified by GuarantCo Ltd. ("GuarantCo"). No representation or warranty, express or implied, is or will be made, and no responsibility or liability is or will be accepted, by GuarantCo or any of its affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained herein, and GuarantCo hereby expressly disclaims, to the fullest extent permitted by law, any responsibility for the contents of this Information Memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained herein or any omissions herefrom. By accepting this Information Memorandum, you agree that GuarantCo will not have any such liability.

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Page 1 of 105

  
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Page 2 of 105



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## Table of Contents

1. Executive Summary.....	7
2. Report to the Eligible Investors.....	10
2 Risk Factors & Management's Perception about The Risks .....	11
2.1 Interest Rate Risk.....	11
2.2 Exchange Rate Risk.....	11
2.3 Non-Repayment Risk .....	11
2.4 Prepayment, Call or Refunding Risk.....	12
2.5 Security Risk .....	12
2.6 Liquidity Risk.....	12
2.7 Management Risk.....	12
2.8 Operational Risk.....	13
2.9 Business Risk .....	13
2.10 Industry Risk.....	14
2.11 Market Risk.....	14
2.12 Technology-Related Risk.....	14
2.13 Risks Related to Potential or Existing Government Regulations.....	14
2.14 Risks Related to Potential Changes in Global or National Policies .....	15
3 Detailed description and information .....	16
3.1 Particulars of issuer .....	16
3.2 Particulars of Lead Arranger & Advisor to the Transaction.....	16
3.3 Particulars of issue .....	17
3.4 Particulars of Trustee.....	18
3.5 Particulars of the credit rating company.....	19
4 Details of the Utilization of the Proceeds.....	20
4.1. Sector Fit from the List of Eligible Sectors Mentioned in "Schedule-E" of Bangladesh Securities and Exchange Commission (Private Placement of Debt Securities) Rules 2021 .....	21
4.2. Objective of the Project with regard to its Climate & environmental Impact and Social Benefit .....	21
5 Sustainability Bond.....	22
5.1. Use of Proceed Under the Sustainability Framework .....	23
5.2. The Evaluation Process.....	25
5.3. About the sustainability certificate provider: Moody's.....	25
6 Features of the Bond to be issued.....	26
7 Description of collateral security and type of charges to be created against the issue .....	29
8 Rights, Duties and Obligations of the Issuer .....	34
9 Rights and Obligations of the Trustee.....	37
10 Rights and Obligations of the Eligible Investors.....	41
11 Description of the Issuer – Runner Automobiles PLC .....	42
11.1 About Group .....	42
11.2 About the Issuer: Runner Automobiles PLC.....	42
11.3 RAPLC Shareholding Structure.....	45
11.4 Product Description of RAPLC.....	45
11.5 Management Team of RAPLC.....	50
11.6 Description of encumbered and unencumbered assets.....	53
11.7 Profile of Board of Directors .....	53
11.8 Management Organogram .....	58
11.9 Awards and Achievements .....	58
11.10 Corporate Social Responsibility.....	60



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11.11	Environment and Social Governance.....	61
11.12	Description of Assets & Liabilities .....	63
11.13	Brief description of previously issued Debt and Equity Securities .....	64
12	Auditor's Report along with Audited Financial Statements.....	66
12.1	Balance Sheet (Consolidated).....	66
12.2	Profit & Loss Account (Consolidated) .....	67
12.3	Cash Flow Statement (Consolidated) .....	68
12.4	Balance Sheet (Separate) .....	69
12.5	Profit & Loss Account (Separate).....	71
12.6	Cash Flow Statement (Separate) .....	72
13	Comparative Financial Statements of The Issuer For The Last 3 Years .....	74
13.1	Balance Sheet of Runner Automobiles PLC (Consolidated).....	74
13.2	Profit & Loss Account of Runner Automobiles PLC (Consolidated) .....	76
13.3	Cash Flow Statement of Runner Automobiles PLC (Consolidated) .....	77
13.4	Balance Sheet of Runner Automobiles PLC (Standalone).....	79
13.5	Profit & Loss Account of Runner Automobiles PLC (Standalone) .....	81
13.6	Cash Flow Statement of Runner Automobiles PLC (Standalone).....	82
14	Ratios for the Last Five (05) Accounting Years .....	84
15	Credit Rating Report of the Issue and the Issuer.....	85
16	Latest Default Matrix and Transition Statistics of CRC.....	86
17	Description of the Trustee .....	87
18	Modus Operandi of The Issue .....	91
18.1	Application Procedure .....	91
18.2	Allotment:.....	91
18.3	Form, Denomination and Title .....	92
18.4	Status of Bond .....	92
18.5	Payments.....	93
18.6	Taxation .....	95
18.7	Events of Default.....	95
18.8	Enforcement Proceedings .....	95
18.9	Application of Moneys.....	95
18.10	Certificates/Reports .....	95
18.11	Replacement of Certificates.....	96
18.12	Notices .....	96
18.13	Effectiveness.....	96
18.14	Notices to Bondholders: .....	96
18.15	Termination .....	97
18.16	Mode of Redemptions and Transfers.....	97
18.17	Transfer.....	99
18.18	Registration and Delivery of Bond Certificates .....	99
18.19	Trading or Listing with the Stock Exchange.....	100
19	Details of Fee Structure and Expenses.....	101
20	Declaration & Due Diligence Certificates .....	102
20.1	Declaration about the responsibility of the directors, including the CEO of the issuer or originator in respect of the information memorandum .....	102
20.2	Due Diligence Certificate of the Trustee.....	103
20.3	Due Diligence Certificate of the Issue Manager & Underwriter.....	104
21	Annexure.....	105



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## 1. Executive Summary

### Bangladesh Economic Overview

Bangladesh is currently one of the fastest growing economy of the country with an average growth rate of 5%-7% over the past decade. The economy of the country was growing consistently high over a decade. However, the COVID-19 pandemic reduced the growth rate to 3.45 percent in FY 2019-20 by halting economic activities throughout the country. However, the economy of the country rebounded quickly in the post-COVID time and according to the provisional estimates of BBS, the GDP growth stood at 7.25 percent in FY 2021-22, 0.05% point higher than the target rate and 0.31% point higher than the previous fiscal year.

According to provisional estimate of BBS, per capita GDP and per capita national income stood respectively at USD 2,723 and USD 2,824 in FY 2021-22. From a business perspective, Bangladesh is a thriving market and its consumer market is growing at an incredible rate. According to the report titled "Asia's Shoppers in 2030", Bangladesh is expected to be the ninth-largest consumer market globally by 2030. This upcoming growth will be fueled by the upper-middle-class population with individuals spending USD 51 to USD 110 per day which is set to expand by 5.9% within the mentioned timeframe.

Throughout the country, infrastructural development is also taking place at a rapid pace. The Government of Bangladesh has focused on increasing connectivity throughout the country and as a part of that, a total of 150,583.46 Km road has been paved by September 2022. It is expected that this road network will improve the accessibility to transportation for personal and business usage alike. Overall, it will result in a socioeconomic and economic development and create a new era for Automobile industry within the country.

### Industry Overview

Automobile industry in Bangladesh is an emerging industry and currently, this industry is dependent on import to meet the local demand. Currently, the size of automobile market is about USD 2,358 Mn where 60% are sourced from Japan, 25% come from India and 5% comes from China. On an average, 4.7 Million vehicles run on the road in a year where majority of 66% are two-wheelers. In the last 5 years, two-wheelers have seen a significant market growth of a 15%. Next two two-wheelers, three-wheelers have seen the second highest growth and has a CAGR of 12%.

In the two-wheeler segment, Hero Motors, Bajaj Auto is leading the market whereas the local manufacturer, Runner Automobiles has created a strong footing over the years. Apart from that, there are Chinese manufacturers that have started to make their presence in the market.

In the three-wheeler segment, Nitol-Niloy Group is working with TVS for local assembling and distribution partner of commercial vehicles and cars whereas Runner is working with Bajaj as the sole manufacturer and distributor of Bajaj's three-wheeler vehicles.


The growth in the three-wheeler market place can be traced back to some of the key factors. The government's latest policy support, such as a 10-year corporate tax break and only 10% for the next decade and an applicable rate of 5% VAT for up to at least 2025 for manufacturers are among some of them. These benefits have started to attract more investment in the three-wheeler automobile sector and is enabling local manufacturing, job creation as well as price benefit to the customers.



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### Group Overview

Runner Group with its Corporate Office at 138/1 Tejgaon Industrial Area, Dhaka was founded in 2000, and is today one of the leading conglomerates of Bangladesh. Since inception, the Company stands on the idea of fairness, honesty and general concern to its customers. Runner Automobiles PLC, the flagship company is holding a formidable leadership position in motorcycle industry of Bangladesh.

With businesses and affiliates operating within areas such as automobiles, real estate, agro-business, bricks and information technology, Runner Group currently employs more than 2100 people who conducts the investments, operations and trading at factories and offices all over Bangladesh. With the help of its resources, Runner Group will continue to evolve and adapt to the changing world. Its largest asset is its competent team of well-trained managers and dedicated employees.

### Company Overview

Runner Automobiles PLC (RAPLC), the flagship company of Runner group, was incorporated in 2000 with the vision of becoming the first automaker in Bangladesh. Its principal activities are manufacturing, distribution and financing of 2-wheeler and 3-wheeler vehicles. It is the only manufacturer in the country exporting locally made motorcycles to Nepal & Bhutan and is expanding its export operations to Africa and South-East Asia. Currently, RAPLC has more than 90% market shares in sub 100 CC motorcycle category; 34% in the 3-wheeler segment and is the market leader in the small scooter segment. RAPLC also has 2 subsidiaries: (i) Runner Motors, which imports and markets EICHER (Manufactured by VE Commercial Vehicles Ltd. India) branded Trucks, Pickups & Tractors, and (ii) Freedom Motors' whose business comprises the activities related to manufacture/ assembly of automobiles / mechanical products and marketing the same all over Bangladesh.

RAPLC has expanded beyond the national territory exported Bangladeshi-made motorcycles to Nepal and Bhutan. In 2017, the company Initiated 2W exports to Nepal, not only as a means to achieve geographic and income diversification for the Company, but also contribute to national exports diversification through overseas sales of engineered products. Since January of that year, RAPLC have shipped more than 400 motorcycles of seven models in Nepal. It officially launched in 16th December, 2017 in Kathmandu, Nepal. For the company, Total export income stood at BDT 4.19 MN in FY 2020-21.

At present, RAPLC has more than 89 active dealers and over 199 sales centers run by trained dealer staffs along with own 55 operational showrooms for motorcycle business. Runner Automobiles PLC is selling the highest quantity of motorcycles in the domestic and overseas market as a manufacturer in Bangladesh. RAPLC believes in empowering the small and medium entrepreneurs and over the years has created strong relationship with these entrepreneurs. For the production, Runner requires Spare parts like motorcycle seat, different cables like: break cable, clutch cable etc., wiring harness, tire, tube, battery, plastic components (side cover, indicator light, head light, fender) and many other parts and accessories and it has been sourcing these spare parts and accessories from small and medium entrepreneurs. By doing so, RAPLC is ensuring financial benefits for the employees and creating employment opportunities.

Recently, RAPLC has become part of the history by inaugurating the country's first "Made in Bangladesh" three-wheeler auto rickshaw for the local and foreign markets. In this three-wheeler production line, 70% of the components will be procured from local sources and rest of the components will be sourced from the Indian automobile manufacturer, Bajaj. In case of the local sourcing of the parts also, RAPLC will work by maintaining technical collaboration with Bajaj. At this newly launched three-wheeler plant in Mymensingh's Bhaluka, the production capacity is around 30,000 auto rickshaws per year. This factory has already created employment for 700 workers, including 300 local and 400 foreign workers.



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It is expected that RAPLC will be able to produce at least 30,000 three wheelers per year to meet a significant portion of the demand of Bangladeshi market.

#### Runner Auto Sustainability Bond

Runner Automobiles PLC is going to issue the first ever internationally certified Sustainability Bond in Bangladesh to fund their rooftop solar project as well as to grow their three-wheeler business segment. According to the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021 (including June 2022 Appendix 1), Social Bond Principles (SBP) 2021 (including June 2022 Appendix 1) and Sustainability Bond Guidelines 2021, this sustainability bond has been certified by Moody's Investors Service Singapore Pte. Ltd. An indicative sustainability Quality Score of SQS3 has been assigned to this bond, which means a Good Score and overall alignment to the principles.

The basic features of the bond are as follows:

Name of Instrument	Runner Auto Sustainability Bond
Basic Features	Unsecured, Guaranteed, Redeemable, and Non-Convertible
Issue Size	BDT 2,675,000,000 (Twenty-Six Hundred Seventy-Five Million)
Tenor	Up to 7 years with up to 2 year moratorium, straight line amortizing
Coupon Rate	8.50%-9.00% per annum

#### Use of Proceeds

The purpose of the bond is to augment Runner's customer base through a credit support mechanism, which will enable the customers to acquire a LPG/CNG/Electric 3-Wheeler ("3W") and to support the construction of a 4MW rooftop solar plant for its 3W manufacturing facility (collectively, the "Project")

A summary details of the use of proceeds is given below-

Use of proceeds	Expected percentage of total transaction proceeds (%)	Estimated value of total transaction proceeds (BDT or USD)
Credit support mechanism for the customers to acquire a LPG/CNG/Electric 3 Wheeler ("Fuel Efficient 3W")	92%	USD 23,000,000 or, BDT 2,461,000,000
Construction of a 4MW rooftop solar plant for its 3W manufacturing facility	8%	USD 2,000,000 or, BDT 214,000,000

Under the Bangladesh Securities and Exchange Commission (Private Placement of Debt Securities) Rules 2021, this bond will qualify under the eligible sector criteria of **Green Bond** as outlined in "Schedule E". Under the Schedule-E, this bond will meet the criteria of "Energy efficiency", "Transportation" and "Others".

This bond will fulfil the energy efficiency criteria under the instalment of 4MW rooftop solar plant for its 3W manufacturing facility and the bond will meet the criteria of "Transportation" as the company manufacture LPG/CNG/Electric 3 Wheeler. Since by issuance of this bond, there will be various social impact by the credit support mechanism for the customers to acquire a LPG/CNG/Electric 3 Wheeler ("Fuel Efficient 3W"), this will fall under "Others" criteria as per Schedule – E.



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## 2. Report to the Eligible Investors

Issuer has obtained information regarding Bangladesh and its economics from various government publications and other sources. Although the issuer believes that its sources are reliable, you should keep in mind that it has not independently verified information it has obtained from industry and government sources and that information from its internal surveys has not been verified by any independent sources. In addition, we have obtained information about the Trustee, i.e., DBH Finance PLC, from the Trustee and do not accept any responsibility for the information contained in the section entitled "The Trustee". Further, we do not accept any responsibility for the information contained in the section entitled "Credit Rating". We are not making any representation to you concerning the accuracy or completeness of the information contained in the section "The Trustee" or in the section "Credit Rating" section.

The distribution of this Information Memorandum and the Offering is restricted only in Bangladesh. It is not intended or made to offer or sale the Bonds in any other jurisdiction. The Offerings will not be offered to the public at large in Bangladesh, or outside Bangladesh.

We may withdraw this offering at any time, and we reserve the right to reject any offer to purchase the Bonds in whole or in part and to sell to any prospective investor less than the full amount of the Bonds sought by such investor.

We have obtained approval of the Bangladesh Securities and Exchange Commission for issue of Bond and the distribution of this Information Memorandum. Bangladesh Securities and Exchange Commission has given their consent to issue the Bonds through its letter no \_\_\_\_\_ dated \_\_\_\_\_.



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## 2 Risk Factors & Management's Perception about The Risks

Investing in bonds involves a degree of risk. All Investors should carefully consider all the information in this Information Memorandum, specifically the risk factors both internal and external, before making any investment decision. This section addresses the possible risks an investor might have to bear by investing in the Bond and each risk factor is followed by management's perception regarding the risk. If any of the risks described below materializes, it could have a serious impact on the Issuer's financial results, and the ability of the Issuer to fulfill its obligations under the Bonds to be issued. However, the list of risk factors is not meant to be a comprehensive description of all the risks which may be relevant to a decision to invest in the Bond. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

### 2.1 Interest Rate Risk

The financial situation and operational results of the business could be significantly impacted by changes in interest rates and banking practices. Increase in interest rate would create pressure on the company with additional financial cost and reduced profitability of the company.

**Management Perception:** At Runner, the focus of the Management is to deleverage its balance sheet and as a part of that initiative, the Company has focused on debt pre/repayments, also utilizing its IPO proceeds to meet this goal. Over the past several years, the Company has paid-off Tk. 13,659 cr of its principal outstanding (debt), with the result that interest costs have declined by 2% of the same period, with interest outgo of Tk. 646 mn in FY2020-21, against Tk. 575 mn in FY2019-20. Further, the Company also benefits from the country's fixed interest rate regime, with its interest costs (avge.) coming down from 9% in FY2018-19 to 8% in FY2020-21. In addition, RAPLC also regularly reviews its interest rates and invests in FDR as a prudent treasury management practice to ensure natural hedge against rising interest rates.

### 2.2 Exchange Rate Risk

Exchange rate risk can be defined as the risk arising from any fluctuation in the currency exchange rate. Such change can negatively affect the profitability and performance. For a company, exchange rate risk mainly arises from foreign trades. Such trade requires payment in foreign currency in exchange of the local one and thus creates exchange rate risk.

#### Management Perception

Runner Automobiles PLC (RAPLC) is exposed to exchange rate risk on purchases of raw materials that are denominated in a currency other than the functional currency. To manage this exposure normally RAPLC take assistance from relevant banks and if the exchange rate is expected to be volatile it attempts to upfront agree the exchange rate of retiring LCs at the time of settlement date. At balance sheet date there is no major financial instruments having material outstanding foreign exchange risk. To manage this RAPLC will anticipate the volatility in the exchange rate beforehand and will take actions accordingly.

### 2.3 Non-Repayment Risk

The risk that a business may fail to fulfill its obligations to its borrowers is known as non-repayment risk. Non-repayment risk can potentially affect the asset quality as well as the profitability of a business.

**Management Perception:** Runner Automobiles PLC has successfully operated in Bangladesh for twenty-two years. There has been no instance of default to date. Furthermore, in case of any event of scheduled payment default, 100% of the principal amount of the Bond and 6 months of interest thereon are guaranteed by GuarantCo. So, non-repayment risk is almost non-existent.



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## 2.4 Prepayment, Call or Refunding Risk

Prepayment, call or refunding risks are the risks associated with the early repayment of the principal amount of the Bond. Such risk exists in a bond that has prepayment or call option.

**Management Perception:** Since there is no provision for early repayment of the principal amount of the Bond, the bondholders will not be exposed to prepayment or call risks associated with the investment. However, since this Bond is guaranteed bond backed by GuarantCo, in case of DSPA Event or other Draw stop Event, GuarantCo may require early redemption. RAPLC is already aware of the situation and can take necessary steps to fulfill the bond tenor for securing the projected cash flow.

## 2.5 Security Risk

Security is the assets pledged by an issuer to the bondholder to secure repayment of the Bond. Therefore, security risk involves the possibility of recovering the investment by the bondholder by utilizing the charge against the collateral securities in case of Issuer's inability to repay the face value of the Bond.

**Management Perception:** GuarantCo is expected to be the ultimate principal guarantor for the Bond, thus securing the bondholder's investments.

## 2.6 Liquidity Risk

Liquidity risks for bondholders can be considered from two aspects. Firstly, this risk can come from a company's inability to meet short-term and long-term obligations due to unavailability of cash. Another source of liquidity risk is the restriction to sell the Bond to others before the redemption date. In both of the cases, liquidity risk can pose great threat to the investment prospect of a bond.

**Management Perception:** In the past, RAPLC has been able manage its liquidity risk by keeping both quick ratio and current ratio stable. The Company manages its liquidity/cash buffer efficiently and with a long-term focus, and does not envisage emergence of any significant liquidity risk in the near-term. Furthermore, the Company proactively assesses the need for funds to meet its obligations and ensures the availability of cash or collateral to full those needs. To mitigate the other aspect of liquidity risk of the bondholders, RAPLC has structured the Bond with transferability option. The bondholders can transfer the bond at any time after the completion of subscription subject to certain restrictions.

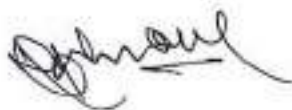
## 2.7 Management Risk

Management risk refers to the chance that company managers may put their own interests ahead of the interest of the company and shareholders. The term signifies the risk of the situation that may occur if the company or any of its stakeholders other than the management would have been better off without the choices made by management. The bondholders may suffer financial losses in such an event. This risk also comes from the departure of any key personnel from the management, absence of successor or inability to optimize the resources.

**Management Perception:** At Runner Automobiles PLC, the Company's internal control and compliance mechanism is superintended by the Board's Audit Committee, required under condition 5 of Corporate Governance Guideline of BSEC, with certain specific assignments under its Terms of Reference (ToR), which comprises four members, including two Independent Directors of the Company. Hence, there is a well-defined ethical and corporate standard based on which the management of



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Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



RAPLC runs regular operations. Overall, it is very unlikely that the management will take decisions in an unprofessional manner.

## 2.8 Operational Risk

Operational risk arises from inadequate or failed processes, people, and systems or from external events. Disruption by labor unions, strikes, work stoppages, also issues with import and availability/delay of production materials can create this risk for a business. Moreover, Natural and political calamities might cause disruptions to factory operations of a business.

**Management Perception:** RAPLC manages the operational risk through a robust risk management framework. The management has years of experience in successfully managing large workforces in multiple factories across the country. They pay attention to their workers needs and provide added benefits at work to improve their work life balance. In addition, RAPLC performs front line controls in each of its factories in line with policies and procedures of the company to create a comprehensive business plan. As for mitigating disruptions caused due to natural events, RA PLC ensures they have large stocks of raw materials and takes every measure possible to prevent factories from shutting down.

## 2.9 Business Risk

Business risk refers to the possibility that the company will have lower than anticipated profit, or that it experiences a loss rather than a profit. Business risk of the issuer could occur by numerous factors including market demand condition for products, increase in import cost, competition, government regulations and economic climate. In some cases, business risks come from the external macroeconomic forces that affect all businesses in general and hence cannot be mitigated by a business.

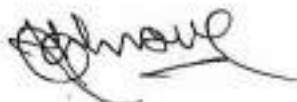
**Management Perception:** Like any other business, business risk exists for Runner Automobiles PLC. Business risk has seen to affect the profitability of Runner in the past and one of the instance has been seen in the half-yearly performance of 2022-23. During this period, the dollar crisis affected the intended number of vehicle import from India. This crisis affected the production and distribution cycle of the company and created imbalance in the economy of scale of production. Further, this situation greatly increased their cost of goods sold for the year impacting gross margin.

The new three-wheeler expansion project of RAPLC has utilized a balanced portion of debt financing. This has increased the overall financing cost and adversely affected the bottom line of the company for the time being. As for the outcome from this project, RAPLC hasn't started to receive the benefit as it has just started to manufacture in the third quarter of 2022-23.

Going forward, RAPLC will start receiving the benefit from its recently established manufacturing facilities. This 3W manufacturing facility will start contributing to the revenue generation of the company. With an annual production capacity of 30,000 units, RAPLC aims to utilize a good portion of the capacity considering the current demand and future forecast. Another significant contribution factor towards enhancing profitability would be its agreement with Uttara Motors Limited, their only major competitor in the 3w segment. Historically, Uttara Motors operated in the same industry with similar strategy and operational structure. Both RAPLC and Uttara Motors have been importing from Bajaj India and conducting trading of 3Ws in Bangladesh. However, with the expansion of 3w manufacturing plant in Bangladesh, RAPLC has the exclusive right to produce and distribute the 3Ws of Bajaj and RAPLC has signed an agreement with Uttara Motors whereby Uttara Motors would be purchasing 3Ws manufactured by RAPLC instead of importing directly from Bajaj India. This would effectively convert Uttara Motors from RAPLC's biggest rival to their biggest customer.



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In general, these actions forward will allow the management of RAPLC to effectively manage their business risk in the upcoming years.

## 2.10 Industry Risk

The risk that an industry will not be able to perform to the expected level is known as industry risk. Such risk can affect a portion of the industry or all of the companies within an industry. A primary source of industry risk is the rise in competition from local and foreign sources which can cause an adverse financial impact on a business.

**Management Perception:** RAPLC has always focused on ensuring customer satisfaction with their products and services which has already established a business reputation in the industry of Commercial Vehicle. There has been continuous effort by the company to bring new products in the market to address consumers' need. The management has always ensured that an equilibrium is ensured with respect to customers need for the product type with the product price. Moreover, the company ensures that customer feedbacks are addressed appropriately in order to stay ahead of the competition in the industry.

## 2.11 Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Management Perception:** The management at Runner Automobiles PLC focuses on the risk elements that it can control but does not focus on market risk directly as it is a systematic risk. Rather, Runner Automobiles PLC keeps a close eye on the macroeconomic factors such as inflation, interest rate, movement of foreign exchange and other leading ones to remain most prepared for any unforeseeable difficulty.

## 2.12 Technology-Related Risk

Market and technology related risk mainly refers to the change in market condition due to technological modifications which would adversely affect the business and profitability of the company. The company to some extent could experience adversity due to changes in technology, which may affect production efficiency and therefore profit in comparison to its competitors.

**Management Perception:** As RAPLC deals with the manufacturing of automobiles, it is necessary for the company to adopt to new technological changes in order to satisfy the market needs and maintain competitiveness. RA PLC is therefore, always in search of the latest technologies to minimize costs and improve product and packaging design. Any disruptive technological advances will affect all players in the industry. RAPLC's R&D team is well aware of such changes and proactively takes measures to prevent such changes from affecting business operations. Currently, RAPLC is manufacturing LPG/CNG 3 wheeler from their three-wheeler manufacturing plant. RAPLC is also planning to start manufacturing electric vehicle from this plant in future which will caters the technological innovation in the future.

## 2.13 Risks Related to Potential or Existing Government Regulations

Companies operating in a country are governed by rules and regulations of different regulatory bodies and the government itself. Though these rules and regulations are aimed at preserving the interest of the mass, at times, government statutory requirements may act as impediments to some business

growth. Changes in the government regulations and existing laws may prove to be too stringent to conduct specific businesses. Some portion of the risk arises due to non-compliance with the governing laws.

**Management Perception:** Runner Automobiles PLC operates under specific guidelines laid down by Bangladesh Road Transport Authorities (BRTA) and other regulatory authorities. It also operates under The Companies Act, 1994, The Financial Institutions Act, 1993, Income Tax Ordinance, 1984, Income Tax Rules, 1984, Value Added Tax (VAT) Act, 1991, and Value Added (VAT) Rules, 1991. Any abrupt change in the policies made by the regulatory authorities may adversely affect the business of the company.

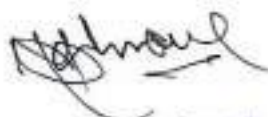
#### 2.14 Risks Related to Potential Changes in Global or National Policies

A company's ability to operate a profitable business is directly related to the national policies including, monetary and fiscal policies of the country at any given time. Imposition of restrictive policy by the government at any time may affect a company's profitability. Again, changes in the existing global or national policies can have either positive or negative impacts on the company. Every company operates under the economic policies formulated and imposed by the political government. The government tends to reshape these policies time to time for the sake of greater interest of the country's economy. Sometimes those changes in existing policy or any future policy framework adversely affect smooth operation of such companies.

**Management Perception:** The management of the Runner Automobiles PLC is always concerned about the prevailing and upcoming future changes in the global or national policy and shall respond appropriately and in a timely manner to safeguard its interests.



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Chief Financial Officer  
Runner Automobile PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



### 3 Detailed description and information

#### 3.1 Particulars of issuer

(a) Name	Runner Automobiles PLC
(b) Legal status:	Public Limited Company listed on Dhaka Stock Exchange and Chittagong Stock Exchange
(c) Details of contact information:	Mr. Subir Kumar Chowdhury Managing Director & CEO Runner Automobiles PLC 138/1 Tejgaon I/A, Dhaka-1208 Phone No. +880 09611222000
(d) Date of incorporation	July 4, 2000
(e) Date of commencement of business:	July 4, 2000
(f) Authorized capital	BDT 2,000 Million
(g) Paid-up capital	BDT 1,135 Million as on Dec 31, 2022
(h) Total equity:	BDT 8,476 Million (Consolidated) , as on Dec 31, 2022
(i) Total liabilities:	BDT 16,765 Million (Consolidated) , as on Dec 31, 2022
(j) Total financial obligations:	BDT 14,763 Million (Consolidated) , as on Dec 31, 2022
(k) Total assets:	BDT 25,241 Million (Consolidated) , as on Dec 31, 2022
(l) Total tangible assets:	BDT 25,175 Million (Consolidated) , as on Dec 31, 2022
(m) Net worth:	BDT 8,476 Million (Consolidated) , as on Dec 31, 2022
(n) Others	Not applicable

#### 3.2 Particulars of Lead Arranger & Advisor to the Transaction

(a) Name	Green Delta Capital Limited (GDCL)
(b) Legal status:	Private Limited Company
(c) Details of contact information:	Md. Rafiqul Islam Managing Director & CEO Green Delta Capital Limited Green Delta AIMS Tower 51-52, Mohakhali C/A Dhaka-1212, Bangladesh
(d) Name of the issue managed by the Lead Arranger & Advisor to the Transaction	<ul style="list-style-type: none"> <li>LankaBangla Finance Limited Subordinated Bond of BDT 3,000 Million</li> <li>LankaBangla Finance Limited Zero Coupon Bond of BDT 3,000 Million</li> <li>Summit Communications Limited Corporate Bond of BDT 1,000 Million</li> </ul>
(n) Others	Not applicable

### 3.3 Particulars of issue

(a)	Name of the issue:	Runner Auto Sustainability Bond
(b)	Type of instruments to be issued:	Unsecured, Redeemable, Non-Convertible, Guaranteed, Sustainability Bond
(c)	Purpose of the issue:	To augment Runner's customer base through a credit support mechanism, which will enable the customers to acquire a LPG/CNG/Electric 3 Wheeler ("3W") and to support the construction of a 4MW rooftop solar plant for its 3W manufacturing facility (collectively, the "Project")
(d)	Number of securities and total size of the issue to be offered:	Number of Securities: 2,675 Total size of the issue to be offered: BDT 2,675,000,000
(e)	Face value and issue price of securities mentioning discount or premium thereof:	Face Value: BDT 2,675,000,000 Issue price of securities mentioning discount: BDT 2,675,000,000
(f)	Coupon rate or rate of return	Will be fixed at the time of bond issuance within the range of 8.50%-9.00% per annum (Upon agreement with investors, coupon rate will be fixed within this range and the fixed rate will be maintained throughout the tenor of the bond)
(g)	Tenor or maturity:	Up to 7 with up to 2 years moratorium, straight line amortizing
(h)	Details of conversion/exchange option features:	Non-Convertible
(i)	Mode of redemption:	Semi-annually
(j)	Mode of option (call or put), if any, in case of redemption or conversion/exchange and discount or premium thereof:	Early redemption option in accordance with the terms and conditions set out in the bond documents. The Issuer can exercise this option to redeem the bond in whole or in part at any time at a price equal to 100.25%.
(k)	Rate of return	Will be fixed at the time of bond issuance within the range of 8.50%-9.00% per annum (Upon agreement with investors, coupon rate will be fixed within this range and the fixed rate will be maintained throughout the tenor of the bond)
(l)	Applicable tax rate:	Taxable as per the law of the country
(m)	Default protection mechanism (details of credit enhancement arrangement/agreement, redemption reserve, sinking fund etc.), if any:	Unconditional, irrevocable and on-demand credit guarantee to cover a default scenario, i.e., non-payment of scheduled debt service of the underlying bond. This covers 100% of principal and 6-months interest of the bond.
(n)	Type of collateral securities being offered, if any:	Unsecured



(o) Status of securities holders in case of priority of payment:	The payment obligations of the Issuer in respect of the Bonds (whether on account of principal or otherwise) will rank pari-passu with all other present and future unsecured obligations of the Issuer
(p) Period within which securities to be issued:	As per the consent of Bangladesh Securities and Exchange Commission
(q) Nature of tradability or listing in the stock exchange(s) (Main Board / ATB /any other platform, mentioning the name of the stock exchange):	The issue will be listed in Alternative Trading Board (ATB)
(r) Others:	Not applicable

### 3.4 Particulars of Trustee

(a) Name of the trustee:	DBH Finance PLC
(b) Paid-up capital of the trustee:	BDT 1,949,903,640 (as of 31 December 2021)
(c) Net worth of the trustee:	BDT 7,994,960,897
(d) Name of the issue(s) where performing as trustee:	<ul style="list-style-type: none"> <li>▪ UCBL 5th Subordinated Bond of BDT 10,000 MN</li> <li>▪ IDLC Venture Capital Fund I of BDT 450 MN by IDLC Finance Ltd.</li> <li>▪ 5th PBL Subordinated Bond of BDT600 MN by Premier Bank Ltd.</li> <li>▪ LankaBangla 1st PE Fund of BDT 250 MN by LankaBangla Securities Ltd.</li> <li>▪ UCB Private Equity Fund I of BDT 1,500 MN by United Commercial Bank Ltd.</li> <li>▪ UCB Venture Capital Fund I of BDT 1,500 MN by United Commercial Bank Ltd.</li> <li>▪ CWT Private Equity Fund (Awaiting SEC Approval) of BDT 150 MN by CWT Private Equity Ltd.</li> <li>▪ Janata Bank Subordinated Bond II of BDT 10,000 MN by Janata Bank Ltd.</li> <li>▪ IBBL 4th Subordinated Bond of BDT 80,000 MN by Islami Bank Bangladesh Ltd.</li> <li>▪ SJIBL 3rd Mudaraba Sub. Bond of BDT 3,000 MN by Shahjalal Islami Bank Ltd.</li> <li>▪ SIBL 4th Mudaraba Sub. Bond of 6,000 MN by Social Islami Bank Ltd.</li> <li>▪ PBL 3rd Subordinated Bond of BDT 7,000 MN by Pubali Bank Ltd.</li> <li>▪ Trust Bank Ltd. VI Sub. Bond of BDT 4,000 MN by Trust Bank Ltd.</li> </ul>
(e) Others:	Not applicable



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Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



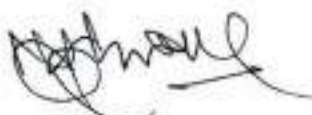
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

### 3.5 Particulars of the credit rating company

(a)	Name of credit rating company:	Credit Rating Agency of Bangladesh Limited (CRAB)										
(b)	Credit rating status of the issuer:	Long Term: A1 Short Term: ST-3 Outlook: Stable										
(c)	Credit rating status of the issue:	AA3										
(d)	Date and validity of rating along with surveillance rating for the issuer or originator and for the issue:	Issuer Date of Rating: 27 November, 2023 Validity: 30 November, 2023  Issue Date of Rating: 13 April, 2023 Validity: 12 April, 2024										
(e)	Latest default rate of the credit rating company:	Not applicable										
(f)	Average time to default of the rated category:	Not applicable										
(g)	Rating trigger, if any:	<p>In the credit rating of the issue falls below the minimum investment grade i.e. "BBB" in the long term or "ST-3" in the short term, then the issuer shall pay an additional fee on top of the stipulated Coupon Rate as a Risk Premium as mentioned in the below table-</p> <table><tr><th>Issue Rating</th><th>Risk Premium to be Added</th></tr><tr><td>BB</td><td>0.01%</td></tr><tr><td>B</td><td>0.03%</td></tr><tr><td>C</td><td>0.05%</td></tr><tr><td>D</td><td>0.07%</td></tr></table>	Issue Rating	Risk Premium to be Added	BB	0.01%	B	0.03%	C	0.05%	D	0.07%
Issue Rating	Risk Premium to be Added											
BB	0.01%											
B	0.03%											
C	0.05%											
D	0.07%											
(h)	Others:	Not applicable										



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#### 4 Details of the Utilization of the Proceeds

The purpose of issuing Runner Auto Sustainability Bond is to augment Runner's customer base through a credit support mechanism, which will enable the customers to acquire a LPG/CNG/Electric 3 Wheeler ("Fuel efficient 3W") and to support the construction of a 4MW rooftop solar plant for its 3W manufacturing facility (collectively, the "Project").

Through the issuance of this bond, RAPLC is aiming to raise USD 25 Million dollars in equivalent BDT 2,675,000,000 (Considering USD to BDT Exchange Rate from Bangladesh Bank dated December 29, 2022).

This bond will also enable RAPLC to look into alternative source of funding and will help diversify the risk management of the company. In addition, being the first ever internationally certified sustainability bond in Bangladesh, this bond will allow RAPLC to gain global recognition and strengthen its sustainability business practice in Bangladesh.

To promote the sales of new plant of 3-wheelers, RAPLC's business model is to provide the credit facilities with down payment starting from BDT 1,50,000 to the drivers and students. With pay per kilometer payment system, the customers have to pre pay BDT 5 per kilometer. Effectively, the vehicle would have to be driven up to 1,20,000 KM to complete the full payment and to attain full ownership of the vehicle. To facilitate the business expansion, RAPLC needs to issue a long-term sustainable bond for an amount of USD 25 Million in equivalent BDT 2,675,000,000.

The proceed of this bond will go into following areas-

Use of proceeds	Expected percentage of total transaction proceeds (%)	Estimated value of total transaction proceeds (BDT or USD)
Credit support mechanism for the customers to acquire a LPG/CNG/Electric 3 Wheeler ("Fuel Efficient 3W")	92%	USD 23,000,000 or, BDT 2,461,000,000
Construction of a 4MW rooftop solar plant for its 3W manufacturing facility	8%	USD 2,000,000 or, BDT 214,000,000

Through the installation of Commercial and Industrial Solar Panels, RAPLC plans to install a 4 MW AC solar rooftop power generation unit at their factory premises which could potentially save around 24% on the total utility bills of the plant. In addition, RAPLC will be able to offset c. 3,794 metric tons of CO<sub>2</sub> emissions per year. The system will be Grid connected so any surplus generation can be supplied to the grid under the "Net Metering Guideline of Bangladesh 2018".

Majority of proceeds will be utilized towards the social aspects in extending credit support primarily to the rural customers to acquire LPG 3 wheeler. This will improve the livelihoods of people who might otherwise be unable to afford the vehicle on a cash payment basis.

As RAPLC sells these vehicles on credit, it takes a certain period (Maximum 36 months) to realize the full sales amount in cash. As a result, it creates a large receivable in the accounts. To manage this situation and continue the manufacturing smoothly, RAPLC will use the bond proceeds (92% of the bond proceeds). Initially, up to USD 15 million will be utilized towards maintenance of the company's operation (managing working capital facility) before being used to finance 3W credit sales (As interim utilization). In term of utilizing the financing facility for 3W credit sales, the bond proceed will be drawn specifically against the receivables created in favour of the LPG/CNG/Electric 3 Wheeler ("3W") and in this way it will assist RAPLC in enhancing its credit support mechanism.



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#### **Details of Interim Utilization**

For Runner, it will take around 12 to 18 months to generate sufficient credit sales to utilize 92% of the bond proceeds. Within this period, the total fund will not be utilized simultaneously and RAPLC will have to bear coupon payment on the amount. To manufacture the vehicles that will subsequently generate these credit sales, RAPLC will need to avail working capital facilities and bear interest cost on such facilities. This will create a dual coupon/financing cost scenario and will be an additional burden for the company.

To maximize the benefit of the shareholders, an interim utilization of USD 15 Million equivalent has been granted to RAPLC to ease the dual coupon/financing cost scenario. This interim utilization will be used by the company to manage its working capital facilities that will help create a smooth flow of business operations allowing the company to further expand the business. It will also create positive impact on the consolidated profitability of the company.

Since the bond embodies both green and social aspects, it is being labelled as a sustainability bond under the worldwide accepted definitions of ICMA.

#### **4.1. Sector Fit from the List of Eligible Sectors Mentioned in "Schedule-E" of Bangladesh Securities and Exchange Commission (Private Placement of Debt Securities) Rules 2021**

Under the Bangladesh Securities and Exchange Commission (Private Placement of Debt Securities) Rules 2021, this bond will qualify under the eligible sector criteria of green bond as outlined in "Schedule E". Under the Schedule-E, this bond will meet the criteria of "Energy efficiency", "Transportation" and "Others". This bond will fulfil the energy efficiency criteria under the instalment of 4MW rooftop solar plant for its 3W manufacturing facility and the bond will meet the criteria of "Transportation" as the company manufacture LPG/CNG/Electric 3 Wheeler. Since by issuance of this bond, there will be various social impact by the credit support mechanism for the customers to acquire a LPG/CNG/Electric 3 Wheeler ("Fuel Efficient 3W"), this will fall under "Others" criteria as per Schedule – E.

#### **4.2. Objective of the Project with regard to its Climate & environmental Impact and Social Benefit**

Runner Auto Sustainability Bond is going to be the first of its kind in Bangladesh. This bond is certified by Moody's Investors Service Singapore Pte. Ltd.

The purpose of issuing Runner Auto Sustainability Bond is to augment Runner's customer base through a credit support mechanism, which will enable the customers to acquire a LPG/CNG/Electric 3 Wheeler ("3W") and to support the construction of a 4MW rooftop solar plant for its 3W manufacturing facility (collectively, the "Project").

With around 8% of sustainability bond proceed, RAPLC will to install a 4 MW AC solar rooftop power generation unit at their factory premises which could potentially save around 24% on the total utility bills of the plant. With this plant going into operation, RAPLC will be able to offset c. 3,794 metric tons of CO2 emissions per year. This will help the company for energy efficiency for the 3Wheeler manufacturing plant.

About 92% of proceeds will be utilized towards the social aspects in extending credit support primarily to the rural customers to acquire LPG/CNG/Electric 3W (fuel-efficient vehicle). This will improve the livelihoods of people who might otherwise be unable to afford the vehicle on a cash payment basis. With the ownership of a vehicle, the owner will be able to ensure a sustainable income and can ensure the proper education of the children.



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The 3-wheelers that RAPLC are going to offer will be an affordable public transportation and energy-efficient as well. As a part of the sustainability goal of the company, RAPLC is committed to reduce the carbon footprint. To ensure that, Runner Automobiles PLC (RAPLC) is going for LPG and CNG-based vehicle manufacturing. LPG-based vehicles are rapidly growing industry in Bangladesh and is considered as the 'Fuel of the Future'. It is relatively new in Bangladesh and the demand for LPG is growing exponentially in the country. In order to promote the use of LPG, the government has favorable policies. LPG is considered as the most efficient energy source as an alternative. At present, LPG is replacing conventional diesel and octane as improved combustion and clean burning.

CNG, on the other hand is also energy efficient and almost smoke free. Where Petrol and diesel on burning produces black smoke with many poisonous gases which causes environmental pollution, CNG burns almost without smoke and does not produce any poisonous gas. Compared to diesel engines, CNG engines can decrease the greenhouse gas (GHG) emissions by up to 20%.

Most of the 3-wheeler customers of RAPLC come from rural and semi urban areas with nominal income who do not have access to mainstream bank financing. With around 92% of the proceeds, Runner will be able to create social impact for the urban and semi urban under privileged unbanked people by creating a sustainable income opportunity.

## 5 Sustainability Bond

Runner Auto Sustainability Bond is going to be certified by Moody's Investors Service Singapore Pte. Ltd



It intends to align this framework with the four common core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021 (including June 2022 Appendix 1), Social Bond Principles (SBP) 2021 (including June 2022 Appendix 1) and Sustainability Bond Guidelines 2021:

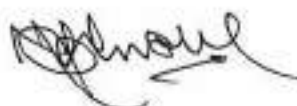
- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds and
- Reporting

The utilization of this Sustainability Bond is also intended to align with the United Nations Sustainable Development Goals ("SDGs"). SDGs are a collection of 17 interlinked goals designed to be a "blueprint to achieve a better and more sustainable future for all".

Eligible areas of investment	Alignment with SDGs	Detailed Criteria
<b>Green</b>		
<b>Renewable Energy</b>	SDG # 7: Affordable and Clean Energy  	Proceeds would be allocated to installation of renewable facility at the factory site






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Social		
Access to Essential Services: Financial Services	SDG # 1: No Poverty	
		
	SDG # 10: Reduced inequalities	
		
	SDG # 8: Decent work and Economic Growth	
		Credit Facility to marginal population who have limited means of earning livelihood and mostly remain in the rural areas of the country

### 5.1. Use of Proceed Under the Sustainability Framework

#### (a) Green Aspect (8% of total proceeds):

Under the green aspect of the targeted sustainable debt, RAPLC plans to install a **4 MW AC solar rooftop power generation unit** at their factory premises. Around 8% of the total proceeds will be used for setting up the solar power unit which could potentially save around 24% on the total utility bills of the plant. With this plant going into operation, RAPLC will be able to offset c. 3,794 metric tons of CO<sub>2</sub> emissions per year. The system will be Grid connected so that any surplus generation can be sold to the grid under the "Net Metering Guideline of Bangladesh 2018".




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Company Secretary



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Runner Automobiles PLC



**(b) Social Aspect (92% of total proceeds):**

About 92% of proceeds will be utilized towards the social aspects in extending credit support primarily to the rural customers to acquire LPG/CNG/Electric 3W (fuel-efficient vehicle) (tied to GuarantCo facility). People who might not otherwise be able to afford the vehicle on a cash payment basis will benefit from this credit support. The owner of a vehicle will be able to ensure a stable income and can have access to proper education for their children. Every 3W supports a low income family, as the owner use the vehicle for income. The income thus contributes the livelihood of the family and basic needs of the children such as food, shelter and education of the children, Runner's EMI mechanism provides the perfect support for the low income people to attain ownership of an earning asset. Most of the 3-wheeler customers of RAPLC come from rural and semi urban areas with nominal income who do not have access to mainstream bank financing. Also, the banks and FIs are shy to cater this 3-wheeler segment and depend more on financing of 4-wheelers to develop their auto loan portfolio.



Under the credit model, customers can acquire the vehicle with a down payment starting from BDT 1,50,000 pay the remaining amount in pay per kilometre payment system.

Runner is operating a driver-training center as part of their CSR program. Since GuarantCo is the guarantee provider of this bond, GuarantCo will provide a grant facility for this training center to support the learning of 3W driver.

**Selection of Funding Areas under Sustainability Bond**

**(c) Social segment**

A Standard Operating Procedure (SOP) will be used by Runner Automobiles PLC to select and assess prospective customers who are qualified to acquire the credit facility. A qualified auditor is envisioned to vet this SOP. As per the SOP, a special committee, "Credit Evaluation and Finalization Committee" will review all the loan applications and finalize the eligible clients for the on-lending facility. This committee will have members from departments such as CSR, legal, treasury, accounting and finance.

This committee will have all the executive decision making power to either accept or reject the credit application and will work in the capacities of-

- Reviewing, approving, and modifying credit selection framework in consultation with the concerned parties
- Monitoring the customers for ensuring regular payment & ensuring minimal payment collection
- Reviewing and approving any credit application
- Ensuring the compliance of bond proceeds as per as internal and external regulations

**(d) Green segment**

For industrial rooftop solar power plant, the construction will be done through CAPEX model and will be financed by 8% of the bond proceeds. The selection of vendor would be on a competitive bidding basis wherein experience of the bidder, bidding price etc. will be considered before finalization of the final vendor/contractor.

The 3-wheelers that RAPLC are going to offer with 92% of bond proceed through credit support mechanism will be an affordable public transportation and energy-efficient as well.

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Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

## Reporting of Use of Proceeds

### (a) Allocation Reporting

RAPLC will report publicly on the use of Sustainable Bond proceeds quarterly and include the information in its Integrated Annual Report ("IAR"). The IAR report will include the following information and will be readily available on the corporate website:

- The value of Sustainable Bonds outstanding;
- Aggregate amounts of proceeds allocated to each Eligible Category; and
- The balance of unallocated proceeds at the time of reporting

### (b) Impact Reporting

Where feasible, the report will include qualitative and/or quantitative environmental and social performance indicators. Performance indicators may change from year to year and may include one or more of the following:

Eligible Green Categories	Potential Metrics
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Estimated annual renewable energy produced (MWh)</li> <li>• Renewable capacity constructed or rehabilitated (MW)</li> <li>• Estimated annual GHG emissions avoided (in tCO<sub>2</sub> e).</li> </ul>
Eligible Social Categories	Potential Metrics
<b>Access to essential services: Financial Services</b>	<ul style="list-style-type: none"> <li>• Number of Unbanked People served</li> <li>• Income range of the People served</li> <li>• Number of credit facilities provided</li> <li>• Value of credit facilities provided/outstanding credit facility</li> <li>• Number of families supported</li> </ul>

## 5.2. The Evaluation Process

Runner Automobiles Plc will form a special committee that will be known as "Credit Evaluation and Finalization committee" which will be entitled with the task of processing the credit applications and final selection. This committee will create a framework based on which all loan applications will be processed by the company. This committee will have members from departments such as CSR, legal, treasury, accounting and finance.

The selection of the appropriate credit facilities has to be done under the use of proceeds as defined. This committee will have all the executive decision making power to either accept or reject the credit application and will work in the capacities of-

- Reviewing, approving and modifying credit selection framework in consultation with the concerned parties.
- Monitoring the customers for ensuring the installment collection
- Reviewing and approving any credit application
- Ensuring the compliance of bond proceeds as per as internal and external regulations.

## 5.3. About the sustainability certificate provider: Moody's

This bond will be certified by Moody's Investors Service Singapore Pte. Ltd.



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Company Secretary



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# Moody's

Moody's are a global integrated risk assessment firm that empowers organizations to make better decisions. Their data, analytical solutions and insights help decision-makers identify opportunities and manage the risks of doing business with others. They believe that greater transparency, more informed decisions, and fair access to information open the door to shared progress. They have 13,000 employees in more than 40 countries, Moody's combines global presence with local expertise and over a century of experience in financial markets.

Continuing to expand and enhance their efforts to integrate ESG best practices throughout their business and develop and promote globally consistent standards for assessing ESG risks and opportunities. Their data and insights across Environmental, Social and Governance (ESG) and climate risks, as well as sustainable finance, can help businesses achieve the objectives of the sustainable development agenda. They have 600 SPOs globally across 30+ different countries.

Their mission is to provide trusted insights and standards that help decision-makers act with confidence.

## Global & cross-sector reach



## Moody's Board of Directors

Members name	Designation
Mr. Rob Fauber	President & Chief Executive Officer
Ms. Tameka Alsop	Chief Administrative Officer
Ms. Christine Elliott	Chief Corporate Affairs Officer
Mr. John Goggins	General Counsel
Mr. Mark Kaye	Chief Financial Officer
Ms. Maral Kazanjian	Chief People Officer
Mr. Scott Kenney	Chief Audit Executive
Mr. David Platt	Chief Strategy Officer
Mr. Stephen Tulenko	President of Moody's Analytics
Mr. Michael West	President of Moody's Investors Service

## 6 Features of the Bond to be issued

<b>Name of Instrument</b>	Runner Auto Sustainability Bond
<b>Basic Features</b>	Unsecured, Redeemable, Non-Convertible, Guaranteed, Sustainability Bond



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**Mizanur Rahman**  
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Issuer	Runner Automobiles PLC (RAPLC)																																	
Purposes and Objectives	To augment Runner's customer base through a credit support mechanism, which will enable the customers to acquire a LPG/CNG/Electric 3 Wheeler ("3W") and to support the construction of a 4MW rooftop solar plant for its 3W manufacturing facility (collectively, the "Project")																																	
Lead Arranger & Advisor to the Transaction	Green Delta Capital Limited																																	
Trustee	DBH Finance PLC																																	
Guarantor	GuarantCo Ltd																																	
Issue Size	USD 25 Million Equivalent to BDT 2,675,000,000 <sup>1</sup>																																	
Units to be issued	2,675																																	
Denomination	BDT 1,000,000 (One Million)																																	
Minimum Subscription	BDT 1,000,000 (One Million)																																	
Tenor	Up to 7 years with up to 2 year moratorium, straight line amortizing																																	
Security	Unsecured																																	
Investors	Multinational and Local Insurance companies, Banks and Financial Institutions, Corporates and High Net Worth Investors																																	
Mode of Placement	Private Placement on a best effort basis																																	
Yield/Coupon rate	Will be fixed at the time of bond issuance within the range of 8.50%-9.00% per annum (Upon agreement with investors, coupon rate will be fixed within this range and the fixed rate will be maintained throughout the tenor of the bond)																																	
Redemption	Semiannual coupon payments for up to Year 02 Semiannual coupon plus principal payments from Year 02 to maturity																																	
Late Redemption	Default interest rate of 2% per annum above the Coupon Rate as per the bond documents.																																	
Repayment schedule	<div>Amount in BDT MN</div> <table><tr><th>Period</th><th>Principal</th><th>Amount outstanding</th></tr><tr><td>1</td><td>-</td><td>2,675</td></tr><tr><td>2</td><td>-</td><td>2,675</td></tr><tr><td>3</td><td>-</td><td>2,675</td></tr><tr><td>4</td><td>-</td><td>2,675</td></tr><tr><td>5</td><td>268</td><td>2,408</td></tr><tr><td>6</td><td>268</td><td>2,140</td></tr><tr><td>7</td><td>268</td><td>1,873</td></tr><tr><td>8</td><td>268</td><td>1,605</td></tr><tr><td>9</td><td>268</td><td>1,338</td></tr><tr><td>10</td><td>268</td><td>1,070</td></tr></table>	Period	Principal	Amount outstanding	1	-	2,675	2	-	2,675	3	-	2,675	4	-	2,675	5	268	2,408	6	268	2,140	7	268	1,873	8	268	1,605	9	268	1,338	10	268	1,070
Period	Principal	Amount outstanding																																
1	-	2,675																																
2	-	2,675																																
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6	268	2,140																																
7	268	1,873																																
8	268	1,605																																
9	268	1,338																																
10	268	1,070																																

<sup>1</sup> Considering USD to BDT Exchange Rate from Bangladesh Bank dated December 29, 2022



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**Mizanur Rahman**  
Company Secretary



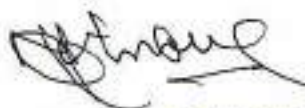
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



	11	268	803
	12	268	535
	13	268	268
	14	268	-
<b>Taxation</b>	Taxable as per Tax Regulations in Bangladesh		
<b>Prepayment</b>	N/A		
<b>Enforcement of Charges over Securities</b>	No charge over the Issuer's assets given this is an unsecured bond. If there is a non-payment event, the DSRA Bank Guarantee will be used as the first source of repayment. In any event the DSRA Bank Guarantee is insufficient to cover the debt service, the non-payment event will trigger a call on GuarantCo's credit guarantee per the Guarantee Deed.		
<b>Cost related to the Issue</b>	<ul style="list-style-type: none"> <li>Regulatory Fees: Application Fee: 10,000 Consent Fee: 0.03% of total face value, BDT 802,500</li> <li>Professional advisers: the fees and expenses of the legal, financial, accountancy and other professional advisers instructed by the Issuer in connection with the creation and issue of the Bonds: At Actual</li> <li>Guarantee Fee: As per Bangladesh Bank (BB) approval</li> <li>Legal documentation: the costs incurred in connection with the preparation and execution of this Agreement and the Bond Documents: At Actual</li> <li>The fees and expenses of the Trustee, the Paying Agent of the Bond, GuarantCo and certain other parties to the Bond Documents; Trustee Fee: BDT 500,000 per annum</li> <li>The cost of obtaining and maintaining any credit rating for the Bonds and the Issuer; Credit Rating Fee: BDT 100,000 per annum</li> <li>Other associated costs: other costs and expenses associated with the Issue including the fee payable to the Lead Arranger &amp; Advisor to the Transaction Lead Arranger &amp; Advisor to the Transaction Fee: As per mandate</li> </ul>		



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## 7 Description of collateral security and type of charges to be created against the issue

Runner Auto Sustainability Bond is unsecured and the claims of the bondholders are not covered by any collateral or security thereon. It shall constitute direct and unconditional obligations of the Issuer and shall at all times rank pari passu with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

GuarantCo Ltd. is providing unconditional, irrevocable and on-demand guarantee of up to 100% of the principal and up to 6 months of interest of the bond (maximum guaranteed amount is USD 27 Million) in case of non-payment of scheduled amounts by RAPLC.

### The Guarantor: GuarantCo Ltd.



#### Overview

Incorporated in 2005 in Mauritius, GuarantCo is a contingent credit solutions provider set up to develop local capital markets and provide long-term, local currency credit solutions for sustainable infrastructure projects in lower income countries across Africa and Asia.

The main function of GuarantCo is to provide credit guarantees to mobilize and crowd-in long-term debt capital to participate and invest in sustainable infrastructure projects in developing countries across the regions. Since the start of its international credit rating exercise in 2014, GuarantCo has been consistently rated by Fitch Ratings ("Fitch") and Moody's Corporation ("Moody's"). GuarantCo's current credit rating stands at AA- (negative outlook) by Fitch and A1 (stable outlook) by Moody's.

GuarantCo is funded by seven of the G12 governments including the United Kingdom, Switzerland, Australia and Sweden, through the Private Infrastructure Development Group (PIDG) Trust and the Netherlands, through FMO and the PIDG Trust. GuarantCo is further funded by France through a stand-by facility and Global Affairs Canada through a repayable facility. GuarantCo's activities are managed by GuarantCo Management Company (GMC), which is part of Cardano Development.

### Shareholding Structure

#### Existing GuarantCo Group Structure

GuarantCo is owned by the PIDG sponsors through the PIDG Trust and FMO (on behalf of the Netherlands). The PIDG Trust and FMO together form the shareholders of GuarantCo. The PIDG Trust was established as a purpose trust under Mauritian law on 14th March 2003. The PIDG Trust holds 90.13% of GuarantCo's share capital, representing the equity contributions of PIDG Sponsors whereas FMO holds the balance 9.87%. GuarantCo shareholders contribute to GuarantCo through a funders' agreement dated 23<sup>rd</sup> November 2006 as amended and restated from time to time which operates as GuarantCo's shareholding agreement.

GuarantCo's guarantees are backed by USD 344 million of paid-in capital from the development agencies of the five sponsoring governments of the United Kingdom, the Netherlands, Switzerland, Australia and Sweden. In addition, GuarantCo benefits from GBP 130 million of callable capital from the



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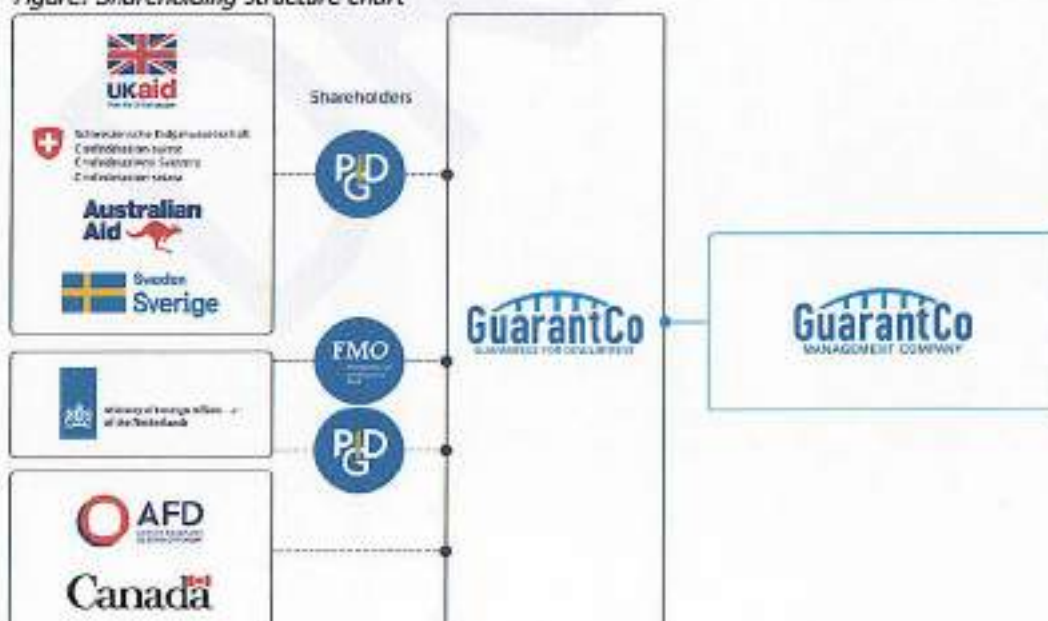
Foreign, Commonwealth and Development Office (FCDO) of the United Kingdom, a EUR 100 million callable funding facility from Agence Française de Développement (AFD), a USD 31.8 million standby facility from Global Affairs Canada (GAC), and a USD 100 million guarantee agreement with Swedish International Cooperation Agency (Sida).

GuarantCo is able to independently generate revenue through charging upfront, guarantee and monitoring fees as part of its commercial operations and operates on a debt-free basis. It is not dependent on other entities within the PIDG group structure.

Table: GuarantCo shareholding structure

Contributors per Q4 2022 Management Accounts	Contributions (USD M)
<b>Private Infrastructure Development Group Trust</b>	<b>309.9</b>
United Kingdom	231.0
Switzerland	46.9
Sweden	15.0
Australia	9.0
The Netherlands	8.0
<b>PIDG Trust – FX Excess</b>	<b>0.4</b>
<b>The Netherlands</b>	<b>34.0</b>
<b>Total</b>	<b>344.3</b>
<b>Senior Debt</b>	
Agence Française de Développement (AFD)	107.1
Global Affairs Canada (GAC)	31.8
<b>Total</b>	<b>138.9</b>

Figure: Shareholding structure chart



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Mizanur Rahman  
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## GuarantCo Governance Structure

GuarantCo is subject to oversight by PIDG and complies with the PIDG's Operating Policies and Procedures (OPPs) which are available at [https://www.pidg.org/resources/?filter\\_cat=operating-policies-and-procedures](https://www.pidg.org/resources/?filter_cat=operating-policies-and-procedures) and the PIDG Unified Investment Policy and Risk Appetite Framework. The OPPs serve to ensure that the GuarantCo shareholders' investment objectives are upheld. The Investment Policy provides guidance in terms of geographical coverage, eligible types of infrastructure, eligible beneficiaries, sector focus, community impact and exposure limits.

GuarantCo is governed by its Board of Directors, which consists of five members with experience in emerging and developed markets and are nominated by the GuarantCo shareholders. PIDG sets out GuarantCo's strategy and policy, as well as overseeing the conduct of GMC's Management Team. PIDG reports to the GuarantCo shareholders on the operations and performance of GuarantCo.

### GuarantCo Board of Directors

Mr. Philippe Valahu – Chair of the Board

Mr. Cyril Wong

Mr. Rajkamal Taposeea

Mr. Layth Al-Falaki

Mr. Martijn Proos

There is no existing or potential conflict of interest between the director's duties to GuarantCo and/ or their private interests or other duties.

### Business Overview of GuarantCo

GuarantCo conducts its guarantee operations in conformity with its Investment Policy, the OPPs and by adhering to its risk management framework set by PIDG. GuarantCo seeks to monitor and control its risk exposure through a variety of financial, credit, operational and legal controls.

PIDG has set a cap on GuarantCo's guarantee business at a leverage ratio three times its capital base. GuarantCo's risk limits are defined at a group level within PIDG under its Unified Investment Policy – where PIDG's maximum capital erosion in any given year is limited to 3.0%. In accordance with this, group-level concentration limits are set for the maximum exposure of a single borrower, economic sector, and geographical location.

### Guarantee Mandate

GuarantCo primarily supports the placement of local currency debt instruments in domestic and offshore credit and capital markets by infrastructure companies or financial institutions driving investment or lending in sustainable infrastructure projects across Africa and Asia. The support will be provided in the form of contractual, on-demand credit enhancements through financial guarantees for the benefit of lenders and investors. Additionally, in countries defined by the OECD as "Fragile and Conflict-Affected States", GuarantCo may support the placement of U.S. dollar- or Euro-denominated debt instruments. GuarantCo is able to support projects in countries across Africa and Asia considered by the OECD to be least developed, low income and lower middle-income countries (according to the "DAC List of ODA Recipients"). GuarantCo does this by supporting debt funding raised from the private sector globally, provided that the use of such funds occurs in such countries.

### Credit Strength

GuarantCo is rated by international, regional, and domestic credit rating agencies.

Table: GuarantCo credit rating



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Chief Financial Officer  
Runner Automobiles PLC



Mizanur Rahman  
Company Secretary



Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



Credit Rating Agency	Scale	Rating	Outlook	Date Reviewed
Fitch	Global	AA-	Negative	October 2022
Moody's	Global	A1	Stable	June 2022

#### GuarantCo Management Company Management Team

GuarantCo is commercially managed by GuarantCo Management Company (GMC) under a management agreement.

GMC is wholly owned by Cardano Development, a subsidiary of Cardano Development Foundation. GMC manages the day-to-day operations of GuarantCo and is responsible for GuarantCo's transactions, including origination, structuring, documentation, performing due diligence and monitoring GuarantCo's portfolio.

GMC is led by an experienced management team, with previous private sector experience in banking, finance, risk management and credit assessment.

*Table: GMC's Executive Committee*

Name	Position
Mr. Layth Al-Falaki	Chief Executive Officer
Mr. Andy Slack	Chief Credit Officer
Ms. Emily Bushby	Chief Financial Officer/ Chief Operating Officer
Mr. Nishant Kumar	Managing Director, Asia
Mr. Philip Skinner	Managing Director, Global Execution Team

#### GuarantCo's Credit Process

GuarantCo's credit process involves:

1. First stage review by GMC's Executive Committee.
2. Due diligence and negotiation of an agreed term sheet, followed by a full credit approval submission to GMC's Credit Committee, and for transactions that are outside of GuarantCo's normal course of business, to the PIDG Credit Committee as well.
3. Finalisation of documentation.



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Managing Director & CEO  
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### Guarantee Mechanism

Runner Auto Sustainability Bond is an unsecured guaranteed bond. There is no charge over assets of the Issuer. This Bond is backed by the Guarantee of GuarantCo. In case of scheduled payment default, GuarantCo will repay the investors up to a maximum amount of up to USD 27 million (representing up to 100% of the aggregate principal amount of the Bond, and up to 6 months of interest thereon).



In case of payment failure by the GuarantCo Ltd., trustee will enforce its rights, over the payment guarantee as per local regulation to uphold the rights of the investors.

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## 8 Rights, Duties and Obligations of the Issuer

The Issuer shall have the following rights

- i. To be paid the Subscription/Purchase Price of the Bonds subscribed by the Investors under the Subscription Agreement.
- ii. To redeem any and all of the Bonds at its sole option and discretion after expiry of (\*) years from the Issue Date.
- iii. To cancel Bond Certificates and the Bonds represented thereby in the event of non-surrender of the same by the Holders thereof after payment of the Redemption Amount is made or tendered to the Bondholders.
- iv. To refuse to issue Bond Certificates to an Investor in the event of an Investor becoming insolvent after the Subscription Agreement and before issuance of the Bonds.

The Issuer shall have the following duties and responsibilities

- i. The Issuer shall pay Trustee Fee to the Trustee for the services rendered under the Trust Deed.
- ii. Subject to the provision of applicable law, the Issuer shall maintain proper and verifiable books of accounts, records and documents. Provided that books of accounts of the Issuer should be such as to explain its transactions and to disclose at any point of time the financial position of the Bond and in particular give a true and fair view of the state of financial affairs and position of the Issuer follow the accounting policies and standards so as to provide appropriate details.
- iii. The Issuer shall duly register the Trust Deed in all respects so as to comply with the provisions of the Act and the Registration Act 1908 and also cause the Trust Deed to be registered in conformity with the provisions of law and generally do all other acts (if any) necessary for the purpose of assuring the legal validity of these presents.
- iv. The Issuer covenants with the Trustee that it will, as and when the Bond or any of them become due to be redeemed or any principal on the Bond or any of them becomes due to be repaid in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladeshi Taka in Dhaka in immediately available freely transferable funds the principal amount of the Bond or any of them becoming due for redemption or repayment on that date.
- v. The Issuer shall pay the guarantee fee (and any other fees, costs and expenses separately agreed with GuarantCo) to GuarantCo for the services rendered as per the recourse deed entered into between the Issuer and GuarantCo (or such other document(s) between the Issuer and GuarantCo setting out such fees, costs and expenses).
- vi. If any payment of principal or interest in respect of the Bond or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the \_\_\_\_\_ after notice has been given to the Bondholders in accordance with the Conditions that the full amount has been received by the Paying Agent or the Trustee except, in the case of payment to the Paying Agent, to the



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extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and

- vii. In any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused upon due presentation of a Bond Certificate, interest shall accrue at applicable interest rate for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date either on which such principal amount due is paid to the Bondholders or, if earlier, the \_\_\_\_\_ after which notice is given to the Bondholders in accordance with the Conditions that the full amount payable in respect of the said principal amount is available for collection by the Bondholders provided that on further due presentation thereof such payment is in fact made.

#### **Covenants by the Issuer**

The Issuer hereby sets covenants with the Trustee that, so long as any of the Bond remains outstanding, it will:

- i. At all times keep and procure that it keeps such books of account as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer to be prepared and allow, subject to confidentiality obligations under applicable law, the Trustee and any person appointed by it free access to the same at all reasonable times and to discuss the same with responsible officers of the Issuer.
- ii. Give notice in writing to the Trustee forthwith upon becoming aware of any Event of Default and without waiting for the Trustee to take any further action.
- iii. Comply (and shall ensure that each member of the Group will) in all material respects with the corporate governance guidelines set by the Bangladesh Securities and Exchange Commission.
- iv. So far as permitted by applicable law, at all times give to the Trustee such information, opinions, certificates and other evidence as it shall require and in such form as it shall require in relation to Issuer for the performance of its obligations under the Bond Documents.
- v. So far as permitted by applicable law, at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of the Trust Deed.
- vi. Send or procure to be sent to the Trustee not less than 5 (five) business days prior to the date of publication, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice.
- vii. Notify the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Bond or any of them, pay unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Bond.
- viii. Prior to the Redemption Dates or purchase in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or purchase pursuant to the Conditions in FIRST SCHEDULE and duly proceed to redeem or purchase such Bonds accordingly.



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Runner Automobiles Pl.,.



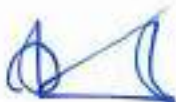
**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



- ix. Upon the execution hereof and thereafter forthwith upon any change of the same, deliver to the Trustee a list of the Authorized Signatories of the Issuer, together with certified specimen signatures of the same; and
- x. Pay moneys payable by it to the Trustee hereunder without set off, counterclaim, deduction or withholding, unless otherwise compelled by law and in the event of any deduction or withholding compelled by law will pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been payable by it to the Trustee hereunder.
- xi. Observe and comply with its obligations and use all reasonable endeavors to procure that the Agents observe and comply with all their obligations under the Agency Agreement; maintain the Register; and notify the Trustee immediately it becomes aware of any material breach of such obligations, or failure by any Agent to comply with such obligations, in relation to the Bond;



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Runner Automobiles Pvt. Ltd.

  
**Mizanur Rahman**  
Company Secretary  
**Sabir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

## 9 Rights and Obligations of the Trustee

### Rights of the Trustee

- i. **Applicable Law:** Notwithstanding anything contained in the Trust Deed the Trustee shall have all such rights and powers granted to it under the applicable law including but is not limited to the Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.
- ii. **Advice:** The Trustee may in relation to the Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by the Trustee, the Issuer, or any Subsidiary) and which advice or opinion may be provided on such terms (including as to limitations on liability) as the Trustee may consider in its sole discretion to be consistent with prevailing market practice with regard to advice or opinions of that nature and shall not be responsible for any Liability occasioned by so acting; any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, telex, cablegram or facsimile transmission;
- iii. **Resolution or direction of Bondholders:** the Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders;
- iv. **Trustee not responsible for investigations:** save as otherwise provided by applicable law, the Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Trust Deed, the Bonds, or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof;
- v. **Entry on the Register:** the Trustee shall not be liable to the Issuer or any Bondholder by reason of having accepted as valid or not having rejected any entry on the Register later found to be forged or not authentic and can assume for all purposes in relation hereto that any entry on the Register is correct;
- vi. **Events of Default:** save as otherwise provided by applicable law, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and under the Trust Deed and no event has happened as a consequence of which any of the Bonds may become repayable; and
- vii. **Right to Deduct or Withhold:** notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a



consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whenever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under the Trust Deed (other than in connection with its remuneration as provided for herein) or any investments or deposits from time to time representing the same, including any income or gains arising therefrom or any action of the Trustee in connection with the trusts of the Trust Deed (other than the remuneration herein specified) or otherwise, then the Trustee shall be entitled to make such deduction or withholding or, as the case may be, to retain out of sums received by it an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee upon the trusts of this Trust Deed.

- viii. **Liability:** The Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to the Trust Deed or the Bonds save in relation to its own gross negligence, willful default or fraud. This Clause 10.1.8 shall survive the termination or expiry of the Trust Deed or the removal or termination of the Trustee.
- ix. **Force Majeure:** The Trustee shall not be liable for any failure or delay in the performance of its obligations under the Trust Deed or any other Bond Document because of circumstances beyond such Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labour disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by the Trust Deed or any other Bond Document, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond such Trustee's control whether or not of the same class or kind as specifically named above.
- x. **Immunities:** The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Trust Deed shall extend to the Trustee's officers, directors and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of the Trust Deed and final payment of the Bonds. The Issuer acknowledges that in any proceedings taken in relation to this Trust Deed, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.
- xi. **Professional charges:** any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of the Trust Deed and also his properly incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with this Trust Deed, in each case as agreed pursuant to the Fee Letter (including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person);



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles Pvt. Ltd.



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



- xii. **Expenditure by the Trustee:** nothing contained in the Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it; and
- xiii. **Trustee may enter into financial transactions with the Issuer:** no Trustee and no director or officer of any corporation being a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, or from accepting the trusteeship of any other debenture stock, debentures or securities of the Issuer or any Subsidiary or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders or the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, for any profit, fees, commissions, coupon, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.
- xiv. **Trustee Liability:** The Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to the Trust Deed or the Bonds save in relation to its own gross negligence, willful default or fraud.
- xv. **Right to Sue:** The Trustee may sue and may be sued on behalf of the Bondholders.

#### Trustee's Power & Duties

- xvi. **Applicable Law:** Notwithstanding anything contained in the Trust Deed the Trustee shall have all such responsibility as set out in the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.
- xvii. **Act for Bondholders:** Subject to applicable law and terms and conditions of this Trust Deed, the Trustee shall act on behalf and for the exclusive interest of the Bondholders;
- xviii. **Monitoring:** Trustee shall ensure that Issuer is observing the applicable law for the Bonds and the terms and conditions of the Bond Documents. As soon as the Trustee is aware of any breach by the Issuer it shall immediately inform the Bondholders and the Issuer of such breach;
- xix. **Report to BSEC:** Trustee shall submit an annual compliance report to the BSEC on the activities of the Issuer including repayment of dues to the Bondholders. When Trustee shall submit such report to the BSEC it shall provide copy to the Issuer and the Bondholders;
- xx. **Grievances of the Bondholders:** Upon receipt of a complaint from the Bondholders Trustee shall take necessary steps for redress of grievances of the Bondholders within one month of the date of receipt of the complaints and he shall keep the BSEC and the Issuer informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;



- xxi. **Trustee's determination:** The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of the Trust Deed or contained in the Bonds is capable of remedy and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Bondholders;
- xxii. **Determination of questions:** The Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of the Trust Deed and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders;
- xxiii. **Trustee's discretion:** the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by the Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise thereof (save as otherwise provided by applicable law) but whenever the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing;
- xxiv. **Trustee's consent:** any consent given by the Trustee for the purposes of the Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require;
- xxv. **Application of proceeds:** The Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds;
- xxvi. **Error of judgment:** The Trustee shall not be liable for any error of judgment made in good faith applying due diligence and without negligence by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters, save in relation to its own gross negligence, willful default or fraud;
- xxvii. **Agents:** Subject to the provisions of the Trust Act 1882 and Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021, the Trustee may, in the conduct of the trusts of the Trust Deed instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money) with the consent of Issuer and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person *provided that* the Trustee had exercised reasonable care in the appointment of such person;
- xxviii. **Confidential information:** The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder

confidential information or other information made available to the Trustee by the Issuer in connection with the Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.

xxix. **Determination of Coupon Rate:** The Trustee shall determine Applicable Coupon Rate in accordance with Condition of the Bond

xxx. **Rating Trigger:** in case a downgrade of credit rating (i.e. below the rating trigger) of the Issue under surveillance rating, the Trustee shall ensure the collection of Risk Premium from the Issuer or originator for the Bondholders/beneficiaries as per declaration in the Trust Deed or IM, aimed at securing the lender claims from the borrower's higher risk level.

## 10 Rights and Obligations of the Eligible Investors

### Rights

The Investors shall have the following rights:

- i. Right to receive a Certificate of Bonds from the Issuer within 30 (thirty) days of closing of subscription period;
- ii. Right to sanction any compromise or arrangement proposed to be made between the Company and the Bondholders;
- iii. Right to sanction any modification, alteration or abrogation of the rights of the Bondholders as may be proposed by the Company, whether such right arise under the Trust Deed or Bonds or otherwise;
- iv. Power to give any direction, sanction, request or approval which under any of the provisions of the Deed of Trust is required to be given by a special resolution adopted in the Bond holders meeting;
- v. At every meeting each Bondholder present in person or by proxy shall, on a show of hands, be entitled to cast one vote only but at a poll, vote or votes will be counted on the basis of holding of Bond or Bonds i.e. 1(one) Bond valuing Tk. 1,000,000 will be entitled to cast one vote.

### Obligations

- i. To pay the subscription/ purchase price of the Bonds to the Issuer.
- ii. To comply with the terms and conditions of the Subscription Agreement and this Deed of Trust in exercise of their rights against the Issuer.
- iii. To deliver and surrender the Bonds to the Issuer upon receipt of notice of redemption of the Bonds given by the Issuer in accordance with this Deed of Trust.



## 11 Description of the Issuer – Runner Automobiles PLC

### 11.1 About Group

Runner Group with its Corporate Office at 138/1 Tejgaon Industrial Area, Dhaka, was founded in 2000, and is today one of the leading conglomerates of Bangladesh. For more than 20 years, the group has been continuously expanding its business all over the country, leading in many of the business segments.



With businesses and affiliates operating within areas such as automobiles, real estate, agro-business, bricks and information technology, Runner Group currently employs more than 2100 people who conducts the investments, operations and trading at factories and offices all over Bangladesh. With the help of its resources, Runner Group will continue to evolve and adapt to the changing world. Its largest asset is its competent team of well-trained managers and dedicated employees.

The ventures under the group are as follow-

Venture Name	Business Nature
Runner Automobiles PLC	2W and 3W manufacturer
Runner Motors Ltd.	Authorized distributor of VOLVO Eicher Commercial Vehicle
Runner Properties Ltd.	Real Estate
Runner Lube & Energy Ltd.	Servo Lubricants & Greases distributor
Runner Trading Ltd.	IVECO & Construction Equipment

### 11.2 About the Issuer: Runner Automobiles PLC

Runner Automobiles PLC (RAPLC), the flagship of the Runner Group, is a pioneering Bangladeshi automotive company credited with establishing the motorcycle industry of the nation under the ubiquitous "Runner" brand. The business also comprises assembly and exclusive sales and distribution of Bajaj 3W and a number of international 2W brands, and also commercial vehicles of the Eicher brand (under subsidiary company). RAPLC was established in 2000 as a proprietorship named M/s Runner, the fledgling enterprise was later incorporated as a private company limited by shares.



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



Figure: Factory Building of Runner Automobiles PLC

Over the years, RAPLC has put a lot of effort in understanding the market demand and developed its portfolio accordingly. Particularly in the 2W segment, RAPLC's product variety has grown tremendously and right now it has 40 plus motorcycles and 5 plus scooters available in the market.

The pride of Bangladesh, Runner Automobiles PLC ("Runner or Runner Automobiles") is acclaimed for its excellence in world-class engineering and vibrancy of design to produce a wide range of two-wheelers, right from those used for affordable and comfortable daily commute, to those that embody the thrill and joy of motorcycling.

Runner has a wide product line-up that comprises two-wheelers available across styles, designs, functions and engine displacement that caters to customers with varying needs, expectations and budgets.

Within the two-wheeler category, the Company offers an extensive portfolio comprising motorcycles (from 80-150 cc), step-through and scooters and electric two-wheelers. While Runner enjoys a dominant share of the market in the 80cc motorcycle segment, it was also amongst the first to launch electric two-wheelers in Bangladesh, thus leading the automotive electrification journey in the country. In addition, the Company is also the exclusive distributor of KTM, Vespa and Aprilia 2W brands which enable it to offer a well-rounded portfolio of super-premium lifestyle two-wheeler products in Bangladesh.

Runner manufactures motorcycles at its integrated factory located in Bhaluka, Mymensingh about 70-km north of Dhaka. In fact, the Company is the only full-fledged Bangladeshi manufacturer of 2-wheelers in the country with high value-addition or content/part localization, thus not only promoting 'made in Bangladesh' products, but also endeavoring towards import substitution, while generating direct/indirect employment and making strong contribution to the exchequer. This multi-fold impact as a large scale industry has been recognized by the Government and other regulatory bodies, evident in the number of prestigious awards being bestowed on Runner over the years.

**200+**  
Service points all over  
Country

**54**  
Showroom

**103**  
Active Dealer

**185**  
Sales Center

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



As a pervasive brand of Bangladesh, Runner products are available across the nation through a pan-nation distribution network that comprises both company-owned company-operated (COCO) showrooms as well as dealerships. This network is supported by a robust and widespread spares and services ecosystem that provides high product maintenance and fulfillment assurance to customers all over the country.

Runner Automobiles is also engaged in the three-wheeler business in partnership with Bajaj Auto, an international automotive company of global repute. Three-wheelers are critical in last mile passenger and cargo transportation and Runner has cornered a significant market share in three-wheelers in the country.

Runner Automobiles' major subsidiary company, Runner Motors Limited ("RML") is the exclusive distributor of the famed Eicher brand of light and heavy duty trucks and pick-ups in Bangladesh. Eicher trucks are manufactured by Volvo-Eicher Commercial Vehicles (VECV) with Sweden's AB Volvo. Having created a reputation for innovative technologies and services, this arm of the Group is recognized as an industry frontrunner in modernizing commercial transportation in Bangladesh.

In March 2019, the Company raised BDT 1,000 Million through IPO (Initial Public Offering) under Book Building Method.

#### **Mission**

The mission of Runner Automobiles PLC is to "Establish Runner as a trusted brand through satisfying customers' needs by offering desired products and services at an affordable price".

#### **Vision**

The core visions of Runner are as follow-

- Establishing brand image by meeting customer requirements through environment-friendly technology and taking care of return on investment
- Realizing our mission with effective and efficient human resource utilization and lean manufacturing processes with high productivity.
- Exceeding perceived value of our products amongst customers and contribute to making the world a better place for all.



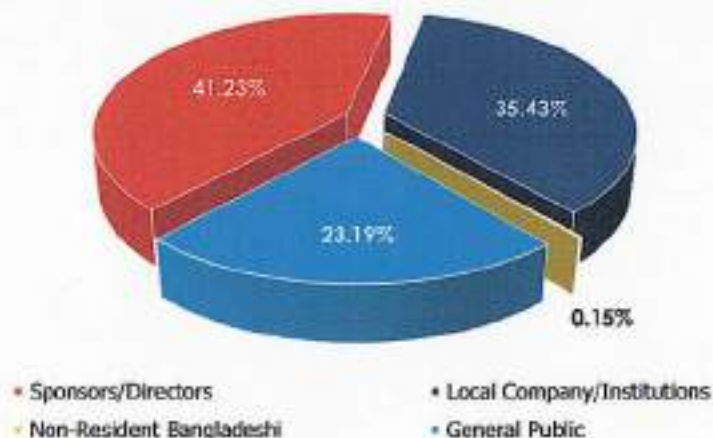


**Shanat Datta, FCA**  
Chief Financial Officer,  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

### 11.3 RAPLC Shareholding Structure



**Figure: Structure of shareholding of Runner Automobiles PLC (RAPLC) as on Dec 2022**

Type of Shareholders	No. of shares	% of shareholding
Sponsors/Directors	46,811,847	41.23%
Local Company/Institutions	40,232,623	35.43%
Non-Resident Bangladeshi	166,659	0.15%
General Public	26,328,803	23.19%
Foreign Company	-	0.00%
<b>Total</b>	<b>113,539,932</b>	<b>100%</b>



On June 2013, Brummer Frontier PE II (Mauritius Ltd.) Invested and became the significant foreign shareholder of RAPLC.

### 11.4 Product Description of RAPLC

RAPLC has a diverse portfolio of product segments that has allowed the company to de-risk from overdependence on any one segment. Apart from some in-house brands, RAPLC also works as distributor for some of the world-renowned brands. Currently, RAPLC sells 2W into several segments such as entry segment, basic segment, mass segment and premium segment. In addition, RAPLC sells Bajaj RE under its 3W segment.



### Runner Two-Wheeler Segment

Within the two-wheeler category, the Company offers an extensive portfolio comprising motorcycles (from 80-150 cc), step-throughs and scooters and electric two-wheelers. While Runner enjoys a dominant share of the market in the 80 cc motorcycle segment, it was also amongst the first to launch electric two-wheelers in Bangladesh, thus leading the automotive electrification journey in the country.

The Company is the exclusive distributor of world-renowned lifestyle motorcycle brands such as KTM, Vespa and Aprilia. In the 3W business, the Company markets Bajaj-branded products, which exhibit superior functions and features thus being high on the recall value for transportation of passengers and small cargo. Under Runner Motors, the company markets a range of commercial products, including small and medium pickups, trucks and tippers that serve the fleet transportation requirements of customers.

Types of 2Wheeler vehicle of RAPLC:

Model	Vehicle Type	Engine Displacement
<b>Bike RT</b>	Motorcycle	86 cc
<b>AD-80S Alloy</b>	Motorcycle	80 cc
<b>Cheetah 100</b>	Motorcycle	100 cc
<b>Deluxe AD-80S</b>	Motorcycle	80 cc
<b>F100-6A</b>	Motorcycle	100 cc
<b>Turbo v2</b>	Motorcycle	125 cc
<b>Royal V2</b>	Motorcycle	110 cc
<b>Bullet Version 2</b>	Motorcycle	100 cc
<b>Knight Rider</b>	Motorcycle	150 cc
<b>Knight Rider V2</b>	Motorcycle	150 cc
<b>HAWK 200</b>	Motorcycle	200 cc
<b>Bolt 165R</b>	Motorcycle	165 cc
<b>XTREET 150</b>	Motorcycle	150 cc
<b>skooty 110</b>	Scooter	110 cc
<b>Kite+</b>	Scooter	110 cc
<b>eWave Voltage</b>	Electric Motorbike	800W
<b>eWave Eco</b>	Electric Motorbike	1200W
<b>eWave Electrica</b>	Electric Motorbike	1200W
<b>Aprilia SR125CBS</b>	Motorcycle	125 cc
<b>Aprilia SR 150 Race ABS</b>	Motorcycle	150 cc
<b>Aprilia SXR 160 FI</b>	Motorcycle	160 cc
<b>Aprilia FX 125</b>	Motorcycle	125 cc
<b>Aprilia FX 150</b>	Motorcycle	150 cc
<b>Aprilia GPR 150</b>	Motorcycle	150 cc
<b>Aprilia Terra 150</b>	Motorcycle	150 cc




**Mizanur Rahman**  
Company Secretary



**Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

<b>Vespa SXL 125 CBS</b>	Scooter	125 cc
<b>Vespa VXL 150 ABS</b>	Scooter	150 cc
<b>Vespa SXL 150 ABS</b>	Scooter	150 cc
<b>KTM RC125</b>	Motorbike	125 cc



Bolt 165R



Aprilia SR 150



Vespa SXL125



Kity+



Vespa



Aprilia GPR150



eWave Voltage



KTM RC125

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Chief Financial Officer  
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Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



### Runner Three-Wheeler Segment



**BAJAJ**

On September, 2020, Runner Automobiles has signed an agreement with **Bajaj Auto** as **strategic partners**, a global market leader based in India, to set up a manufacturing plant for CNG and LPG-run three-wheelers.

On February 2023, Runner launches **first ever three-wheeler (3W) manufacturing plant** in collaboration with Bajaj Auto,



*Figure: RAPLC Three Wheeler Manufacturing Plant launching program*

In collaboration with Bajaj, RAPLC is expecting to hold the significant portion of **3W market** in Bangladesh. The expansion is carried out at present factory of Runner Automobiles PLC; Paragaon (Borochala), Bhaluka, Mymensingh. Here they will produce 70% of the components in Bangladesh the rest of the 30% will be imported from India. They have a production capacity of 30,000 units/year in a single shift and will be upgraded gradually later on whenever required. The Vehicles that will be produced will mostly use LPG, and CNG as power source which are environment friendly.



*Figure: Runner 3W Factory*

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**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
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### Upcoming Products of Runner Automobiles PLC

RAPLC, as a consumer-focused entity, conducts ongoing market research to understand the needs and expectations of customers in Bangladesh. With perceptible shifts in market dynamics, especially triggered by the pandemic, the Company remains committed to meeting the evolving needs of customers and hence staying ahead of competition while protecting its market share.

In addition to research on ICE (internal combustion engine) vehicles, with vehicle electrification gathering steam, the Company launched a couple of electric 2Ws during the year 2021-22 to a good response by the market. Enthused by this performance, the Company is exploring the possibility of not only fortifying its electric 2W portfolio, but also actively assessing and researching upon electric MCs and CVs, which will help open up a completely new market segment.

Thus, the Company is focused on developing new models and also venturing into newer segments, in line with market trends. Test marketing of scooters, premium bikes and electric bikes are ongoing and will be launched in the future.



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Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



### 11.5 Management Team of RAPLC



**Md. Mizanur Rahman**  
Company Secretary

- Mr. Md. Mizanur Rahman holds the BCom (Hons) and M. Com degrees from Dhaka University. He has also obtained an MBA in Finance, post-graduate diploma in Financial management and an LLB (law) degree
- He completed his 3-years' article ship from KM Hasan (Chartered Accountants) in 1993 and worked at the firm for another 3 years
- He started his career as Internal Audit Manager in HS Enterprise
- Finally, he joined Runner Automobiles PLC in the year 2000
- He possesses vast knowledge in accounts and finance, as well as rich experience in such organizational facets as risk control, ethics, business compliance and governance



**Shanat Datta, FCA**  
Chief Financial Officer

- Mr. Shanat Datta, FCA, completed his graduation and post-graduation degrees in Accounting. He is also a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB)
- Mr. Datta started his career as an article student in Hoda Vasi Chowdhury & Co., an affiliate firm of PricewaterhouseCoopers (PwC)
- Thereafter, he joined Runner Automobiles PLC in 2015 At the Company, he is entrusted with the responsibility of financial management, accounting and reporting



**Rudaba Tazin**  
Director, Admin Officer

- Ms. Rudaba Tazin is the Head of Admin & Management has been leading the Company's Admin Division
- Besides her Head of Admin role, she has diversified experience in other functional areas, like corporate affairs and tax, international business, project development, supply chain, and accounts and finance
- Ms. Tazin opened a new business frontier by aligning people, systems and resources to the strategic business goals. With a visionary attitude and strategic foresight, she is focused on uplifting the brand "Runner"
- She has obtained her MBA degree in International Business from the University of Greenwich, London and her BBA degree from BRAC University



**Mohammad Ibrahim FCA**  
Head of Internal Audit and Compliance

- Mr. Mohammad Ibrahim is the fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB).
- He completed Chartered Accountancy Articleship from Hoda Vasi Chowdhury & Co. (one of the most reputed & leading Chartered Accountants firm in Bangladesh) in 1996 and he worked there till 1998 as Senior Audit Supervisor.

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

- After that he has joined Runner Automobiles PLC. as Head of Internal Audit and Compliance (HIAC) in May 2023.



**Amid Sakif Khan**

Director, Marketing

- Mr. Amid Sakif Khan holds a Bachelor of Business Administration degree in marketing from BRAC University. He was awarded 1<sup>st</sup> Class in M.A. in Strategic Marketing from the University of Greenwich, London
- He started his professional journey from his alma mater, BRAC University, and co-founded BRAC University Marketing Association, serving for a year as Director
- He joined Runner in the year of 2013 and served in various positions for implementing different marketing and development strategies within the organization
- Mr. Khan was designated as Director, Marketing, in 2017. Currently, he has been contributing to various corporate strategies through his visionary approach and leadership insights



**Mr. Md. Masumul Kabir**

Chief Business Officer, North South

- Mr. Md. Masumul Kabir is the Chief Business Officer of North South at Runner Automobiles
- He has 24 years+ of experience in sales and marketing. Furthermore, he possesses 18 years of experience in hire purchase and credit recovery
- Mr. Kabir has been working at Runner for the last 17 years. In addition, he has another 8 years of experience of working in consumer-centric companies, including a motorcycle and home appliances company
- He obtained his B.A. (Hons) and Masters in General History from Rajshahi University, Bangladesh



**M. Anwarul Azim**

Executive Director, Corporate Sales

- Mr. M. Anwarul Azim completed his post-graduation from Business Faculty, University of Dhaka
- He started his professional career in 1990 with supply chain management. Thereafter, he was engaged in motorcycle dealership sales for many years, after which he commenced working with Runner in the year 2002
- He has successfully established a manufacturing unit, introduced renowned agro machineries, worked in international business development, handled media and promotions, and also engaged in a land development project
- Mr. Azim was engaged in strengthening the corporate sales of 3 & 4 wheelers to address the challenges of growth and progression

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC





**Hemant Kumar Dawar**  
General Manager

- Mr. Hemant Kumar Dawar is a seasoned mechanical engineering professional with an M.E. degree, having 28 years of rich experience in various operational facets of business development and transformation
- Mr. Dawar joined Runner Automobiles PLC in October 2017 as General Manager (Technical) at R&D, Factory Division. Subsequently, he has taken over the responsibility of plant operations.
- After completing his diploma in mechanical engineering from the Board of Technical Education, Haryana, in 1991 he started his professional journey from PYN Precision Component Pvt. Ltd, Faridabad, India, and subsequently worked in a number of renowned companies, including LML, Warm Forging Pvt. Ltd, Hindustan Motor, etc.



**Md. Rezaul Karim**  
Chief Business Officer-Central East

- Md. Rezaul Karim, Chief Business Officer of Central East 2W Runner Automobiles PLC has more than decade of experience on Business Development, Sales, Marketing & Channel Development
- He started his career at TVS motorcycle since 2005. Mr. Karim was born in 1978 at Bogura District. He completed his BBA & MBA from Business Studies Faculties, University of Dhaka.
- Before joining Runner Automobiles PLC, he served as Head of Sales of Uttara Motors Ltd (Baja) 2w) & Business Head of H Power Motorcycle



**Abdullah Al Ehsan**

Head of Customer Care, Service & Quality

- Mr. Abdullah Al Ehsan, the Head of Customer Care of Runner Automobiles PLC, is a B.Sc. Engineer and Business graduate with more than 13 years of diversified experience in the field of After Sales Service in Automobiles Industry as well as in the Manufacturing sector
- Mr. Ehsan has completed his MBA from IBA, Rajshahi University. He also completed his B.Sc. in Mechanical Engineering from Rajshahi University
- He worked in a wide range of renowned companies in Bangladesh before joining Runner Automobiles PLC in July 2018. He served at RANCON MOTORBIKE as Head of After Sales where he looked after both service and spare parts operation of Suzuki Motorbikes
- He was the Head of Service in Niloy Motors Ltd. He has also worked in manufacturing sector at Rahimafrooz Globatt Ltd as Head of Department in Export Battery Manufacturing plant of Rahimafrooz

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



**Shahriar Rahman**

Head of Corporate Sales &  
International Business (ZAV)

- Shahriar Rahman, Head of Corporate Sales & International Business of 2W Runner Automobiles PLC has more than decade of experience on Corporate Business Development, Corporate Branding, Strategic Relationship Development
- He started his career at Grameenphone in 2008 and over the last 2.5 years he evolved with the Automobile Industry in a rapid manner
- Mr. Shahriar has completed his BBA from Business Studies Faculties, United International University of Dhaka
- Before joining Runner Automobiles PLC, he served as Head of Medium Enterprise Business of Robi Axiata Ltd & Telecommunication Business Head of Summit Communications Ltd

### 11.6 Description of encumbered and unencumbered assets

Runner Automobiles PLC has secured liabilities with multiple local banks and most of their assets are encumbered. Since this is a Guaranteed Bond, the security is covered by the Guarantee issued by GuarantCo. RAPLC assets are not considered as security in case of an Event of Default. It is to be noted that GuarantCo will pay the payment default of the bond as per scheduled principal & interest for guaranteed amount as the agreement between GuarantCo and RAPLC.

### 11.7 Profile of Board of Directors



**Hafizur Rahman Khan**  
Chairman

- Mr. Hafizur Rahman Khan, born in 1955, is the Chairman of Runner Automobiles PLC
- He completed his B. Com (Hons), M. Com (Management) from the University of Rajshahi
- He started his career in a private organization named Farmland Engineering Limited in 1978 where he served till 1983. Then, he joined HS Enterprise Limited and served there till 1999 as Director of Operations
- He established Runner Automobiles PLC in 2000 and is actively involved in the operations of the company
- Gradually he has expanded his business ventures in diversified fields such as automobiles (2w, 3w and 4w), Oil & Gas, Lubricants & Energy, Real Estate, Automated Bricks Manufacturing, Footwear, etc. He is one of the most experienced industrialists in the automobiles sector
- Mr. Hafizur Rahman Khan has been selected as Commercially Important Person (CIP) for the period of 2013 and 2014
- As recognition of outstanding contribution to industrial development, he received "Bangladesh President's Award" in 2016 and his company the Runner Group was awarded as the "Enterprise of the Year" in 18th Bangladesh Business Award organized by DHL-Daily Star

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



**Md. Mozammel Hossain**

Vice Chairman



- Born in 1955, He is the Vice Chairman of Runner Automobiles PLC
- He completed his B. Com (Hons), M. Com (Marketing) from University of Dhaka
- Started his career in 1980 in Singer Bangladesh Limited and worked there till 1985. Then he joined HS Enterprise Limited and served there from 1985 to 1999 as General Manager (Marketing)
- He is actively involved in Runner Automobiles PLC since inception

**Mr. Subir Kumar Chowdhury**

Managing Director & CEO



- Mr. Subir Kumar Chowdhury is the Managing Director & Chief Executive Officer (CEO) of Runner Automobiles PLC (RAPLC)
- Mr. Chowdhury started his career with BAT Bangladesh and moved through 9 different marketing roles at home & abroad. After a successful journey with BAT, he took the role of Chief Operating Officer at Rahimafrooz Batteries Ltd. Before joining RAPLC, he was playing a challenging overseas role as Director, Sales & Customer Marketing at Hemas Mfg. (Pvt.) Ltd, Sri Lanka, a large FMCG dealing with a complex portfolio
- In parallel, he is contributing to the Board of Hemas Consumer Brands (Pvt.) Ltd, Bangladesh as an Independent Director
- Mr. Chowdhury completed his graduation and post-graduation in Economics with outstanding result from Jahangirnagar University

**Md. Jahurul Alam**

Director



- He is a Director of Runner Automobiles PLC. Born in 1948
- He is a graduate in Science in Applied Chemistry from University of Dhaka
- He has 29 years of business experience in dealership (Sales & Service)
- Mr. Md. Jahurul Alam is the member of the Audit Committee of Runner Automobiles PLC and has been contributing to the committee from his vast financial knowledge especially in taxation and experience in Automobiles sector

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



**Mr. Mohammad Ali Deen**  
Director

- He is a shareholder Director of Runner Automobiles PLC and also a Member of Audit Committee & NRC of the company. Born in 1956
- He achieved his Bachelor of Science in 1978
- Mr. Mohammad Ali Deen has 37 years of entrepreneurship experiences in automobile and various business areas in Bangladesh
- He is the Chairman of Deen Impex Ltd. and Chairman of Ultimate Property Development Ltd.
- Mr. Deen is currently serving as the Vice President of Commonwealth of Independent State-Bangladesh Chamber of Commerce & Industry (CIS-BCCI) and founder Director of International Business Forum of Bangladesh (IBFB). He is the Former President of Naogaon Chamber of Commerce & Industry, and Chartered President of Rotary Club of Naogaon (1994). He is a Director of REHAB (2018-20)



**Muallem A Choudhury FCA**  
Director

- Mr. Muallem A. Choudhury is a Chartered Accountant by profession. He completed his chartered accountancy article-ship from member firm of KPMG i.e. KPMG Rahman Huq
- Being qualified as Chartered Accountant he started his career with British American Tobacco (BAT) and served for long 20 years
- His second phase of career started with Advanced Chemical Industries (ACI). He was the first Finance Director and CFO of the ACI group and also handled the supply chain portfolio of the group. He served ACI for long 7 years. Currently he is the Director and Principal Advisor of Brummer & Partners (Bangladesh) Limited. Mr. Muallem started his journey with "Runner" in 2016. He represents Brummer Frontier PE II as its nominee

**Shanat Datta, FCA**  
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Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC





**Prof. MD. Maksudur Rahman Sarker, FCMA**  
Independent Director & Chairman of Audit Committee

- Mr. Prof. MD. Maksudur Rahman Sarker, is a Cost Management Accountant by profession
- In Runner Automobiles PLC he is acting as an Independent Director and Chairman of Audit Committee
- He is also a Professor of University of Dhaka.
- He holds a Bachelor degree and Master degree in Accounting & Information System with outstanding academic record. He also has enriched his academic credential with MBA (Major in Finance) from the University of New Brunswick, Canada. He has been working as Chairman of WASO Credit Rating Company (Bangladesh) Limited and also Faculty Adviser of Business Administration of American International University Bangladesh



**Taslim Uddin Ahmed**  
Director

- Born in 1948 is greatly honored as the "Freedom Fighter" for the contribution in Liberation War of Bangladesh in 1971
- He is a graduate in Science from Polytechnic Institutes of Dinajpur
- Mr. Taslim started his business in 1972. In 1976, he involved him in construction material business and became a successful entrepreneur. He started business in Automobiles sector in 1982 and successfully continuing in the same sector resulting him securing 47 years of experience in 2 wheelers sales and marketing section
- Mr. Taslim was the Chairman of Town Merchant Association of Dinajpur from 1983 to 2017
- He served as the Vice President of Dinajpur Chambers and Commerce and Industry (DCCI) from the year 1982-1993
- Mr. Taslim was the member of Federal Chambers of Commerce and Industry from 2011 to 2013



**Dr. Muhammad Abdul Mazid**  
Independent Director & Chairman of  
Nomination and Remuneration Committee (NRC)

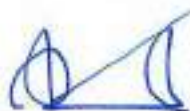
- Dr. Muhammad Abdul Mazid is a retired member of the Bangladesh Civil Service (Audit and Accounts)

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

- He obtained Doctor of Philosophy in Social Science. Prior to that, he enriched his academic credential with M.A.in English Literature from Dhaka University
- Mr. Mazid has vast experience working as Adviser, Member of the Governing Board Independent Director, and Nominee Director in different reputed public and private enterprise of Bangladesh. He worked with UN Board of Auditors in UN HQ, NY, was a member of the Aid Harmonization Committee representing the Asia Pacific Group in OECD, Paris and was inducted in the Draft Committee of the Paris Declaration, 2005
- He was the Chairman of South Asian Federation of Exchanges, the Chairman of Chittagong Stock Exchange Limited and the Chief Coordinator of Diabetic Association of Bangladesh. He was the Chairman of National Board of Revenue (NBR) (2007-09); Member Physical Infrastructure and Power Division of the Planning Commission; Additional Secretary of Banking Wing, Joint Secretary of Budget Wing, and Deputy Secretary of the Development Budget Wing, Finance Division of the Ministry of Finance (2002-2007); Director, Policy and Planning & Foreign Investment, Board of Investment wing of the Prime Minister's Office (2000-2002); Commercial Councillor of Bangladesh Embassy, Tokyo, Japan (1994-2000); Director, Foreign Aid Budget and Accounts Economic Relations Division (ERD) of the Ministry of Finance; as well as National Project Director, Debt Management and Financial Analysis System Project (a UNCTAD Project) sponsored by local UNDP (1990-1994) prior to his assignation in the Bangladesh Audit and Accounts Department ( 1981-1990)



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



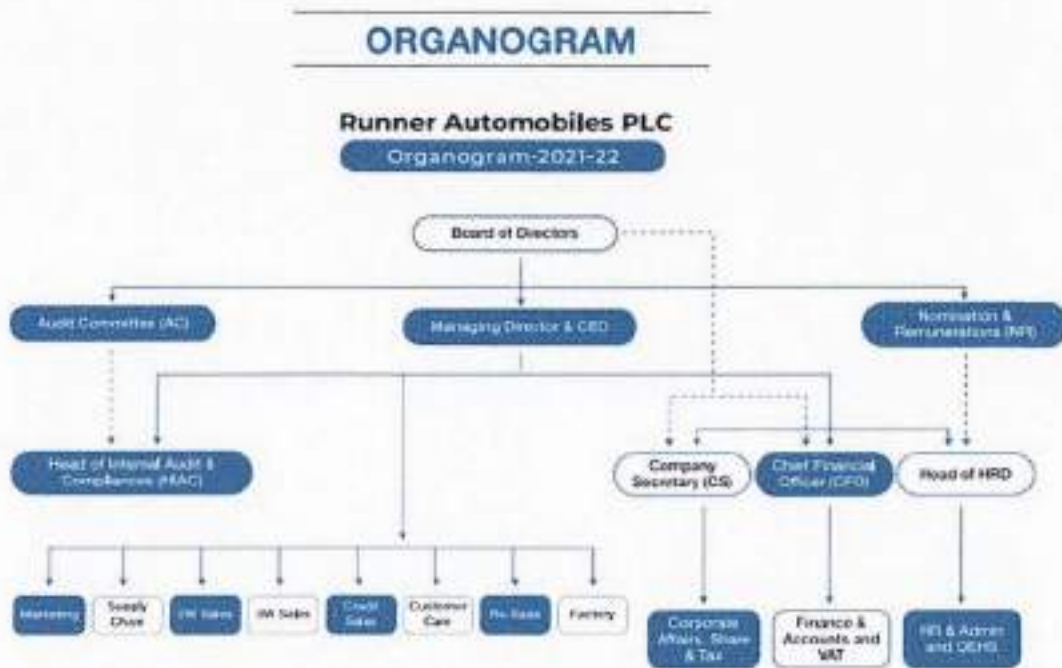
**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



## 11.8 Management Organogram



## 11.9 Awards and Achievements



National Productivity and  
Quality Excellence Award  
2020



ICMAB Best Corporate Gold Award



Innovation, Digital and  
Marketing Initiatives

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



Superbrands Award  
Bangladesh –  
2020-21



Best Overall Service Dealer Award in  
the Region, Highest CV Sales in  
Overseas Market, Highest Truck Sales  
in Overseas



President's Award for  
Industrial Development –  
2016 & 2018



Strategy Presentation  
Award 2019



Enterprise of the Year  
2018

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



#### 11.10 Corporate Social Responsibility

Runner Automobiles PLC (RAPLC) maintains a balance of economic, environmental and social imperatives through Corporate Social Responsibility, more knowingly "Triple-Bottom-Line-Approach". Community sustenance is considered to be an important aspect of their CSR drive. As Bangladeshi society comprises low-income households, they work towards to bring meaningful relief to them. Thus, in this direction, they offer a multitude of need-based provisions, such as large food and other provision distribution programs amid COVID directly contributing to the UN SDG goal of #NoHunger. Furthermore, they are also well known for contributing to alleviation and relief efforts through donations against any natural disasters, hence assisting those affected to restore normality.

However, they concentrate on nurturing their internal work relationships among their employees and workers on the shop floor to be mutually respectful, cordial and affable, thus maintaining a beneficial environment for growth. They support village communities around their plant vicinity and consider themselves as a part of the society that must extend help to improve the quality of life and build a better future for all.

At RAPLC, being closely connected with society through offering mobility solutions to all segments of the targeted customers, they are committed to do their part in fortifying the grassroots of the society. Thus, their focus is specifically on the foundational activities of education, healthcare and sports. Their philosophy is to focus on creating a lasting impact and impression through a collective focus and through engagement with organizations and events that help drive meaningful change. Undeniably, they continued to remain on the path of meeting their due obligations to society, similar to last year despite the challenges of the year.



Figure: Mock Drill arranged by RAPLC



Figure: Training of workplace safety



Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC

  
Mizanur Rahman  
Company Secretary

Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC

### 11.11 Environment and Social Governance

The ESG (Environmental, Social, Governance) agenda of RAPLC reflects the role and responsibility focused to help solve society's challenges. This is considered to be the business model and embedded in the products and services they offer to their customers. RAPLC believes in transparency and accountability as the key to long-term success. Hence, they continue to evolve their ESG priorities to address the ever-changing realities and remain committed to the upward progress.

#### Environmental Focus

The climate crisis has created not just an opportunity to lead, but an opportunity to partner, working with their vendors and suppliers to enable them to transform their workings and hence playing a humble role in the decarbonization journey, which is the pressing need of the hour. The science is clear, as is the need to move urgently toward a low-carbon economy. The transportation and mobility sectors have a critical role to play in eliminating negative environmental impacts, in line with what is needed to keep global warming under check to 1.5°C.

The sustainable progress strategy of RAPLC builds on their years-long track record in sustainability and environmental risk mitigation. To drive the transition to a low-carbon economy, they are drawing on their expertise, expanding their business unit capabilities and deepening their engagement with their vendor-partners. They also have a number of projects running on their shop floor that carry the objective of reducing environmental impacts not just in their manufacturing sites but also in their products with respect to mileage and fuel efficiency. For their 3W business, their alliance with Bajaj Auto Ltd. enables us to get exposure to international best practices that facilitate the production of modern and eco-friendly 3W products.

#### Social Focus

Over the past two years, the COVID-19 pandemic has reaffirmed the urgency to address the vast and growing inequities facing their society, from access to basic human necessities to economic opportunity. Throughout 2021-22, they contributed to village communities specifically around their areas of operation, helping to support a more inclusive recovery and more equitable future. They also continued to support pandemic relief and recovery efforts, making themselves useful participants of sustainable change.

They conduct their community and social outreach programs through various initiatives and have a specific focus on strengthening the foundations of the grassroots or those at the bottom of the economic ladder. Towards this end, they have a deep focus on uplift initiatives and their efforts ensure providing respectable livelihood opportunities to all.

#### Governance Focus

Good governance is a fundamental principle at RAPLC and they work to ensure that they are at the leading edge of best practices. They strive to maintain the highest standards of ethical conduct, reporting with accuracy and transparency, and complying with the laws, rules and regulations that govern their business and sector. Furthermore, their governance structures, policies and processes serve shareholders, employees, customers, vendor-partners and the extended community, promote a culture of accountability and ethical conduct across their firm, and support their commitment to address challenges through their core business.



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



They demonstrate a deep commitment as a responsible corporate citizen of Bangladesh and implement their sustainability agenda through an impact-driven approach. This commitment includes playing their part in driving positive outcomes for all stakeholders through their chosen SDGs or the Sustainable Development Goals, to which the Bangladesh government is a signatory.



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Company Secretary

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Managing Director & CEO  
Runner Automobiles PLC

## 11.12 Description of Assets & Liabilities

### Assets

Assets (consolidated) as on December 31, 2022:

Amount in BDT Million

Particulars	30-June-2022	31-Dec-2022
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	4,495	4,472
Intangible assets	70	66
Capital work in progress	2,839	3,281
Right of use assets	66	55
Trade receivables	4,889	4,571
Investment in marketable securities	39	36
<b>Total Non-Current Assets</b>	<b>12,398</b>	<b>12,481</b>
<b>Current assets</b>		
Inventories	2,448	2,016
Trade receivables	6,829	6,651
Short term investment	2,629	2,153
Advances, deposits and prepayments	1,816	1,593
Related party receivables	70	69
Other receivables	112	112
Cash and cash equivalents	561	165
<b>Total current assets</b>	<b>14,464</b>	<b>12,761</b>
<b>Total assets</b>	<b>26,862</b>	<b>25,242</b>

### Liabilities

Liabilities (consolidated) as on December 31, 2022:

Amount in BDT Million

Particulars	30-June-2022	31-Dec-2022
<b>Non-current liabilities</b>		
Long term loan net off current portion	6,317	6,151
Finance lease net off current portion	52	46
Net deferred tax liabilities	201	230

Information Memorandum (Draft)

Page 63 of 105



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



	<b>6,570</b>	<b>6,428</b>
Current liabilities		
Trade payables	266	303
Short term loan from banks	6,742	5,096
Current portion of long term loan	2,968	3,457
Current portion of finance lease	17	14
Provision for income tax	568	617
Provision for WPPF and welfare fund	41	41
Unclaimed dividend account	2	2
Liabilities for expenses and other provisions	711	808
<b>Total current liabilities</b>	<b>11,315</b>	<b>10,338</b>
<b>Total Liabilities</b>	<b>16,765</b>	<b>16,765</b>

### 11.13 Brief description of previously issued Debt and Equity Securities

Particulars	Allotment Date	Face Value	Issue Price (BDT)	Form of Issue			Amount (BDT)
				Cash	Bonus Share	Other than cash	
<b>1st Allotment</b>	At the time of Incorporation	10	10	Cash			4,020,000
<b>2nd Allotment</b>	11.06.2002	10	10	Cash			9,380,000
<b>3rd Allotment</b>	17.02.2005	10	10		Bonus Share		13,400,000
<b>4th Allotment</b>	07.08.2005	10	10	Cash			2,000,000
<b>5th Allotment</b>	10.02.2009	10	10	Cash			400,000
<b>6th Allotment</b>	11.07.2010	10	55	cash			200,000
<b>7th Allotment</b>	28.08.2010	10	10		Bonus Share		58,800,000
<b>8th Allotment</b>	01.08.2011	10	10	Cash			1,500,000
<b>9th Allotment</b>	10.03.2012	10	10			Other than cash	60,300,000



**Shanai Datta, FCA**  
Chief Financial Officer  
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**Mizanur Rahman**  
Company Secretary



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<b>10th Allotment</b>	12.01.2013	10	10		Bonus Share		50,000,000
<b>11th Allotment</b>	28.09.2013	10	78	Cash			134,782,610
<b>12th Allotment</b>	22.02.2015	10	10		Bonus Share		217,391,300
<b>13th Allotment</b>	22.09.2015	10	10		Bonus Share		217,391,300
<b>14th Allotment</b>	17.12.2015	10	45	Cash			72,464,000
<b>15th Allotment</b>	04.03.2019	10	75 & 67	cash			139,303,480
<b>16th Allotment</b>	30.12.2019	10	60		Bonus Share		54,066,635
<b>Total</b>							1,135,399,325



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



## 12 Auditor's Report along with Audited Financial Statements

### 12.1 Balance Sheet (Consolidated)

**Runner Automobiles PLC**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2022**

Assets	Notes	Amount in Taka	
		31-Dec-22	30-Jun-22
<b>Non-current assets</b>			
Property, plant and equipment	3	4,471,530,706	4,494,614,905
Intangible assets	4	66,287,098	69,806,421
Capital work in progress	5	3,281,333,712	2,839,123,793
Right of use assets	6	54,960,875	66,160,696
Trade receivables	9	4,571,007,562	4,888,705,406
Investment in marketable securities	10.1	35,954,974	39,320,959
		<b>12,481,074,927</b>	<b>12,397,732,180</b>
<b>Current assets</b>			
Inventories	8	2,016,484,254	2,447,559,136
Trade receivables	9	6,650,642,543	6,828,803,951
Short term investment	10.2	2,153,398,446	2,628,837,336
Advances, deposits and prepayments	11	1,593,170,570	1,816,301,753
Related party receivables	12	69,267,968	69,880,806
Other receivables	13	112,227,390	111,978,794
Cash and cash equivalents	14	165,420,100	561,086,235
<b>Total current assets</b>		<b>12,760,611,271</b>	<b>14,464,448,011</b>
<b>Total assets</b>		<b>25,241,686,198</b>	<b>26,862,180,191</b>
<b>Equity and Liabilities</b>			
<b>Equity Attributable to Ordinary Shareholders of the Parent Entity</b>			
Share capital	15	1,135,399,325	1,135,399,325
Share premium	16	2,030,529,205	2,030,529,205
Revaluation surplus	17	1,280,287,646	1,280,720,367
Retained earnings	18	2,664,871,716	3,103,908,474
<b>Total equity attributable to the parent entity's shareholders</b>		<b>7,111,087,892</b>	<b>7,550,557,371</b>
Non-controlling interest	19	1,365,211,008	1,425,982,165
<b>Total equity</b>		<b>8,476,298,900</b>	<b>8,976,539,536</b>
<b>Noncurrent liabilities</b>			
Long term loan net off current portion	20	6,150,902,592	6,316,989,944
Finance lease net off current portion	21	46,312,787	52,406,039
Net deferred tax liabilities	22	230,338,471	200,977,352
		<b>6,427,553,850</b>	<b>6,570,373,335</b>



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

**Current liabilities**

Trade payables	23	303,334,028	265,800,216
Short term loan from banks	24	5,095,787,883	6,742,186,241
Current portion of long term loan	25	3,456,668,065	2,967,601,532
Current portion of finance lease	21	13,531,349	16,552,118
Provision for income tax	26	617,324,597	568,380,809
Provision for WPPF and welfare fund	27	40,577,324	41,098,648
Unclaimed dividend account	28	2,268,593	2,301,292
Liabilities for expenses and other provisions	29	808,341,609	711,346,467

**Total current liabilities**
**10,337,833,448 11,315,267,323**
**Total equity and liabilities**
**25,241,686,198 26,862,180,191**
**Net Asset Value (NAV) per share**
**39 62.63 66.50**
**12.2 Profit & Loss Account (Consolidated)**
**Runner Automobiles PLC**
**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the 6 month period from 1 July 2022 to 31 December 2022**

	Notes	July- Dec, 22	July- Dec, 21
Revenue	30	3,752,921,509	5,845,216,085
Cost of sales	31	(2,559,314,009)	(3,862,923,598)
<b>Gross profit</b>		<b>1,193,607,500</b>	<b>1,982,292,488</b>
<b>Operating expenses</b>			
Administrative expenses	32	(187,525,978)	(176,273,656)
Selling and distribution expenses	33	(642,232,032)	(744,668,680)
		<b>(829,758,010)</b>	<b>(920,942,336)</b>
<b>Operating profit</b>		<b>363,849,490</b>	<b>1,061,350,151</b>
Financial expenses	34	(713,798,734)	(724,128,651)
Other income	35	75,532,125	133,254,576
<b>Net profit before WPPF</b>		<b>(274,417,119)</b>	<b>470,476,075</b>
Provision for contribution to WPPF & welfare fund	36	521,324	(25,714,567)
<b>Net profit before income tax</b>		<b>(273,895,795)</b>	<b>444,761,508</b>
Current tax	37	(48,943,789)	(155,760,404)
Prior year tax (expenses)/income		-	(12,500,000)
Deferred tax (expenses)/income		(29,754,291)	10,736,951
		<b>(78,698,080)</b>	<b>(157,523,453)</b>



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Choudhury**  
Managing Director & CEO  
Runner Automobiles PLC



**Net profit after tax**

<b>(352,593,875)</b>	<b>287,238,050</b>
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**Net profit for the period attributable to**

Equity holders of the parent entity

(326,198,927)	169,128,062
---------------	-------------

Non-controlling interest

(26,394,948)	118,109,989
--------------	-------------

<b>(352,593,875)</b>	<b>287,238,050</b>
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**Total comprehensive income attributable to**

Equity holders of the parent entity

(326,198,927)	169,128,062
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Non-controlling interest

(26,394,948)	118,109,989
--------------	-------------

<b>(352,593,875)</b>	<b>287,238,050</b>
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**Basic Earnings Per Share**

<b>38</b>	<b>(2.87)</b>	<b>1.49</b>
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**12.3 Cash Flow Statement (Consolidated)**

**Runner Automobiles PLC  
Consolidated Statement of Cash Flows**

**For the 6 month period from 1 July 2022 to 31 December 2022**

**Amount in Taka**

	Note	July- Dec, 22	July- Dec, 21
<b>A) Cash flows from operating activities</b>			
Receipt from customers		4,237,680,760	5,642,837,232
Payment to suppliers and employees		(2,345,898,636)	(4,980,268,029)
<b>Cash generated / (used) for operating activities</b>		<b>1,891,782,124</b>	<b>662,569,204</b>
Income tax paid		(90,701,449)	(95,736,311)
<b>Net cash from operating activities</b>	48	<b>1,801,080,675</b>	<b>566,832,894</b>
<b>B) Cash flows from investing activities</b>			
Net proceeds from sale /(purchase) of financial assets		478,804,875	(20,689,285)
Receipt from investment income		64,712,667	143,470,498
Receipts/ payment to related parties		1,937,625	3,075,000
Payment for property, plant and equipment		(756,110,243)	(566,165,009)
Proceeds from disposal of property, plant and equipment		(6,208,395)	-
<b>Net cash used in investing activities</b>		<b>(216,863,471)</b>	<b>(440,308,797)</b>
<b>C) Cash flows from financing activities</b>			
Dividends paid		(32,699)	(20,658,618)
Proceeds from borrowings		4,748,445,365	6,844,595,937
Repayments of borrowings		-	-
Principal		(6,071,533,402)	(6,558,575,497)
Finance cost		(644,284,799)	(371,570,948)

Information Memorandum (Draft)

Page 68 of 105



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

Repayments of other borrowings-lease		
Principal	(9,445,172)	-
Finance cost	(3,032,632)	-
<b>Net cash from / (used) in financing activities</b>	<b>(1,979,883,339)</b>	<b>(106,209,127)</b>
<b>D) Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(395,666,135)</b>	<b>20,314,969</b>
E) Cash and cash equivalents at the beginning of the year	561,086,235	448,971,952
<b>F) Cash and cash equivalents at the end of the year (D+E)</b>	<b>165,420,100</b>	<b>469,286,921</b>
<b>Net operating cash flows per share</b>	<b>40</b>	<b>15.86</b>
		<b>4.99</b>

#### 12.4 Balance Sheet (Separate)

**Runner Automobiles PLC**  
**Separate Statement of Financial Position**  
**As at 31 December 2022**

Amount in Taka

	Notes	31-Dec-22	30-Jun-22
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,962,398,754	2,988,166,707
Intangible assets	4	50,256,253	52,950,126
Capital work in progress	5	3,127,151,412	2,733,553,996
Right of use assets	6	54,960,875	66,160,696
Trade receivables	9	511,631,408	492,803,926
Investment in subsidiaries	7	145,604,000	145,604,000
Investment in marketable securities & instruments	10	35,954,974	39,320,959
		<b>6,887,957,676</b>	<b>6,518,560,410</b>
<b>Current assets</b>			
Inventories	8	1,346,382,139	1,526,204,700
Trade receivables-current portion	9	3,117,651,448	3,002,925,245
Short term investments	10	556,195,463	1,036,682,312
Advances, deposits and prepayments	11	960,271,256	852,874,129
Related party receivables	12	24,112,217	26,049,843
Other receivables	13	167,662,517	117,506,406
Cash and cash equivalents	14	64,414,677	398,428,404
		<b>6,236,689,717</b>	<b>6,960,671,039</b>
<b>Total assets</b>		<b>13,124,647,393</b>	<b>13,479,231,449</b>
<b>Shareholders' equity and liabilities</b>			



**Shareholders' equity**


Share capital	15	1,135,399,325	1,135,399,325
Share premium	16	2,030,529,205	2,030,529,205
Revaluation surplus	17	1,285,471,592	1,286,103,481
Retained earnings	18	558,120,266	900,181,272
		<b>5,009,520,388</b>	<b>5,352,213,283</b>

**Non-current liabilities**

Long term loan net off current portion	19	2,287,300,614	2,079,738,358
Long term lease liabilities	20	46,312,787	52,406,039
Deferred tax liabilities	21	133,979,000	131,161,114
		<b>2,467,592,401</b>	<b>2,263,305,511</b>

**Current liabilities**

Trade and other payables	22	72,023,214	86,738,553
Short term loan from banks	23	2,908,852,221	3,824,139,616
Current portion of long term loan	24	1,524,867,076	1,400,398,891
Related party payables	25	524,594,080	19,594,080
Provision for income tax	26	192,161,935	175,164,809
Provision for WPPF and welfare fund	27	4,826,214	4,826,214
Current portion of lease liabilities	20	13,531,349	16,552,118
Unclaimed dividend account	28	2,268,593	2,301,292
Liabilities for expenses and other provision	29	404,409,922	333,997,081
		<b>5,647,534,604</b>	<b>5,863,712,654</b>

**Total shareholders' equity and liabilities**
**13,124,647,393      13,479,231,448**
**Net Asset Value (NAV) per share**
**38      44.12      47.14**


**Shanat Datta, FCA**  
Chief Financial Officer,  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

## 12.5 Profit & Loss Account (Separate)

**Runner Automobiles PLC**  
**Separate Statement of Profit or Loss and Other Comprehensive Income**  
For the 6 month period from 1 July 2022 to 31 December 2022

Amount in Taka			
	Notes	July-Dec'22	July-Dec'21
Revenue	30	1,347,170,261	2,129,273,968
Cost of sales	31	(986,914,922)	(1,510,527,814)
<b>Gross profit</b>		<b>360,255,339</b>	<b>618,746,154</b>
<b>Operating expenses</b>			
Administrative expenses	32	(90,889,122)	(78,510,496)
Selling and distribution expenses	33	(275,248,132)	(297,469,195)
		<b>(366,137,254)</b>	<b>(375,979,691)</b>
<b>Operating profit</b>		<b>(5,881,915)</b>	<b>242,766,463</b>
Finance costs	34	(289,128,528)	(268,958,512)
Other income	35	85,672,491	72,820,280
<b>Profit before tax and WPPF</b>		<b>(209,337,952)</b>	<b>46,628,232</b>
Contribution to WPPF and welfare fund		-	(2,440,812)
<b>Profit before tax</b>		<b>(209,337,952)</b>	<b>44,187,420</b>
Income tax expenses	36		
Current tax		(16,997,125)	(23,100,003)
Deferred tax expense	21	(2,888,096)	(361,922)
		<b>(19,885,221)</b>	<b>(23,461,925)</b>
<b>Net profit for the year</b>		<b>(229,223,173)</b>	<b>20,725,495</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(229,223,173)</b>	<b>20,725,495</b>
<b>Earnings Per Share</b>	<b>37</b>	<b>(2.02)</b>	<b>0.18</b>

Information Memorandum (Draft)

Page 71 of 105



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



## 12.6 Cash Flow Statement (Separate)

**Runner Automobiles PLC**  
**Separate Statement of Cash Flows**  
**For the 6 month period from 1 July 2022 to 31 December 2022**

	Notes	July-Dec-22	July-Dec-21
<b>A) Cash flows from operating activities</b>			
Receipt from customers and dealers		1,213,616,575	1,792,078,886
Payment to suppliers and employees		(877,980,742)	(1,690,574,730)
<b>Cash generated from operating activities</b>		<b>335,635,834</b>	<b>101,504,156</b>
Income tax paid		(30,051,505)	(33,310,683)
<b>Net cash generated from operating activities</b>	<b>40</b>	<b>305,584,329</b>	<b>68,193,473</b>
<b>B) Cash flows from investing activities</b>			
Net proceeds from sale/(purchase) of financial assets		483,852,834	(3,381,164)
Receipt from investment income		35,516,379	34,827,788
Receipt/ payment to related parties		506,937,625	3,075,000
Payment for property, plant and equipment		(727,689,614)	(552,835,021)
Investment in leasehold assets		(6,208,915)	-
Dividend income (net of tax)		-	-
<b>Net cash used in investing activities</b>		<b>292,408,309</b>	<b>(518,313,397)</b>
<b>C) Cash flows from financing activities</b>			
Proceeds from borrowings		1,468,050,751	2,807,579,265
Repayments of borrowings:			
Principal		(2,050,976,562)	(2,256,155,240)
Finance cost		(336,570,050)	(176,830,813)
Dividend paid		(32,699)	(8,618)
Repayments of leases:			
Principal		(9,445,172)	-
Finance cost		(3,032,632)	-
<b>Net cash generated from financing activities</b>		<b>(932,006,365)</b>	<b>374,584,594</b>
<b>D) Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>(334,013,727)</b>	<b>(75,535,330)</b>
<b>E) Cash and cash equivalents at the beginning of the year</b>		<b>398,428,404</b>	<b>289,863,027</b>
<b>F) Cash and cash equivalents at the end of the year (D+E)</b>	<b>14</b>	<b>64,414,677</b>	<b>214,327,696</b>
<b>Net operating cash flows per share</b>	<b>39</b>	<b>2.69</b>	<b>0.60</b>

Information Memorandum (Draft)

Page 72 of 105



**Shanat Datta, FCA**  
 Chief Financial Officer  
 Runner Automobiles PLC



**Mizanur Rahman**  
 Company Secretary



**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC

For the detail auditor's report and audited financial statements, please see **Annexure – (I)**

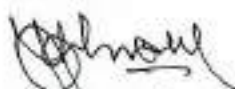
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*Information Memorandum (Draft)*

*Page 73 of 105*



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC







### 13 Comparative Financial Statements of The Issuer For The Last 3 Years

#### 13.1 Balance Sheet of Runner Automobiles PLC (Consolidated)

Amount on BDT

Particulars Year	Historical			
	2019-20	2020-21	2021-22	31-Dec-22
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4,454,064,634	4,463,253,246	4,494,614,905	4,471,530,706
Intangible Assets	81,186,041	75,373,049	69,806,421	66,287,098
Capital Work in Progress	303,467,404	519,087,755	2,839,123,793	3,281,333,712
Right of use assets		5,836,095	66,160,696	54,960,875
Investment in Subsidiaries & Associates	-			
Investment in Marketable Securities		33,913,230	39,320,959	35,954,974
Trade Receivables	4,516,116,881	5,982,327,209	4,888,705,406	4,571,007,562
<b>Total non-current assets</b>	<b>9,354,834,960</b>	<b>11,079,790,584</b>	<b>12,397,732,180</b>	<b>12,481,074,927</b>
<b>Current assets</b>				
Inventories	2,869,157,749	2,134,713,957	2,447,559,136	2,016,484,254
Trade Receivables	5,656,034,354	5,559,331,147	6,828,803,951	6,650,642,543
Short Term Investment	1,768,595,187	2,417,480,970	2,628,837,336	2,153,398,446
Advances, deposits and prepayments	1,700,979,120	1,704,339,412	1,816,301,753	1,593,170,570
Related Party Receivable	74,771,584	55,648,063	69,880,803	69,267,968
Other Receivable	84,262,841	127,155,791	111,978,791	112,227,390
Cash and cash equivalents	809,504,905	448,971,951	561,086,235	165,420,100
<b>Total current assets</b>	<b>12,963,305,740</b>	<b>12,447,641,291</b>	<b>14,464,448,005</b>	<b>12,760,611,271</b>
<b>Total Assets</b>	<b>22,318,140,700</b>	<b>23,527,431,875</b>	<b>26,862,180,185</b>	<b>25,241,686,198</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital	1,135,399,325	1,135,399,325	1,135,399,325	1,135,399,325
Share Premium	2,030,529,205	2,030,529,205	2,030,529,205	2,030,529,205
Revaluation Reserve	1,290,824,325	1,296,890,180	1,280,720,366	1,280,287,646
Retain Earnings	2,740,685,935	2,935,780,866	3,103,908,474	2,664,871,716





<b>Total equity attributable to the Parents Entity's Shareholders</b>	<b>7,197,438,790</b>	<b>7,398,599,576</b>	<b>7,550,557,370</b>	<b>7,111,087,892</b>
Non-Controlling Interest	1,163,153,178	1,278,240,044	1,425,982,165.00	1,365,211,008
<b>Total equity</b>	<b>8,360,591,968</b>	<b>8,676,839,620</b>	<b>8,976,539,535</b>	<b>8,476,298,900</b>
<b>Non-current liabilities</b>				
Long term loans net off current portion	3,536,648,807	6,194,381,860	6,316,989,944	6,150,902,592
Finance Lease net off current portion	-	-	52,406,039	46,312,787
Net Deferred liabilities	128,742,435	153,995,976	200,977,352	230,338,471
<b>Total non-current liabilities</b>	<b>3,665,391,242</b>	<b>6,348,377,836</b>	<b>6,570,373,335</b>	<b>6,427,553,850</b>
<b>Current liabilities</b>				
Trade payables	1,771,938,868	462,842,362	265,800,216	303,334,028
Short term loan from bank	6,222,842,809	5,549,921,746	6,742,186,241	5,095,787,883
Current Portion of long term loans	884,162,202	1,312,286,700	2,967,601,532	3,456,668,065
Current Portion of Finance Lease	338,640	-	16,552,118	13,531,349
Related Party Payable				
Provision for income tax	522,095,944	356,027,694	568,380,808	617,324,597
Provision for WPPF and welfare fund	28,525,317	48,389,290	41,098,648	40,577,324
Current portion of Lease Liabilities		3,632,731		
Unclaimed dividend account	36,154,011	24,908,856	2,301,292	2,268,593
Liabilities for expenses and other provisions	826,099,701	744,205,043	711,346,467	808,341,609
<b>Total Current Liabilities</b>	<b>10,292,157,492</b>	<b>8,502,214,422</b>	<b>11,315,267,322</b>	<b>10,337,833,448</b>
<b>Total Liabilities</b>	<b>13,957,548,734</b>	<b>14,850,592,258</b>	<b>17,885,640,657</b>	<b>16,765,387,298</b>
<b>Total Equity &amp; Liabilities</b>	<b>22,318,140,702</b>	<b>23,527,431,878</b>	<b>26,862,180,192</b>	<b>25,241,686,198</b>



**13.2 Profit & Loss Account of Runner Automobiles PLC (Consolidated)**

Amount in BDT

Particulars Year	Historical			
	2019-20	2020-21	2021-22	31-Dec-22
<b>Revenue</b>	9,464,858,016	11,228,332,816	11,118,354,996	3,752,921,509
Cost of Sales	(6,962,417,547)	(7,305,247,258)	(7,449,663,072)	(2,559,314,009)
<b>Gross profit</b>	<b>2,502,440,469</b>	<b>3,923,085,558</b>	<b>3,668,691,924</b>	<b>1,193,607,500</b>
Administrative Expenses	(365,921,950)	(361,443,479)	(379,013,956)	(187,525,978)
Marketing & Selling Expenses	(1,213,123,927)	(1,510,141,383)	(1,415,277,999)	(642,232,032)
<b>Operating profit</b>	<b>923,394,592</b>	<b>2,051,500,696</b>	<b>1,874,399,969</b>	<b>363,849,490</b>
Less: Financial Expense	(641,414,783)	(1,378,008,208)	(1,319,414,236)	(713,798,734)
Other Income	255,272,303	210,700,140	241,068,559	75,532,125
<b>Net Profit Before WPPF</b>	<b>537,252,112</b>	<b>884,192,628</b>	<b>796,054,292</b>	<b>(274,417,119)</b>
Contribution to WPPF	(28,525,316)	(48,389,291)	(41,098,648)	521,324
Share of profit from associates	-	-	-	-
<b>Profit Before Tax</b>	<b>508,726,796</b>	<b>835,803,337</b>	<b>754,955,644</b>	<b>(273,895,795)</b>
Current Tax	(170,630,777)	(253,378,159)	(266,472,191)	(48,943,789)
Deferred tax	2,674,363	(32,880,586)	(22,046,106)	-
Prior year tax (expense)/income	-	(75,634,055)	625,635	(29,754,291)
<b>Net Profit after Tax</b>	<b>340,770,382</b>	<b>473,910,537</b>	<b>467,062,982</b>	<b>(352,593,875)</b>

Shanai Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC

Mizanur Rahman  
Company Secretary

Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



### 13.3 Cash Flow Statement of Runner Automobiles PLC (Consolidated)

Amount on BDT

Particulars	Historical			
	2019-20	2020-21	2022-21	31-Dec-22
<b>Cash flows from operating activities</b>				
Cash received from customers and dealers	7,381,843,399	9,878,715,827	10,890,381,763	4,237,680,760
Payment to Suppliers and Employees	(9,462,945,688)	(8,432,869,743)	(9,435,061,545)	(2,345,898,636)
<b>Cash Generated/Used for operating activities</b>	<b>(2,081,102,289)</b>	<b>1,445,846,084</b>	<b>1,455,320,218</b>	<b>1,891,782,124</b>
Income Tax Paid	(228,489,600)	(269,275,042)	(320,144,022)	(90,701,449)
Foreign exchange gain/(loss)	(99,638)	(13,667)	(31,945,242)	
<b>Net Cash flows from operating activities</b>	<b>(2,309,691,527)</b>	<b>1,176,557,375</b>	<b>1,103,230,954</b>	<b>1,801,080,675</b>
<b>Cash flows from investment activities</b>				
Net proceed from sale/ (Purchase) of financial assets	(686,828,569)	(682,799,013)	(216,711,863)	478,804,875
Receipt from investment income	241,879,726	290,057,741	236,479,147	64,712,667
Receipts/ payments to related parties	12,310,000	26,113,819	238,510	1,937,625
Receipts from in subsidiaries	-	-	-	-
Payment for property, plant and equipment	(174,488,630)	(283,800,052)	(2,471,307,219)	(756,110,243)
Proceeds from disposal property, plant and equipment	-	1,341,462	(77,991,025)	(6,208,395)
Investment in leaseholding asset	-	0	-	-
Working Capital in process	-	-	-	-
Dividend Income	-	-	-	-
<b>Net cash generated from/(used in) investment activities</b>	<b>(607,127,473)</b>	<b>(649,086,043)</b>	<b>(2,529,292,450)</b>	<b>(216,863,471)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of equity instrument	-	-	-	-
Dividend paid	(97,329,259)	(193,185,086)	(179,502,495)	(32,699)
Capital raising cost	-	-	-	-
Proceeds from borrowings	12,068,020,108	14,441,935,838	13,926,499,013	4,748,445,365
<b>Repayments of borrowings</b>				
Principal	(8,921,982,510)	(13,657,960,355)	(10,876,117,215)	(6,071,533,402)
Finance cost	(575,407,414)	(1,477,135,049)	(1,312,626,698)	(644,284,799)
<b>Repayments of Leases</b>				
Principal	-	(1,318,320)	(14,868,963)	(9,445,172)
Finance cost	-	(341,311)	(5,207,863)	(3,032,632)



Shanal Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC



Net cash generated from /(used in) financing activities	2,473,300,925	(888,004,283)	1,538,175,779	(1,979,883,339)
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(443,518,075)</b>	<b>(360,532,951)</b>	<b>112,114,283</b>	<b>(395,666,135)</b>
Cash and cash equivalents at beginning of period	1,253,022,979	809,504,905	448,971,952	561,086,235
Cash and cash equivalents at end of period	809,504,904	448,971,954	561,086,235	165,420,100

Mizanur Rahman  
Company Secretary



Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



13.4 Balance Sheet of Runner Automobiles PLC (Standalone)

Amount on BDT

Particulars Year	Historical			
	2019-20	2020-21	2021-22	31-Dec-22
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3,065,601,149	3,021,384,603	2,988,166,707	2,962,398,754
Intangible Assets	60,729,956	56,962,573	52,950,126	50,256,253
Capital Work in Progress	66,268,579	332,206,150	2,733,553,996	3,127,151,412
Right of use assets		5,836,095	66,160,696	54,960,875
investment in Subsidiaries & Associates	145,604,000	145,604,000	145,604,000	145,604,000
Investment in Marketable Securities		33,913,230	39,320,959	35,954,974
Trade Receivables	323,686,395	746,758,166	492,803,926	511,631,409
<b>Total non-current assets</b>	<b>3,661,890,079</b>	<b>4,342,664,817</b>	<b>6,518,560,410</b>	<b>6,887,957,677</b>
<b>Current assets</b>				
Inventories	1,563,756,022	1,348,510,801	1,526,204,700	1,346,382,139
Trade Receivables	2,860,057,614	2,739,155,504	3,002,925,245	3,117,651,448
Short Term Investment	533,091,780	789,810,828	1,036,682,312	556,195,463
Advances, deposits and prepayments	695,069,366	739,860,843	852,874,129	960,271,255
Related Party Receivable	45,621,492	26,497,971	26,049,843	24,112,217
Other Receivable	84,110,721	126,977,722	117,506,406	167,662,517
Cash and cash equivalents	564,385,993	289,863,027	398,428,404	64,414,677
<b>Total current assets</b>	<b>6,346,092,988</b>	<b>6,060,676,696</b>	<b>6,960,671,039</b>	<b>6,236,689,716</b>
<b>Total Assets</b>	<b>10,007,983,067</b>	<b>10,403,341,513</b>	<b>13,479,231,449</b>	<b>13,124,647,393</b>

**EQUITY AND LIABILITIES**

**Shareholders' equity**

Share capital	1,135,399,325	1,135,399,325	1,135,399,325	1,135,399,325
Share Premium	2,030,529,205	2,030,529,205	2,030,529,205	2,030,529,205
Revaluation Reserve	1,290,824,325	1,296,890,181	1,286,103,481	1,285,471,590
Retain Earnings	978,502,690	988,796,984	900,181,272	558,120,266
<b>Total equity attributable to the Parents Entity's Shareholders</b>	<b>5,435,255,545</b>	<b>5,451,615,695</b>	<b>5,352,213,283</b>	<b>5,009,520,386</b>
Non-Controlling Interest				

Mizanur Rahman  
Company Secretary

Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



Shanai Datta, FCA  
Chief Financial Officer  
Runner Automobiles P.L.A



Mizanur Rahman  
Company Secretary



Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles P.L.C

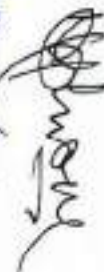


<b>Total equity</b>	<b>5,435,255,545</b>	<b>5,451,615,695</b>	<b>5,352,213,283</b>	<b>5,009,520,386</b>
<b>Non-current liabilities</b>				
Long term loans net off current portion	50,778,390	291,415,305	2,079,738,358	2,287,300,614
Finance Lease net off current portion	-	-	52,406,039	46,312,787
Net Deferred liabilities	85,159,407	114,783,354	131,161,114	133,979,000
<b>Total non-current liabilities</b>	<b>135,937,797</b>	<b>406,198,659</b>	<b>2,263,305,511</b>	<b>2,467,592,401</b>
<b>Current liabilities</b>				
Trade payables	18,370,528	20,254,709	86,738,553	72,023,214
Short term loan from bank	3,962,469,553	3,841,825,786	3,824,139,616	2,908,852,221
Current Portion of long term loans	12,694,598	305,720,946	1,400,398,891	1,524,867,076
Current Portion of Finance Lease	338,640	3,632,732	16,552,118	13,531,349
Related Party Payable	4,883,002	4,498,850	19,594,080	524,594,080
Provision for income tax	160,258,244	130,402,258	175,164,810	192,161,935
Provision for WPPF and welfare fund	4,986,631	8,823,572	4,826,214	4,826,214
Unclaimed dividend account	25,134,009	658,855	2,301,292	2,268,593
Liabilities for expenses and other provisions	247,654,520	229,709,448	333,997,080	404,409,922
<b>Total Current Liabilities</b>	<b>4,436,789,725</b>	<b>4,545,527,156</b>	<b>5,863,712,654</b>	<b>5,647,534,604</b>
<b>Total Liabilities</b>	<b>4,572,727,522</b>	<b>4,951,725,815</b>	<b>8,127,018,165</b>	<b>8,115,127,005</b>
<b>Total Equity &amp; Liabilities</b>	<b>10,007,983,067</b>	<b>10,403,341,510</b>	<b>13,479,231,448</b>	<b>13,124,647,391</b>

Shamat Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC



Mizanur Rahman  
Company Secretary



Suhir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



### 13.5 Profit & Loss Account of Runner Automobiles PLC (Standalone)

Amount in BDT

Particulars				
Year	2019-20	2020-21	2021-22	31-Dec-22
<b>Revenue</b>	3,394,458,428	4,144,648,919	3,783,476,014	1,347,170,261
Direct Operating Expenses	(2,512,165,178)	(2,817,727,060)	(2,675,201,717)	(986,914,922)
<b>Gross profit</b>	<b>882,293,250</b>	<b>1,326,921,859</b>	<b>1,108,274,297</b>	<b>360,255,339</b>
Admin Expenses	(147,257,062)	(142,027,241)	(148,827,947)	(90,889,122)
Marketing & Selling Expenses	(400,799,030)	(588,682,817)	(471,692,913)	(275,248,132)
<b>Operating Profit</b>	<b>334,237,158</b>	<b>596,211,801</b>	<b>487,753,437</b>	<b>(5,881,915)</b>
Less: Financial Expense	(319,591,847)	(580,005,379)	(553,870,628)	(289,128,528)
Other Income	85,087,300	160,265,021	167,467,681	85,672,491
<b>Profit before tax and WPPF</b>	<b>99,732,611</b>	<b>176,471,443</b>	<b>101,350,490</b>	<b>(209,337,952)</b>
Contribution to WPPF	(4,986,631)	(8,823,572)	(4,826,214)	
Share of profit from associates				
<b>Profit Before Tax</b>	<b>94,745,980</b>	<b>167,647,871</b>	<b>96,524,276</b>	<b>(209,337,952)</b>
Current Tax	(22,753,982)	(27,894,688)	(68,881,513)	(16,997,125)
Deferred tax	(2,400,327)	(37,250,992)	(171,393)	(2,888,096)
Prior year tax benefit	-	19,770,846	625,635	
<b>Net Profit after Tax</b>	<b>69,591,671</b>	<b>122,273,037</b>	<b>28,097,005</b>	<b>(229,223,173)</b>



**13.6 Cash Flow Statement of Runner Automobiles PLC (Standalone)**

Amount on BDT

Particulars Year	Historical			
	2019-20	2020-21	2022-21	31-Dec-22
<b>Cash flows from operating activities</b>				
Cash received from customers and dealers	2,567,739,375	3,862,369,387	3,717,194,394	4,237,680,760
Payment to Suppliers and Employees	(4,010,601,462)	(3,404,678,449)	(3,207,852,937)	(2,345,898,636)
<b>Cash Generated/Used for operating activities</b>	<b>(1,442,862,087)</b>	<b>457,690,938</b>	<b>509,341,457</b>	<b>1,891,782,124</b>
Income Tax Paid	(63,672,235)	(81,243,299)	(76,460,131)	(90,701,449)
Foreign exchange gain/(loss)	(99,638)	(13,667)	(31,945,242)	
<b>Net Cash flows from operating activities</b>	<b>(1,506,633,960)</b>	<b>376,433,972</b>	<b>400,936,084</b>	<b>1,801,080,675</b>
<b>Cash flows from investment activities</b>				
Net proceed from sale/ (Purchase) of financial assets	(386,193,850)	(290,632,277)	(252,279,213)	478,804,875
Receipt from investment income	67,658,791	51,320,125	108,783,225	64,712,667
Receipts/ payments to related parties	83,324,926	26,113,819	15,543,358	1,937,625
Receipts from in subsidiaries	-			
Payment for property, plant and equipment	(40,036,744)	(261,447,313)	(2,469,530,148)	(756,110,243)
Proceeds from disposal property, plant and equipment	-			(6,208,395)
Investment in leaseholding asset		0	(77,991,025)	
Working Capital in process	-			
Dividend income	71,040,000	66,600,000	55,500,000	
<b>Net cash generated from/(used in) investment activities</b>	<b>(204,206,877)</b>	<b>(408,045,646)</b>	<b>(2,619,973,803)</b>	<b>(216,863,471)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of equity instrument	-	5,773,163,969	6,175,053,217	
Dividend paid	(108,133,269)	(138,015,086)	(111,897,495)	(32,699)
Capital raising cost	-			
Proceeds from borrowings	5,731,915,057			4,748,445,365
<b>Repayments of borrowings</b>				
Principal	(4,218,751,088)	(5,360,141,802)	(3,229,544,006)	(6,071,533,402)
Finance cost	(316,695,735)	(516,258,742)	(485,931,796)	(644,284,799)
<b>Repayments of Leases</b>				
Principal		(1,318,320)	(14,868,963)	(9,445,172)
Finance cost		(341,311)	(5,207,863)	(3,032,632)
<b>Net cash generated from /(used in) financing activities</b>	<b>1,088,334,965</b>	<b>(242,911,292)</b>	<b>2,327,603,094</b>	<b>(1,979,883,339)</b>





<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(622,505,872)</b>	<b>(274,522,966)</b>	<b>108,565,375</b>	<b>(395,666,135)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,161,757,856</b>	<b>564,385,993</b>	<b>289,863,027</b>	<b>398,428,402</b>
<b>Cash and cash equivalents at end of period</b>	<b>539,251,984</b>	<b>289,863,027</b>	<b>398,428,402</b>	<b>2,762,267</b>

Shamali Datta, FCA  
Chief Financial Officer  
Runner Automobiles P.L.C.



Mizanur Rahman  
Company Secretary



Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles P.L.C.





## 14 Ratios for the Last Five (05) Accounting Years

Ratios for the last 5 years accounting year on the basis of consolidated and separate accounts:

	Consolidated				Standalone			
	2022 HY	2022- 21	2021- 20	2020- 19	2022 HY	2022- 21	2021- 20	2020- 19
Current Ratio	1.23	1.28	1.46	1.26	1.10	1.19	1.33	1.43
Quick Ratio	.89	.90	1.01	.82	.70	.78	.87	.92
Break-Even Point	1,758, 101,21 2	2,615, 526,32 6	2,705,8 72,345	774,0 56,32 2	2,456,8 59,947	4,000,9 05,311	4,095,5 44,298	3,341,3 09,143
Debt-to-Equity Ratio	1.79	1.82	1.83	1.65	1.07	1.03	0.95	0.84
Debt-to-Total Asset Ratio	58.49 %	59.92 %	55.50 %	47.69 %	51.67 %	54.70 %	42.70 %	40.23 %
Accounts Receivable Turnover Ratio	33%	96%	103%	104%	38%	108%	124%	123%
Asset Turnover Ratio	0.144	0.441	0.490	0.461	0.101	0.317	0.406	0.367
Gross Margin Ratio	31.80 %	33%	34.94 %	26.44 %	28.55 %	30.61 %	33.30 %	27.66 %
Operating Income Ratio	9.70%	16.48 %	18.01 %	9.46 %	-0.44%	12.89 %	14.39 %	9.85%
Net Income Ratio	-9.40%	3.82%	3.96%	3.30 %	17.02 %	0.74%	2.95%	2.05%
Return on Assets	14.87 %	41.39 %	47.72 %	42.41 %	10.26 %	28.07 %	39.84 %	33.92 %
Return on Equity	44.28 %	123.41 %	129.41 %	113.2 1%	26.89 %	70.69 %	76.03 %	62.45 %
Earnings-Per-Share (EPS)	-3.11	3.74	3.92	2.89	-2.02	0.25	1.08	0.61
Net Asset Value (NAV) per share	62.63	66.50	65.16	66.56	44.12	47.14	48.01	47.87
Net operating cash flow to Net Income;	-5.11	2.60	2.65	-7.39	-1.5	18.1	3.7	-20.7
Total debt to tangible assets ratio	0.59	0.60	0.56	0.48	0.52	0.55	0.43	0.40

Information Memorandum (Draft)



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary

Page 84 of 105



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

## 15 Credit Rating Report of the Issue and the Issuer

### Issuer Rating:

Date of Rating	Valid Till	Long Term	Short Term	Outlook
Nov 27, 2022	Nov 30, 2023	A1	ST-3	Stable

### Issue Rating:

Date of Rating	Valid Till	Issue Rating	Outlook
13 April, 2023	12 April, 2024	AA3	Stable

For the detail Credit Rating Report of the issuer, please see **Annexure- (II)**. As for Credit Rating Report of the issue, please see **Annexure- (III)**







## 16 Latest Default Matrix and Transition Statistics of CRC

### Default Matrix

CRAB rating's default Study 2021

Rating Category	1-Year Default Rate	3-Year Cumulative Default Rate (CDR)
AAA	0.00%	0.00%
AA	0.00%	0.00%
A	0.00%	0.00%
BBB	0.00%	0.00%
BB	0.00%	0.00%
B	0.00%	0.00%
CCC	0.00%	0.00%

### Transition Matrix

CRAB rating's transition Matrix 2021

Previous Rating	Rating after 1 year						
	AAA	AA	A	BBB	BB	B	CCC
AAA	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AA	0.00%	94.03%	5.97%	0.00%	0.00%	0.00%	0.00%
A	0.00%	2.63%	95.39%	1.97%	0.00%	0.00%	0.00%
BBB	0.00%	0.00%	4.42%	93.54%	2.02%	0.00%	0.00%
BB	0.00%	0.00%	0.00%	19.44%	80.56%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CCC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Each row corresponds to a previous rating.

Each column corresponds to a rating after 1 year.





## 17 Description of the Trustee



### DBH Finance PLC

DBH Finance PLC. is the pioneer, largest and specialist in Housing Finance Institution in the private sector of the country. After commencing operation in 1996 the company has registered commendable growth in creating home ownership in Dhaka and other major cities of the country. At the same time, the company has been playing an active role in promoting the real estate sector

to the large cross sections of prospective clients who had but yet unfulfilled dream of owning a home.

Among all Banks and Financial Institutions of Bangladesh only DBH has been rated the highest 'AAA' credit rating for 16th consecutive years. The level of credit rating provides a very important indication of the financial safety, security and strength of the concerned Bank or Financial Institution and is particularly relevant to its depositors and other investors such as shareholders and lenders.

- Incorporated as public ltd. Company: May 11, 1996
- Date of certificate of commencement of business: May 11, 1996
- License from Bangladesh Bank: July 15, 1996
- Initial public offering (IPO): March, 2008
- Stock exchange listings: 24th April, 2008

#### Business lines:

i) The principal activities of the Company during the year were providing loans for construction of houses, purchases of flats or houses, extension and improvement of existing houses or flats and purchase of housing plots.

ii) The Company has also various investment and financing products like term deposit scheme, cumulative deposit, triple money deposit, double money deposit, annual income deposit, quarterly income deposit, monthly income deposit, easy way deposit, profit first deposit etc. for its individual and corporate clients.

- Authorized Capital: BDT. 4,000,000,000/- (as of 31 December 2021)
- Paid up Capital: BDT 1,949,903,640/- (as of 31 December 2021)
- Institutional Sponsor of: DBH 1st Mutual Fund (Inception date 4th February, 2010)
- Net Worth: BDT 7,994,960,897/-

#### Vision:

To be the leading financial institution in the country with satisfied customers and employees and to generate value for our shareholders while contributing to the wellbeing of the society

#### Mission:

To strengthen the society of the country by continually expanding home ownership

Information Memorandum (Draft)

Page 87 of 105

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



**Core Values:**

- Honesty, integrity and ethics in all aspects of business
- Outstanding service to the customer, above all else
- Individual opportunity, responsibility and reward based on merit
- Hard work and continuous self-improvement, never being satisfied
- Respect and concern for the individual employee

**Strategic Objective:**

- Focus on building deep and long-standing relationships with our clients, customers as well as real-estate developers, and constantly look to improve the quality of our products and services.
- Focus on developing our human resource talents.
- Ensure balanced growth with a disciplined approach to the management of risks and costs.
- Ensure adequate capital and liquidity to sustain our business over the long term.

**Brief Financial Highlights:**

Financial Highlights	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Profit before tax	1,607	1,555	1,498	1,721	1,580
Profit after tax	1,048	1,073	891	1,044	1,721
Shareholders' fund	5,040	5,809	6,431	7,244	7,994
Total deposit	43,319	43,411	43,827	43,978	40,060
Loan portfolio	43,848	44,522	42,750	43,831	44,004
Total balance sheet size	57,499	59,280	58,607	60,279	61,746
NPL ratio (%)	0.30%	0.45%	0.41%	0.63%	0.86%
Earnings per share	8.60	8.04	5.78	5.89	5.21

**Shareholding Position (as of 31 December 2022):**

Based on Shareholders types:

Group Name	No. of Share holders	No. of Shares	Percent(%)
Sponsors/ Directors	5	100,071,333	51.32
General Public	9,223	22,682,876	11.63
Financial Institutions & Other Companies	193	36,696,062	18.82
Foreign Investors	15	35,540,093	18.23
<b>Total:</b>	<b>9,436</b>	<b>194,990,364</b>	<b>100.00</b>

Information Memorandum (Draft)

Page 88 of 105



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

#### **Business Activities:**

DBH Finance PLC. is the pioneer, largest and specialist in Housing Finance Institution in the private sector of the country.

DBH is the major player in the housing finance sector in Bangladesh since 1997 and remains one of the leading non-bank financial institutions. Today, DBH is an acclaimed brand for a high level of customer service; and respected for ethics, values and corporate governance. DBH has developed an attractive suite of products that cater to all customer segments, with the primary focus to strengthen the society by expanding home ownership. By leveraging the understanding of customers from different economic segments, DBH is today in a position to extend a range of products and services in loans through their specialized team members.

DBH is the only Financial institution with exclusive focus in housing finance. DBH provides loans for Flat Purchase, Construction, Extension, Renovation, Group construction, Home equity loan.

Besides, DBH has kept its focus on deposit collection as its main source of funding mechanism. As a result, DBH has managed to fund over 80% of its home loan operation through deposit. At present the Company offers a diverse deposit product line including Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, DBH Platinum Deposit and Day-wise Deposit. Most recently, DBH extended its wing to new business line by engaging with the trustee services of the Bond & Equity fund issue by top banking, non-banking and other corporations.

At present, DBH has extended to new business line by engaging with the trustee services of the following Bond & Equity fund issued by top banking, non-banking and other corporations: -

Name of the Bond/Equity Fund	Type	Issue Size (in crore)	Issuer
UCBL 5th Subordinated Bond	Bond	1000	United Commercial Bank Ltd.
IDLC Venture Capital Fund I	VC Fund	45	IDLC Finance Ltd.
5th PBL Subordinated Bond	Bond	600	Premier Bank Ltd.
LankaBangla 1st PE Fund	PE Fund	25	LankaBangla Securities Ltd.
UCB Private Equity Fund I	PE Fund	150	United Commercial Bank Ltd.
UCB Venture Capital Fund I	PE Fund	150	United Commercial Bank Ltd.
CWT Private Equity Fund ( Awaiting SEC Approval)	PE Fund	15	CWT Private Equity Ltd.
Janata Bank Subordinated Bond II	Bond	1000	Janata Bank Ltd.
IBBL 4th Subordinated Bond	Bond	800	Islami Bank Bangladesh Ltd.
SJIBL 3rd Mudaraba Sub. Bond	Bond	300	Shahjalal Islami Bank Ltd.
SIBL 4th Mudaraba Sub. Bond	Bond	600	Social Islami Bank Ltd.
PBL 3rd Subordinated Bond	Bond	700	Pubali Bank Ltd.
Trust Bank Ltd. VI Sub. Bond	Bond	400	Trust Bank Ltd.

Information Memorandum (Draft)

Page 89 of 105



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



**Board of Directors:**

Name of the Directors	Designation
Mr. Nasir A. Choudhury	Chairman
Dr. A M R Chowdhury	Vice Chairman
Ms. Mehreen Hassan, Bar- at- Law	Director
Mr. Khandkar Manwarul Islam	Director
Mr. Syed Moinuddin Ahmed	Director
Mr. Nazir Rahim Chowdhury	Director
Mr. Mohammad Anisur Rahman	Director
Ms. Rasheda K. Choudhury	Independent Director
Major General Syeed Ahmed, BP (Retd.)	Independent Director

## 18 Modus Operandi of The Issue

### 18.1 Application Procedure

The Bonds shall be distributed 100% through private placement.

Each investor (Bondholder) shall enter into a separate Subscription Agreement with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement which includes detail rights and obligations of the investors.

**Closing:** Subject to the conditions precedent contained in the Subscription Agreement, the closing of the issue of the Bonds shall take place on the Closing Date.

**Investor Representation Letter:** On the date indicated in the Subscription Agreement, the Bondholders will execute and deliver a letter addressed to the (\*).

**Payment of net issue proceeds:** On each Closing Date, of the Bondholders shall pay the purchase price of Bonds to the Issuer in Bangladesh Taka.

**Registration:** On each Closing Date, the Issuer shall procure that the principal amount of Bonds subscribed for by the Bondholders for which payment has been received in accordance with the Subscription Agreement and are registered in name of the Bondholders (with a notation on the Register and on each Bond Certificate identifying the Issue Date of such Bond Certificate).

**Issue:** On the Closing Date, the Issuer shall duly execute and deliver the Bond Certificates to the Trustee for authentication. Promptly following the Closing Date, the Issuer will deliver to each Bondholder Bond Certificates, duly authenticated by the Trustee and representing such Investor's entire holding of Bonds.

### 18.2 Allotment:

#### Bonds

Each series of Bonds will be represented by Bond Certificates. On the date on which any Bond Certificates are issued, the Register shall be completed by the Issuer. On or promptly following the date of issuance, the Issuer shall procure delivery of the duly executed and authenticated Bond Certificates to the registered Bondholders.

#### The Bond Certificates

The Bond Certificates will be printed in accordance with applicable legal requirements substantially in the forms set out in Trust Deed. The Bond Certificates will be endorsed with the Conditions.

#### Signature

The Bond Certificates and any replacement thereof will be signed manually by a duly authorized person(s) designated by the Issuer and will be authenticated manually by or on behalf of the Trustee. Bond Certificates so executed and authenticated will be binding and valid obligations of the Issuer.

#### Entitlement to treat Registered Holder as owner

The Register shall be prima facie evidence of any matter in relation to the rights under the Bonds. Each of the Issuer and the Trustee may deem and treat the holder of a Bond whose name appears in the



Register as the holder of all rights and interests in such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Bond (whether or not the Bond shall be overdue and notwithstanding any notation of rights or interest or other writing thereon or any notice of previous loss or theft of the Bond Certificate issued in respect of that Bond) for all purposes and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee shall not be affected by any notice to the contrary. All payments made to any such holder of Bond shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon the Bonds.

### 18.3 Form, Denomination and Title

#### Form and Denomination

The Bonds, (each, a "Series") are issued in registered form via private placement in a minimum denomination of BDT 1,000,000.00 (BDT one million) per Bond. The Bonds will be issued by the Issuer in the name of the Bondholders at the Issue Price. A bond certificate (each a "Bond Certificate") will be issued to each Bondholder in respect of its registered holding of each series of Bonds. Each Bond and each Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the register of Bondholders (the "Register"), the Issuer and a copy of which will be kept by the Registrar. The Issuer may, without the consent of the Bondholders of a Series, create and issue other Series of Bonds with the same terms and conditions as the Bonds (except for the Issue Date and the Redemption Date).

#### Title

Title of the Bonds passes only by transfer and registration in the Register. A registered Bondholder shall (except as otherwise required by law) be treated as the absolute owner of such Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Bond Certificate relating thereto (other than the endorsed Instrument of Transfer) or any notice of any previous loss or theft of such Bond Certificate) and no person shall be liable for so treating such Bondholder. In these provisions "Bondholder" and (in relation to a Bond) "holder" means the person in whose name a Bond is registered in the Register as owner of the Bond. In the event of any inconsistency between the Register, the record of the holders in the Register shall prevail.

#### Register

The Issuer will maintain an authoritative Register and will procure that the Trustee maintain a duplicate register in respect of the Bonds, in accordance with the provisions of the Subscription Agreement. The "Holder" of a Bond means the person in whose name such Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "Bondholder" shall be construed accordingly. The Register shall be prima facie evidence of any matter in relation to the rights under the Bonds except as ordered by a court of competent jurisdiction or as required by applicable law. Bondholders and the Trustee shall be entitled to inspect the Register and take copies therefrom upon payment of fees as may be prescribed by the Issuer from time to time.

### 18.4 Status of Bond

- i. The Bonds shall constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari-passu and without any preference or priority among themselves. The payment obligations of the Issuer in respect of the Bonds (whether on account of principal or otherwise) will rank pari-passu with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
Mazhar Rahman  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



application. For the avoidance of doubt, nothing shall require the exercise or enforcement of any other right or remedy prior to the exercise of any right or remedy to recover any amount under or in respect of the Bonds from the Issuer. No collateral is or will be given for the payment obligations under the Bonds and any collateral that may have been or may in the future be given in connection with other indebtedness of the Issuer shall not secure the payment obligations under the Bonds. The Bonds are eligible for as collateral for a loan by the Issuer

- ii. The Bondholders shall not be entitled to any of the rights and privileges available to the members of the Issuer including, the right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Issuer. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Issuer, such resolution will first be placed before the Bondholders for their Authorization.
- iii. The rights of the holders of Bonds against the Issuer (including for principal and interest) are junior in right of payment to its obligations to Senior Creditors. In the event of any insolvency, receivership, conservatorship, reorganization, readjustment of debt or similar proceedings or any liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such obligations of the Issuer shall be entitled to be paid in full before any payment shall be made to the Bondholders in respect of the Bonds. In the event of any such proceedings, after payment in full of all sums owing on such prior obligations, the Bondholders and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank pari-passu with the Bonds, shall be entitled to be paid from the remaining assets of the Issuer. Nothing herein shall impair the obligation of the Issuer, which is absolute and unconditional, to redemption fulfil its payment obligations under the Bonds according to these Conditions. For this purpose, "Senior Creditors" shall mean creditors of the Issuer other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank pari-passu with, or junior to, the claims of the Bondholders.
- iv. The Bonds are not a deposit and are not insured by the Deposit Insurance Scheme as per The Bank Deposit Insurance Act 2000. The Bonds are in-eligible to be kept as collateral for a loan or credit facility by the Issuer.
- v. Each Bondholder unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Bond. No collateral is or will be given for the payment obligations under the Bonds and any collateral that may have been or may in the future be given in connection with other indebtedness of the Issuer shall not secure the payment obligations under the Bonds.
- vi. The Bonds shall be distributed to Eligible Persons comprising of financial institutions, corporates and high net worth individuals via private placement only and may only be transferred to another Eligible Person.

## 18.5 Payments

### Calculation of Discount Rate

- The Bonds shall be issued on their respective Issue Date at the rate of (8% - 9.5%)% p.a. (the "Coupon Rate"). Such rate is payable on the Redemption Date of each Bond in arrears, subject as provided in this Trust Deed.



**Payments to Bondholders**

Payment of redemption amount and other payments (if any) will be made on each Redemption Date by the Issuer to the Bondholders. All such payments shall be made by the Issuer to the Paying Agent for distribution to the respective Bondholders against presentation or surrender of the relevant Bond Certificate to Trustee as per the Agency Agreement.

**Payments subject to applicable laws**

All payments in respect of the Bonds are subject in all cases to any applicable laws and regulations of Bangladesh, but without prejudice to the Events of Default. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

**Payments on Business Days**

Payments will be made by the Issuer (a) (in the case of payments of principal and Discount Rate payable on redemption) on the later of the due date for payment and the day on which the relevant Bond Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of the Paying Agent. A holder of a Bond shall not be entitled to any payment in respect of any delay in payment resulting from the due date for a payment not being a Business Day.

**Partial payments**

Where the Issuer makes a partial payment in respect of any Bond, it shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Bond Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Bond Certificate.

**Record Date**

Each payment in respect of a Bond will be made to the person shown as the holder in the Register at the close of business on the day that is ten Business Days before the due date for such payment (the "Record Date").

**Default Rate**

If the Issuer fails to pay any sum in respect of the Bonds on the Redemption Date under the Trust Deed, Issuer shall pay Default Rate to the Bondholders from the Redemption Date until the date of payment of such amount to the Bondholders.

**Failure to Surrender the Bond Certificate**

In the event of any Bondholder not surrendering the Bond Certificate, for which the Trustee is ready to distribute a pay order/ cheque delivered to it by the Issuer, within seven (7) days, after the Redemption Date, the Trustee shall return the said unclaimed instrument to the Issuer who shall be at liberty to deposit in a scheduled bank in the name of the Issuer in an account for the purpose, an amount equal to the amount due to such Bondholders in respect of such Bond and upon such deposit being made subject to the condition that the monies deposited therein shall be withdrawn for settling the future claim of the Bondholders, the Bond which the Issuer is ready to pay or satisfy as aforesaid shall be deemed to have been paid off or satisfied in accordance with the provisions hereof. The Issuer agrees to furnish an undertaking from such scheduled bank that withdrawals from the no lien account shall be permitted only to meet the claims of the Bondholders.

**Payment to Nominee**

If the Holder of a Bond is a natural person, he may appoint a nominee who shall on the death of the Holder of a Bond is entitled to all money in relation to the Bond held in the name of the Bondholder in the Register. Bondholder shall inform the Trustee in the prescribed form under Schedule 5 below the



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Company Secretary



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name of his nominee and upon receipt of such information the Trustee shall record the name of nominee in the Register and shall inform the Issuer. If the Holder of a Bond is more than one person each Holder of a Bond may appoint a nominee for himself who shall hold the Bond along with the surviving Holder of the Bond. Payment by the Trustee to the nominee on the Redemption Date on the death of the Bondholder shall be sufficient to discharge payment obligations of the Issuer to the Bondholders.

#### 18.6 Taxation

All payments made by the Issuer under or in respect of the Bonds and the Trust Deed will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Bangladesh or any authority thereof or therein having power to tax ("Tax Deduction"), unless Tax Deduction is compelled by law.

#### 18.7 Events of Default

**Non-Payment:** a default is made in any scheduled payment of principal or interest when due and payable on the relevant payment date, and such amount remains unpaid for the duration of the cure period specified in the Trust Deed.

#### 18.8 Enforcement Proceedings

In the limited circumstances described in the Trust Deed, the Trustee may take any action, remedy or method of judicial proceedings for the enforcement of rights of Bondholders as may be available under the applicable transaction documents for the Bond and/or applicable law from time to time. No Bondholder will be entitled to proceed directly against the Issuer and/or GuarantCo.

#### 18.9 Application of Moneys

All moneys received by the Trustee in respect of the Bonds or amounts payable under the Trust Deed, under an Enforcement Proceeding or otherwise, will be held by the Trustee on trust to apply them (subject to the terms of the Trust Deed):

- i. first, in payment or satisfaction of the costs, charges, expenses and liabilities incurred by, or other amounts owing to, the Trustee in relation to the preparation and execution of the Trust Deed (including remuneration of the trustee) agreed between the trustee and the Issuer but not paid by the Issuer;
- ii. secondly, in payment of any amounts due and owing by the Issuer to any Agent under the agency Agreement;
- iii. thirdly, in or towards payment *pari passu* and rateably of all amounts remaining due and unpaid in respect of the Bonds; and
- iv. fourthly, the balance (if any) in payment to the Issuer for itself.

#### 18.10 Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection



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Chief Financial Officer  
Runner Automobiles PLC



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Company Secretary



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Managing Director & CEO  
Runner Automobiles PLC



therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

#### 18.11 Replacement of Certificates

If any Bond Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Issuer with intimation to the Registrar, upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Bond Certificates must be surrendered before replacements will be issued.

#### 18.12 Notices

Addresses for notices

All notices and other communications hereunder shall be made in writing (by letter or fax) and shall be sent as follows:

Issuer: If to the Issuer, to it at:

- a) Address: Runner Automobiles PLC  
138/1 Tejgaon I/A  
Dhaka 1208, Bangladesh  
Attention: Shanat Datta, FCA  
CFO

- b) Trustee: If to the Trustee, to it at  
Address: (\*)

#### 18.13 Effectiveness

Every notice or other communication sent shall be effective if sent by letter, seven days after the time of dispatch and if sent by fax or email, 24 (twenty-four) hours after the time of dispatch provided that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the addressee.

#### 18.14 Notices to Bondholders:

All notices are validly given if:

- a) mailed to the Bondholders at their respective addresses in the Register; or
- b) published in one English newspaper and one Bengali newspaper, each having wide circulation in Bangladesh; or
- c) emailed to the Bondholders at their respective addresses set out in the Issuer Register

Any such notice shall be deemed to have been given on the seventh day after being so mailed or on the later of the date of such publications.

#### Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

Information Memorandum (Draft)

Page 96 of 105



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

**Cancellation**

All Bonds which are redeemed by the Issuer, will forthwith be cancelled.

**18.15 Termination****Date of Termination of the Trust**

- The Trust shall be extinguished when all liabilities, if any, are repaid in full in accordance with the Trust Deed and the Conditions.
- Notwithstanding anything to the contrary in the Trust Deed or the other Bond Documents, the Settlor may revoke the Trust with the express consent of all Beneficiaries of the Trust and the permission from the BSEC.

The Bondholders may give a termination notice to the Issuer at any time on or prior to the Closing Date if:

- Breach of obligation: Issuer fails to perform any of its obligations under the Subscription Agreement;
- Failure of condition precedent: any of the conditions precedent is not satisfied or waived by the Bondholders on the Closing Date; or
- Force majeure: since the date of the Subscription Agreement there has been (i) any material outbreak or escalation of hostilities involving Bangladesh or declaration by Bangladesh of a national emergency or war or other calamity or crisis or (ii) a material adverse change in economic, political or financial conditions or currency exchange rates or exchange controls in Bangladesh or international market, of such magnitude and severity in its effect on the financial markets as to make it impracticable or inadvisable to proceed with the offer, sale, distribution or delivery of the Bonds.

**18.16 Mode of Redemptions and Transfers****Redemption**

On any scheduled or early redemption of the Bond, the Issuer shall:

- accept for payment on a pro rata basis of Bonds or portions thereof that are being redeemed in accordance with that Clause; and
- deposit with the Paying Agent money sufficient to redeem all the Bonds or portions thereof so accepted together with any interest thereon.



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLA



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



### Scheduled Redemption

The redemption of the Bonds will start from the end of the 06<sup>th</sup> month from the Issue Date and on each anniversary thereafter in equal instalment and the redemption value shall be paid by the Issuer through payment to Trustee on the Record Date (Scheduled Redemption Date).

### Repayment and Coupon Payment:

Considering the coupon rate of 8.75%

Amount in BDT MN

Period	Principal	Interest	Total Installment	Amount outstanding
1	-	117	117	2,675
2	-	117	117	2,675
3	-	117	117	2,675
4	-	117	117	2,675
5	268	117	385	2,408
6	268	105	373	2,140
7	268	94	361	1,873
8	268	82	350	1,605
9	268	70	338	1,338
10	268	59	326	1,070
11	268	47	314	803
12	268	35	303	535
13	268	23	291	268
14	268	12	279	-

### Redemption at the Option of the Issuer

The Issuer may use the option of redeeming one or more series of the Bonds before the maturity at regular redemption date, subjected to prior approval from the Majority Bondholders. The early redemption can only be exercised at Scheduled Redemption Date. If the Issuer wishes to exercise this option, the immediate past matured bond shall be redeemed as per the schedule and next series of Bonds can only be redeemed early by paying an amount equal to the sum of:

- the Issue Price; and
- the product of the 2% higher of YTM (compounded annually) being applied to the Issue Price from (and including) the Issue Date to (but excluding) the date of actual redemption

The early redemption value shall be paid in full by providing Bangladesh Bank cheques in the name of respective Bondholders who are eligible to encash Bangladesh Bank cheques and Pay Order for others Bondholders to the Paying Agent based on the list of Bondholders provided by the Trustee an amount equivalent to pay the redemption price of all Bonds or portions thereof so accepted. However, the Issuer shall communicate the early redemption information to the Investors at least 1 month before the exercise date

### Redemption of Bonds after Scheduled Redemption Date

The Redemption Amount payable upon redemption of the Bond at any time after 30 Days of the Scheduled Redemption Date shall be an amount equal to the sum of:


- the Redemption Amount that would have been payable if the Bond had been redeemed on the Scheduled Redemption Date; and

Information Memorandum (Draft)

Page 98 of 105



**Shant Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



- the product of the YTM (compounded annually) being applied to such amount from (and including) the Scheduled Redemption Date to (but excluding) the actual date of redemption; and
- the product of Default Rate being applied to aggregate of (i) and (ii) above

#### **Purchase**

The Issuer or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price as may be mutually agreed with respective Bondholder.

#### **18.17 Transfer**

A Bond may freely be transferred to another Eligible Person in Bangladesh (a "Transferee") upon surrender of the Bond Certificate issued in respect of that Bond, together with a duly completed and executed instrument of transfer (in the form attached to the Bond Certificate, a "Instrument of Transfer") by the registered holder of the Bond, as transferor (the "Transferor") or the proposed Transferee. A valid Instrument of Transfer shall be duly stamped, completed and executed by both the Transferor and the Transferee. If the Transferor or the Transferee is a body corporate, such Instrument of Transfer shall be executed by the authorized persons of the Transferor or the Transferee, as the case may be. Upon receipt of the Bond Certificate issued in respect of the Bond to be transferred along with the duly completed and executed Instrument of Transfer at the office of the Issuer, together with such evidence as the Issuer may reasonably require to prove (i) the title of the Transferor and (ii) the signature and authority of each of the individuals who have executed the Instrument of Transfer on behalf of the Transferor and the Transferee. Upon receipt of the Bond Certificate, the Instrument of Transfer and the other supporting documents named above, the authorized person of the Issuer shall approve and certify the transfer on behalf of the Board of Directors of the Issuer. If the Issuer refuses to register the transfer of any Bond it shall within 30 (thirty) days from the date on which the relevant Instrument of Transfer was lodged with the Issuer, send or cause to be sent notice of such refusal to both the Transferor and the Transferee. Where it is proved to the satisfaction of the Issuer that a duly completed and executed Instrument of Transfer has been lost, the Issuer may, in its discretion, on application in writing made by the Transferee and bearing such stamp as is required by an Instrument of Transfer, register such transfer on such terms as to indemnity as the Issuer may think fit. Where not all the Bonds represented by the surrendered Bond Certificate are the subject of the transfer, a new Bond Certificate in respect of the balance of the Bonds will be issued to the Transferor. The Issuer shall notify the Trustee of each such transfer.

#### **18.18 Registration and Delivery of Bond Certificates**

Within 5 (five) Business Days of receipt of notice by the Trustee of the approval of a transfer of Bonds by the Issuer, the Trustee shall (a) register the transfer in question in the Duplicate Register and procure the registration of such transfer in the Register. The Issuer shall make any necessary endorsements on the reverse of a Bond Certificate transferred in whole but not in part and (b) deliver a new Bond Certificate (or, in case of a transfer of Bonds in whole but not in part, the existing Bond Certificate), in each case in respect of which entries have been made in the Duplicate Register and the Register, of a like principal amount to the Bonds transferred to each relevant Bondholder (i) at its Specified Office or (ii) (at the request and risk of any such Bondholder) by uninsured first class mail to the address specified for the purpose by such relevant Bondholder.

#### **Formalities Free of Charge**

The transfer of a Bond will be effected without charge by or on behalf of the Issuer and the Trustee but against such indemnity as the Trustee may require in respect of any tax or other duty or


*Information Memorandum (Draft)*



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

*Page 99 of 105*

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



governmental charges of whatsoever nature which may be levied or imposed in connection with such transfer.

#### **18.19 Trading or Listing with the Stock Exchange**

The bond will be traded in Qualified Stock Exchange, i.e. any national or regional stock or securities exchange on which the Bonds are to be listed or quoted for trading, including without limitation, the Dhaka Stock Exchange, Chittagong Stock Exchange or any other recognized stock exchanges in the world.



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Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

## 19 Details of Fee Structure and Expenses

- Regulatory Fees:  
Application Fee: 10,000  
Consent Fee (Green Bond): 0.03% of total face value, BDT 802,500
- Professional advisers: the fees and expenses of the legal, financial, accountancy and other professional advisers instructed by the Issuer in connection with the creation and issue of the Bonds: At Actual
- Guarantee Fee: As per Bangladesh Bank (BB) approval
- Legal documentation: the costs incurred in connection with the preparation and execution of this Agreement and the Bond Documents: At Actual
- The fees and expenses of the Trustee, the Paying Agent of the Bond, GuarantCo and certain other parties to the Bond Documents;  
Trustee Fee: BDT 500,000 per annum
- The cost of obtaining and maintaining any credit rating for the Bonds and the Issuer;  
Credit Rating Fee: BDT 100,000 per annum
- Other associated costs: other costs and expenses associated with the Issue including the fee payable to the Lead Arranger & Advisor to the Transaction  
Lead Arranger & Advisor to the Transaction Fee: As per mandate



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Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



## 20 Declaration & Due Diligence Certificates

### 20.1 Declaration about the responsibility of the directors, including the CEO of the issuer or originator in respect of the information memorandum

This information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this information memorandum to enable the investors to make a well-informed decision for investment.

s/d

Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC

*Information Memorandum (Draft)*



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary

*Page 102 of 105*



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

## 20.2 Due Diligence Certificate of the Trustee

DBH Finance PLC

**DBH**

**Due diligence certificate of the Trustee**  
**DBH Finance PLC**

To:  
The Bangladesh Securities and Exchange Commission

Sub: Issuance of Runner Auto Corporation Limited, Sustainability Bond Worth BDT 1475 Million issued by Runner Automobiles PLC.

We, the undersigned trustee to the above mentioned term paper issue, state as follows:

1. We, while acting as trustee to the above mentioned issue on behalf of the investors, have examined the draft prospectus, Memorandum, legal and other documents and materials as referred to our website, and
2. In the face of such examination and the documents and the issue, as referred to our website, and other documents, independent verification of the statements concerning details of the issue and the contents of the documents and other materials furnished by the issuer.

**WE CONFIRM THAT:**

- (i) all information and documents as are required to the issue have been received and examined by us and the draft prospectus and other documents and materials forwarded to the Commission have been approved by us;
- (ii) we have also examined all documents of the issuer to be charged with the trust and are satisfied that the issuer has the right, title and charge (if any) in relation to the M/A;
- (iii) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Draft Prospectus) Rules, 2021 have been complied with;
- (iv) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the M/A;
- (v) we shall also abide by the Bangladesh Securities and Exchange Commission (Draft Prospectus) Rules, 2021 and regulations regarding the Commission's regard of the issue; and
- (vi) the above disclosures are complete and true.

For Trustee



Managing Director & CEO  
DBH Finance PLC  
Date: April 08, 2021

Information Memorandum (Draft)



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

Page 103 of 105



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



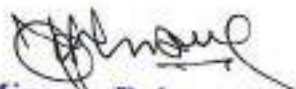
### 20.3 Due Diligence Certificate of the Issue Manager & Underwriter

As this bond will be issued under private placement, no issue manager or underwriter is appointed. Therefore, the "due diligence certificate to be furnished by issue manager(s) in the information memorandum" and "due diligence certificate by the underwriter(s)" are not applicable here.

Information Memorandum (Draft)



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary

Page 104 of 105



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

## 21 Annexure

**Annexure (I):** Audited Financial Statement of Runner Automobiles PLC (RAPLC) as on December 31, 2022

**Annexure (II):** Credit Rating Report of Runner Automobiles PLC (RAPLC)

**Annexure (III):** Credit Rating Report of Runner Auto Sustainability Bond

*Information Memorandum (Draft)*



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

*Page 105 of 105*



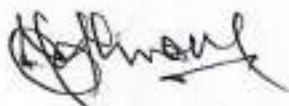
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



**Independent Auditor's Report  
and  
Audited Separate Financial Statements  
of  
Runner Automobiles PLC  
As at and for the 6 month period from  
1 July 2022 to 31 December 2022**



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

**Independent Auditors' Report  
To the Shareholders of Runner Automobiles PLC**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Runner Automobiles PLC (the "Company") which comprise the statement of financial position as at 31 December 2022, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period of six (6) month from 01 July 2022 to 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (the "financial statements") give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the six (6) month period in accordance with International Financial Reporting Standards (IFRSs) and comply with the Companies Act, 1994, the rules and regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable laws and regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-laws. 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 for the period of six (6) month from 01 July 2022 to 31 December 2022. These matters were addressed in the context of the 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 described below, our description of how our audit addressed the matter is provided in that context.

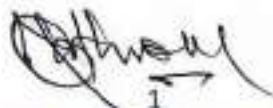
We have fulfilled the responsibilities described in the auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks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



**Shanat Datta, FCA**

Chief Financial Officer

Runner Automobiles PLC



**Mizanur Rahman**

Company Secretary



**Subir Kumar Chowdhury**

Managing Director & CEO

Runner Automobiles PLC

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Key audit matters	How our audit addressed the key audit matters
<b>1. Revenue recognition from contract with customer</b>	
<b>See note no. 30 to the financial statements</b>	
<p>The Company reported revenue of <b>BDT 1,347.17 million</b> which comprises of cash sales, credit sales, credit business income, spare parts sales &amp; services revenue.</p> <p>Revenue is recognized when the company satisfies a performance obligation by transferring a promised good to a customer. Revenue is measured at net of trade discounts, markdown adjustment, returns and allowances. It is a matter of concern that revenue may be misstated due to recognition of sales transaction before performance obligation being satisfied.</p> <p>A significant amount of revenue is generated from credit sales and a credit business income is generated from those sales. With the passes of time a portion of unrealized interest from credit business is recognized in net sales revenue on the basis of amortization schedule prepared at the time of sales.</p> <p>From the aforementioned reasons, we determined that revenue is specifically important in the audit of the financial statements for the period under audit and therefore is one of our "Key Audit Matters."</p>	<p>Our audit procedures in relation to the revenue recognition comprises the followings:</p> <ul style="list-style-type: none"> <li>• Read and assessed the company's revenue recognition policy and assessed its compliance in terms of IFRS-15 "Revenue from contract with customer";</li> <li>• Observed and evaluated whether proper segregation of duties put in place;</li> <li>• Examined samples of sales invoices for evidence of proper credit approval by the assigned personnel and application controls for credit limits;</li> <li>• Compared prices and terms on samples of sales invoices to the price list;</li> <li>• Checked invoice raised at the year end and delivery of goods with acknowledgement of customer to ensure that cut off principle has been properly applied;</li> <li>• Tested the effectiveness of the controls over the calculation of discounts;</li> <li>• Assessed manual journals made to revenue to identify unusual or irregular items; and</li> <li>• We have performed cut-off testing to ensure that sales transactions are recorded in the correct accounting period.</li> <li>• Checked appropriateness of VAT deduction at source.</li> <li>• Finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>

  
**Shanat Datta, FCA**  
 Chief Financial Officer  
 Runner Automobiles PLC

  
**Mizanur Rahman**  
 Company Secretary

  
**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC

Key audit matters	How our audit addressed the key audit matters
<b>2. Valuation of Inventory</b>	
See note no. 8 to the financial statements	
<p>At year end the Company reported inventory of BDT 1,346.38 million, approximately 10% of total assets, includes goods held in depots, central warehouse, showrooms and factories. Inventories are carried at lower of cost and net realizable value. The Company provides provision for obsolescence or slow-moving based on age analysis of inventories. This methodology relies upon assumptions made in determining appropriate provisioning amount to inventory balances.</p> <p>Moreover, the volatility in USD market makes the cost allocation more complex. Therefore, it has been considered as key area of auditor's judgment.</p>	<p>Assessment of inventories valuation is an important aspect of auditing, and there are several procedures that we have followed to ensure that inventory is correctly valued. Some of the audit procedures for the valuation of inventory are:</p> <ul style="list-style-type: none"> <li>• We have reviewed the Company's policy for valuing inventory, identifying slow moving &amp; obsolete inventory and allocation of cost for each stage of production (Pressing, Printing, Welding, Quality Control &amp; Review and assembling).</li> <li>• We reviewed the documentation related to inventory, such as letter of credit for foreign purchase, purchase orders, receiving reports, and sales invoices, to ensure that the inventory is properly valued.</li> <li>• We have inquired about the inventory valuation methods used by the Company, such as FIFO or weighted average method, and evaluate whether these methods are appropriate and consistently applied.</li> <li>• We have performed analytical procedures to assess the reasonableness of the inventory valuation by comparing the inventory turnover ratio and gross profit margin with industry benchmarks and prior year results.</li> <li>• We have performed cut-off testing to ensure that inventory transactions are recorded in the correct accounting period.</li> <li>• We have reviewed subsequent events, such as sales returns, obsolete inventory, or changes in market conditions, to determine if they have an impact on the inventory valuation.</li> <li>• Overall, we have exercised our professional judgment and skepticism throughout the audit process.</li> </ul>

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

**Mizanur Rahman**  
Company Secretary

**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC






Key audit matters	How our audit addressed the key audit matters
<b>3. Provision for warranties</b>	
<b>See note no. 29.2 to the financial statements</b>	
<p>As of 31 December 2022, the Company recorded a provision for product warranties of <b>BDT 68.83 million</b> in the financial position to allow for expenses related to after services of products sold.</p> <p>Liabilities related to Provision for warranties are recorded based on estimates of comprehensive or individual repair costs for products which may arise in the future.</p> <p>Individual repair costs for products which may arise in the future is estimated based on historical repair costs, projected number of vehicles to be repaired and estimated repair cost per vehicle, which are reviewed periodically and modified as necessary.</p> <p>Since this estimate of repair costs involves significant judgment by management, a high degree of auditor judgment is required in evaluating the estimate.</p> <p>From the aforementioned reasons, we determined that the provision for warranties is specifically important in the audit of the financial statements for the period under audit and therefore is one of our "Key Audit Matters."</p>	<p>In auditing the provision for warranties, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Assess the operating effectiveness of internal controls over liabilities related to provision for warranties, including the internal controls related to the determination of significant assumptions and underlying data used in estimating the projected number of units to be repaired as well as the projected repair cost per unit.</li> <li>• Examine that the data used to determine the projected number of units to be repaired and the projected repair cost per unit is supported by evidences and its consistency with historical repair data.</li> <li>• Examine the completeness of the individual estimates of provision for warranties through reviewing the consistency with minutes of meetings and approval documents related to repair costs as well as information on recalls and defects published by competent authorities.</li> </ul>
<b>4. Assessment of the appropriateness of the allowance for doubtful debt</b>	
<b>See note no. 29.3 to the financial statements</b>	
<p>Trade receivables comprises 28% of total assets in the statement of financial position. The appropriateness of the allowance for doubtful debt is subjective due to the high degree of judgment applied by management in determining the impairment provision. Due to the economic downturn conditions currently all over the world as well Bangladesh for war between Russia and Ukraine, it continues to put pressure on customers' ability to repay their outstanding account balances.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the debtor's impairment methodology applied in the current year to the requirements of IFRS 9: Financial Instruments;</li> <li>• Analyzed the methodology by comparing the prior year provision to the actual current year write downs;</li> <li>• Assessed key ratios which include cash collections, days outstanding, and delinquencies;</li> </ul>

  
**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



Key audit matters	How our audit addressed the key audit matters
<p>Management of the Company is continuously reviewing and assessing the need for keeping incremental amount in bad and doubtful debts.</p> <p>Based on assessment, management has made necessary provision for bad and doubtful debts to impair company's trade receivables.</p> <p>Due to the significance of trade receivables and the related estimation uncertainty this is considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We considered changes in account strategy and assessed the impact on the allowance for doubtful debts; and</li> <li>• Assessed any changes in the economy and the impact on the collectability of trade receivables.</li> </ul>
<b>5. Measurement of Deferred Tax Assets (DTAs) / Liabilities (DTLs)</b>	
<b>See note no. 21 to the financial statements</b>	
<p>For the six-month period ended 31 December 2022 the company reported total deferred tax liabilities of <b>BDT 133 million</b> (30 June 2022: BDT 131 million) and deferred tax expenses of <b>BDT 2.8 million</b> (31 December 2021: BDT 0.36 million)</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of DTAs/DTLs and the assumptions used in estimating the company's future taxable income.</li> <li>• We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</li> <li>• We have verified the items of temporary timing difference by scrutinizing the previous period income tax return and financial statements along with the implication of deferred tax income and expense in light of ITO 1984 and IAS 12.</li> <li>• Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</li> </ul>
<b>6. Valuation of IFRS 16 – Leases</b>	
<b>See note no. 6, 20, and 34 to the financial statements</b>	
<p>IFRS 16 - Leases may involve complex judgments and estimates, particularly when determining lease terms, assessing the classification of leases assets and liabilities and calculating lease payments. These judgments and estimates can have a material impact on the financial statements, which is why we pay close attention to the application of IFRS 16 during the audit process.</p> <p>In addition, IFRS 16 involves a significant amount of disclosure requirements, including the description of the company's leasing activities, the</p>	<p>We obtained an understanding of the management's processes for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We adopted a substantive strategy for lease accounts. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included understanding of the management processes and controls for leases, performing walkthrough procedures and substantive audit procedures, including:</p>



Key audit matters	How our audit addressed the key audit matters
<p>amount recognized as assets and liabilities, and the lease payments.</p> <p>Given the complexity of IFRS 16, the risk of material misstatement, and the importance of the financial statement impact, IFRS 16 - Lease is a key audit matter in the audit report.</p>	<ul style="list-style-type: none"> <li>▪ Obtained and read the accounting policy for compliance with IFRS 16 Leases;</li> <li>▪ Obtained listing of all contracts from the management and tested the contracts to determine the impact under IFRS 16. In respect of the testing lease agreements and related right of use assets and lease liabilities: <ul style="list-style-type: none"> <li>- Obtained and read company's borrowing rates correspondence;</li> <li>- Tested the assumptions used in the calculation model for the sample contracts selected for testing;</li> <li>- Tested the completeness of additions and changes to the leases population;</li> <li>- Performed test of details for measurement and valuation of the right of use asset and lease liability;</li> </ul> </li> <li>▪ Assessed the disclosure within the financial statements.</li> </ul>

## Other Matters

The Company adopted revaluation model in FY 2010 for recognition of PPE and has under taken a revaluation of land and building last in FY 2014. After that no revaluation of PPE has been carried out by the Company as suggested by IAS 16 to confirm that the carrying amount corresponds the current fair value of the PPE.

## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations 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 Company'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 intend ed to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

  
**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles Plc.

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC





### 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 ISAs 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 ISAs, we exercise professional judgement 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 omission, 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 Company's internal control.
- Evaluate the appropriateness of the accounting policy used and the reasonableness of accounting estimates and related disclosure 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 condition that may cast significant doubt on the company'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 disclosure in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Company's financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 relevant ethical requirements 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.

  
**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC  
**Mizanur Rahman**  
Company Secretary  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

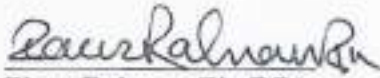


**Report on other legal and regulatory requirements**

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules 1987, we also report the following:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- iii. Statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report agree with the books of accounts and returns, and
- iv. The expenditure incurred was for the purposes of the Company and the Company's business.

**A. Qasem & Co.**  
Chartered Accountants  
RJSC Firm Registration No: 2-PC7202



**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

DVC: 2304021259A0309487

Dhaka, 30 March 2023

  
**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

**Runner Automobiles PLC**  
**Separate Statement of Financial Position**  
**As at 31 December 2022**

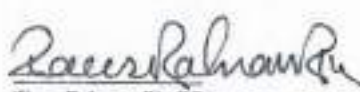
	Notes	Amount in 'Taka	
		31-Dec-22	30-Jun-22
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,962,398,754	2,988,166,707
Intangible assets	4	30,236,253	52,950,126
Capital work in progress	5	3,127,151,412	2,733,553,996
Right of use assets	6	54,960,875	66,160,696
Trade receivables	9	511,631,404	492,803,926
Investment in subsidiaries	7	145,604,000	145,604,000
Investment in marketable securities & instruments	10	34,954,974	39,320,959
		<b>6,887,957,676</b>	<b>6,518,560,410</b>
<b>Current assets</b>			
Inventories	8	1,346,382,139	1,526,204,700
Trade receivables-current portion	9	3,117,651,448	3,002,925,245
Short term investments	10	556,195,463	1,036,682,312
Advances, deposits and prepayments	11	960,271,256	852,874,129
Related party receivables	12	24,112,217	26,049,843
Other receivables	13	167,662,517	117,506,406
Cash and cash equivalents	14	64,414,677	398,428,494
		<b>6,236,689,717</b>	<b>6,960,671,639</b>
<b>Total assets</b>		<b>13,124,647,393</b>	<b>13,479,231,449</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	15	1,135,399,325	1,135,399,325
Share premium	16	2,030,529,205	2,030,529,205
Revaluation surplus	17	1,285,471,592	1,286,103,481
Retained earnings	18	558,120,266	900,181,272
		<b>5,009,520,388</b>	<b>5,352,213,283</b>
<b>Non-current liabilities</b>			
Long term loan net off current portion	19	2,287,300,614	2,079,738,358
Long term lease liabilities	20	46,312,787	52,406,039
Deferred tax liabilities	21	133,979,000	131,161,114
		<b>2,467,592,401</b>	<b>2,263,305,511</b>
<b>Current liabilities</b>			
Trade and other payables	22	72,023,214	86,738,553
Short term loan from banks	23	2,908,852,221	3,824,139,616
Current portion of long term loan	24	1,524,867,076	1,480,398,891
Related party payables	25	524,594,080	19,594,080
Provision for income tax	26	192,161,936	175,164,810
Provision for WPPF and welfare fund	27	4,826,214	4,826,214
Current portion of lease liabilities	28	13,531,349	16,552,118
Unclaimed dividend account	29	2,268,593	2,261,292
Liabilities for expenses and other provision	29	404,400,922	333,997,081
		<b>5,647,534,605</b>	<b>5,863,712,655</b>
<b>Total shareholders' equity and liabilities</b>		<b>13,124,647,393</b>	<b>13,479,231,449</b>
<b>Net Asset Value (NAV) per share</b>	38	<b>44.12</b>	<b>47.14</b>

The annexed notes 1 to 49 and "Annexure I & II" are the integral part of the financial statements.  
Signed as per our report of same date.

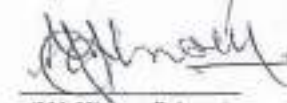
A. Qasem & Co.  
Chartered Accountants

  
(Hafizur Rahman Khan)  
Chairman

  
(Subir Kumar Chowdhury)  
Managing Director & CEO

  
Ziaur Rahman Zia FCA  
Partner  
Enrolment Number: 1259

  
(Md. Mozammel Hossain)  
Director

  
(Md. Mizanur Rahman)  
Company Secretary

DVC: 2304021259A0309487

  
Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC

  
Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC

  
(Shamat Datta FCA)  
Chief Financial Officer



**Runner Automobiles PLC**  
**Separate Statement of Profit or Loss and Other Comprehensive Income**  
For the 6 month period from 1 July 2022 to 31 December 2022

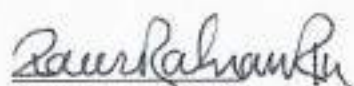
		Amount in Taka	
	Notes	July-Dec'22	July-Dec'21
Revenue	30	1,347,170,261	2,129,273,968
Cost of sales	31	(986,914,922)	(1,510,527,814)
<b>Gross profit</b>		<b>360,255,339</b>	<b>618,746,154</b>
Operating expenses			
Administrative expenses	32	(90,889,122)	(78,510,496)
Selling and distribution expenses	33	(275,248,132)	(297,469,195)
		<b>(366,137,254)</b>	<b>(375,979,691)</b>
<b>Operating profit</b>		<b>(5,881,915)</b>	<b>242,766,463</b>
Finance costs	34	(289,128,528)	(268,958,512)
Other income	35	85,672,491	72,820,280
<b>Profit before tax and WPPF</b>		<b>(209,337,952)</b>	<b>46,628,232</b>
Contribution to WPPF and welfare fund		-	(2,440,812)
<b>Profit before tax</b>		<b>(209,337,952)</b>	<b>44,187,420</b>
Income tax expenses	36		
Current tax		(16,997,125)	(23,100,003)
Deferred tax expense	21	(2,888,096)	(361,922)
		<b>(19,885,221)</b>	<b>(23,461,925)</b>
<b>Net profit for the year</b>		<b>(229,223,173)</b>	<b>20,725,495</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(229,223,173)</b>	<b>20,725,495</b>
<b>Earnings Per Share</b>	37	<b>(2.02)</b>	<b>0.18</b>

The annexed notes 1 to 49 and "Annexure I & II" are the integral part of the financial statements.  
Signed as per our report of same date.

A. Qasem & Co.  
Chartered Accountants

  
(Hafizur Rahman Khan)  
Chairman

  
(Subir Kumar Chowdhury)  
Managing Director & CEO

  
Ziaur Rahman Zia FCA  
Partner  
Enrolment Number: 1259

  
(Md. Mozammel Hossain)  
Director

  
(Md. Mizanur Rahman)  
Company Secretary

DVC: 2304021259A0309487

Dhaka, 30 March 2023  
  
Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC

  
Mizanur Rahman  
Company Secretary  


  
(Shanat Datta FCA)  
Chief Financial Officer

  
Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC

**Runner Automobiles PLC**  
**Separate Statement of Changes in Equity**  
For the 6 month period from 1 July 2022 to 31 December 2022

Amount in Taka

Particulars	Share Capital	Share Premium	Revaluation Surplus	Retained Earnings	Total
Balance as at 1st July 2021	1,135,399,325	2,030,529,205	1,296,890,181	988,796,984	5,451,615,695
Net profit after tax	-	-	-	20,725,495	20,725,495
Cash dividend	-	-	-	(113,539,932)	(113,539,932)
Deferred tax credit on revaluation of assets	-	-	-	29,798	29,798
Realization of revaluation surplus through depreciation charged	-	-	(744,954)	744,954	-
Balance as at 31 December 2021	1,135,399,325	2,030,529,205	1,296,145,227	896,757,298	5,358,831,055
Balance as at 1 July 2022	1,135,399,325	2,030,529,205	1,286,103,481	900,181,272	5,352,213,283
Net profit after tax	-	-	-	(229,223,173)	(229,223,173)
Dividend declared	-	-	-	(113,539,932)	(113,539,932)
Realization of revaluation surplus through depreciation charged	-	-	(631,889)	702,099	70,210
Balance as at 31 December 2022	1,135,399,325	2,030,529,205	1,285,471,592	558,120,266	5,009,520,388

The annexed notes 1 to 49 and "Annexure I & II" are the integral part of the financial statements.

(Hafizur Rahman Khan)  
Chairman

(Md. Mozammel Hossain)  
Director

(Subir Kumar Chowdhury)  
Managing Director & CEO

(Shanaz Datta FCA)  
Chief Financial Officer

(Md. Mizanur Rahman)  
Company Secretary



Shanaz Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC

Mizanur Rahman  
Company Secretary  
Runner Automobiles PLC


Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC




**Runner Automobiles PLC**  
**Separate Statement of Cash Flows**  
For the 6 month period from 1 July 2022 to 31 December 2022

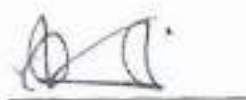
	Amount in Taka	
Notes	July-Dec-22	July-Dec-21
<b>A) Cash flows from operating activities</b>		
Receipt from customers and dealers	1,213,616,575	1,792,078,886
Payment to suppliers and employees	(877,980,742)	(1,690,574,730)
<b>Cash generated from operating activities</b>	<b>335,635,834</b>	<b>101,504,156</b>
Income tax paid	(30,051,504)	(33,310,683)
<b>Net cash generated from operating activities</b>	<b>40 305,584,330</b>	<b>68,193,473</b>
<b>B) Cash flows from investing activities</b>		
Net proceeds from sale/(purchase) of financial assets	483,852,834	(3,381,164)
Receipt from investment income	35,516,379	34,827,788
Receipt/ payment to related parties	506,937,625	3,075,000
Payment for property, plant and equipment	(727,689,614)	(552,835,021)
Investment in leasehold assets	(6,208,915)	-
Dividend income (net of tax)	-	-
<b>Net cash used in investing activities</b>	<b>291,408,309</b>	<b>(518,313,397)</b>
<b>C) Cash flows from financing activities</b>		
Proceeds from borrowings	1,468,050,751	2,807,579,265
Repayments of borrowings:		
Principal	(2,050,976,562)	(2,256,155,240)
Finance cost	(336,570,050)	(176,830,813)
Dividend paid	(32,699)	(8,618)
Repayments of leases:		
Principal	(9,445,172)	-
Finance cost	(1,032,632)	-
<b>Net cash generated from financing activities</b>	<b>(932,006,365)</b>	<b>374,584,594</b>
<b>D) Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(334,013,726)</b>	<b>(75,535,330)</b>
<b>E) Cash and cash equivalents at the beginning of the year</b>	<b>398,428,404</b>	<b>289,863,027</b>
<b>F) Cash and cash equivalents at the end of the year (D+E)</b>	<b>14 64,414,677</b>	<b>214,327,696</b>
<b>Net operating cash flows per share</b>	<b>39 2.69</b>	<b>0.60</b>

The annexed notes 1 to 49 and "Annexure I & II" are the integral part of the financial statements.

  
**(Hafizur Rahman Khan)**  
Chairman

  
**(Md. Mozammel Hossain)**  
Director

  
**(Subir Kumar Chowdhury)**  
Managing Director & CEO

  
**(Shanat Datta FCA)**  
Chief Financial Officer

**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

  
**(Md. Mizanur Rahman)**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

**Runner Automobiles PLC**  
**Notes to the Financial Statements**  
**As at and for the 6-month period ended 31 December 2022**

**1.0 Reporting Entity**

**1.1 Company Profile**

Runner Automobiles PLC ("RAPLC" or the "Company") is a public company limited by shares and domiciled in Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on July 4, 2000 vide incorporation no C-40658 (17) 2000 under the Companies Act, 1994 as a private company limited by shares. Later, the Company was converted into a public limited company on 26 January 2012 after observance of required formalities. Afterwards, the shares of the Company have been listed with Dhaka Stock Exchange and Chittagong Stock Exchange on 19 March 2019 and 20 March 2019 respectively.

The address of the Company's registered office and head office is 138/1 Tejgaon Industrial Area, Dhaka-1208, Bangladesh.

**1.2 Nature of the business**

RAPLC is the flagship Company of Runner group with principal activities to manufacture, distribute and export of motorcycles. The Company has approximately 1,153 employees. In past 21 years, the Company has invested a large amount of capital to introduce complete set of advanced production technology and equipment. Now the Company's production capacity has reached 500 motorcycles per day. RAPLC's products cover 09 series of motorcycles ranging from 50 cc to 200 cc, and about 40 models of motorcycles. At present, RAPLC has more than 89 active dealers and over 199 sales centers run by trained dealer staffs along with own 55 operational showrooms for motorcycle business. Runner Automobiles PLC is selling the highest quantity of motorcycles in the domestic and overseas market as a manufacturer in Bangladesh.

In addition of that RAPLC has been appointed as a distributor for famous BAJAJ RE Brand (LPG, Diesel, Passenger, Quote and Cargo) three wheelers (3W) in Bangladesh. Since incorporation, the Company has been organizing its dealer network and well covered service supports countrywide. At present, the Company has five model of three-wheelers (limited quantity) and captured the domestic market with 60 Dealer points through 50 Dealers to distribute 3 wheelers which are spread across country to ensure proximity to customers.

**2.0 Basis of preparation**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act, 1994, the Securities and Exchange Rules 2020 and other applicable laws and regulations in Bangladesh. The title and format of these financial statements follow the requirements of IFRS which are to some extent different to the requirements of the Companies Act, 1994. However, such differences are not considered material.

  
**Shanat Datta, FCA**  
Chief Financial Officer,  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



## 2.2 Date of authorization

The financial statements have been authorized for issue by the Board of Directors on 30 March 2023.

## 2.3 Going concern

The Company has adequate resources to continue its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management's assessment there are no materials uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

## 2.4 Basis of measurement

The financial statements have been prepared on going concern basis under the historical cost convention except for investment in tradable shares and land and building components of property, plant and equipment which are measured at fair value.

### Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. Management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

  
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Chief Financial Officer  
Runner Automobiles Pl.

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles Pl.

### **Property, plant and equipment**

The fair value of items of property, plant and equipment's has been determined based on the depreciated replacement cost method and net realizable value method, as applicable, by professional values.

### **Equity and debt securities**

Fair values of tradable equity and debt securities are determined by reference to their quoted closing price in active market at the reporting date which are categorized under "Level 1" of the fair value hierarchy.

## **2.5 Functional and presentation currency**

The financial statements are presented in Bangladeshi Taka (BDT or Taka) which is the Company's functional currency. All financial information presented in BDT/Taka has been rounded off to the nearest Taka except when otherwise indicated. Due to the rounding of decimal points to the next integer, some of the sub total may not add up when manually calculated due to this rounding (difference of 1 + or -).

## **2.6 Statement of cash flows**

Statement of cash flows has been prepared as per IAS 7: Statement of Cash Flows using Direct Method as per the requirement of Bangladesh Securities and Exchange Rules 1987. Cash outflow from interest charges/borrowing cost payments are shown as part of financing cash flows, because these are costs of obtaining financial resources. Similarly, loans to/from related parties are treated as investing activities, and cash inflow from dividend receipts and other investing income are considered as returns on investments and hence included as part of investing cash flows.

## **2.7 Use of estimates and judgments**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that has the most significant effect on the amount recognized in the financial statements are revaluation of land and building, income tax provision (both current and deferred tax) and other provision (including for doubtful receivables, obsolete and slow-moving inventories and warranty).

  
**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles Plc.

15  
  
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Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles Plc.



## 2.8 Comparative and reclassification

Comparative information has been disclosed for the year 2020-2021 for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements. Figures for the year 2020-2021 have been rearranged to ensure comparability with the current year's presentation.

## 2.9 Reporting period

The financial statements covered the reporting period of six months commencing from 01 July 2022 to 31 December 2022 along with the related comparative information for the period 1 July 2021 to 31 December 2021 as mentioned above in note 2.8.

### Significant accounting policies

The accounting policies set out below have been applied consistently to all the years presented in these financial statements by the Company except otherwise mentioned.

## 2.10 Changes in significant accounting policies

### Leases

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IAS 17: Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the standard in accordance to paragraph C5 (b), the Company recognize a right-of-use asset and a lease liability at the date of initial application for lease previously classified under IAS 17: Lease.

At initial application for lease, the Company chose, on a lease-by-lease basis, to measure lease liability at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate and recognize the right-of-use assets at an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. The Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices to measure the lease liability at initial application.

The Company leases many assets, including showrooms, warehouses and service center. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e., these leases are on-balance sheet.

The carrying amounts of right-of-use assets are as below.

### In taka

### Right-of-use asset

Balance at 1 July 2022	66,160,696
Balance at 31 December 2022	54,960,875

The Company presents lease liabilities as separately in the statement of financial position.



Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC

16



Mizanur Rahman  
Company Secretary



Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC

#### **i. Significant accounting policies**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liabilities. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liabilities are subsequently increased by the interest cost on the lease liabilities and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

#### **ii. Transition**

Previously, the Company classified property leases under IAS 17. These include showrooms, warehouse and service centers. The leases typically run for a period of 5 to 10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices or negotiations.

At transition, for leases classified under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2022.

Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property lease; or
- an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments the Company applied this approach to all other leases.

  
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17  
  
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Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



The Company used the following practical expedients when applying IFRS 16 to leases previously classified under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

### iii. Impacts on transition

On transition to IFRS 16, the impact on transition is summarized below.

<u>In Taka</u>	<u>Amount</u>
Right-of-use asset	54,960,875
Lease liabilities	59,844,136
Incremental borrowing rate	9%

Incremental borrowing rate for leases recognized all through the year is 9% based on the Company's borrowing rate that 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.

### iv. Impacts for the year

As a result of initially applying IFRS 16, in relation to the leases that were previously classified under IAS 17: Lease, the Company recognized BDT 54,960,875 of right-of-use assets and BDT 59,844,136 of lease liabilities as at 31 December 2022.

Also, in relation to those leases under IFRS 16, the Company has recognized depreciation and interest expense. During the period ended 31 December 2022, the Company recognized BDT 11,199,821 of depreciation charges and BDT 25,40,694 of interest expense from these leases.

## 2.11 Property, plant and equipment (PPE)

Items of property, plant and equipment are stated at cost and re-valued amount less accumulated depreciation and accumulated impairment losses, if any.

### a. Recognition and measurement

The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and any cost directly attributable to the acquisition of the assets. The cost of self-constructed/installed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner and the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized under other income/expenses in profit or loss.

#### **b. Subsequent costs**

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

#### **c. Depreciation**

Depreciation is based on the cost/revalued amount of an asset. Significant parts of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on reducing balance method over the estimated useful lives of each part of property, plant and equipment. Depreciation is charged on when the asset is fully ready for use and depreciation is charged on disposal item up to the date of disposal. The annual rates of depreciation are as follows.

<u>Assets</u>	<u>Rates (%)</u>
Land and land development	Nil
Plant and machinery	10%
Motor vehicle	20%
Furniture and fixtures	10%
Office equipment's	10%
Buildings and other construction	2.5%
Computer and accessories	25%

Depreciation methods, useful lives and residual values are reassessed at each the reporting date and adjusted if appropriate.

#### **d. Capital work in progress**

Capital work in progress consists of cost incurred for acquisition of new plant and machinery, civil structure, factory shed for warehouse etc. which were not ready for use till reporting date.

#### **e. Revaluation of property, plant and equipment**

The revaluation of the Company's assets was made on 31 December 2010 and 2014 by the Rahman Rahman Huq, a Chartered Accountants firm in Bangladesh and a member of the KPMG. The valuation has been made to reflect the fair value of its assets. As per report of revaluation, net revaluation gain stands at BDT 785,566,633 and BDT 575,505,297 as at 31 December 2014 and 2010 respectively. This revaluation has been recognized in financial statements as at 31 December 2014 and 2011 respectively.

  
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19  
  
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Company Secretary

  
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Managing Director & CEO  
Runner Automobiles PLC



Difference of depreciation between revalued carrying amount and depreciation based on carrying amount as per assets' original cost has been transferred from revaluation surplus to retained earnings as shown in statement of changes in equity.

## 2.12 Intangible Assets

### a. Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets are recognized when all the conditions for recognition as per IAS 38 Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the profit or loss as incurred.

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditures, on an individual project, are recognized as an intangible asset when the company can demonstrate all of the following:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) its intention to complete the intangible asset and use or sell it;
- (iii) its ability to use or sell the intangible asset;
- (iv) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures are recognized in profit or loss as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is placed in service. It is amortized over the period of expected future economic benefits. During the period of development, the asset is tested for impairment annually.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

  
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**Mizanur Rahman**  
Company Secretary  


  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

#### b. Subsequent costs

Subsequent costs are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognized in profit or loss as incurred.

#### c. Amortization

Amortization is recognized in profit or loss on a reducing balance basis from the date of operation to over the estimated useful lives of intangible assets. During the year company has capitalized its ERP Software after having ready to use and amortize accordingly.

<u>Assets</u>	<u>Rates (%)</u>
Local software	50%
Foreign software	10%

### 2.13 Inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition in accordance with IAS-2. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Raw materials in transit are valued at cost.

### 2.14 Transactions with related parties

These represent balance amounts due to /from sister concerns which are derived from business transaction and share of common expenses from time to time. These balances are unsecured but considered good and realizable. Wherever applicable interest is charged/realized on related party balances.

### 2.15 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.


### 2.16 Employee benefit schemes

#### a. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

  
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Managing Director & CEO  
Runner Automobiles PLC



#### **b. Defined contribution plan (Recognized provident fund)**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further amount. The Employees' Provident Fund was obtained recognition from Income Tax Authority on February 28, 2011 which was effective from January 31, 2011; vide ref no. nothi no-6/asa-13/pro: fa/2010-2011/ and is considered as defined contribution plan as it meets the recognition criteria specified for this purpose in IAS-19.

Obligation for contribution to defined contribution plan is recognized as provident fund (PF) contribution expenses in profit or loss in the period during which services are rendered by employees.

The Company maintains the Recognized Provident Fund for all permanent employees at which both the Company and employees contribute @ 7.5% of basic salary.

Appropriate provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund ("WPPF") as per provisions of law. Currently the rate of provision is 5% on net profit before tax. A Trust has been formed by The Company to manage and distribution of WPPF as well as allocate the fund in compliance with the required rules and regulation as specified at Trust deed.

#### **2.17 Provisions and contingencies**

A provision is recognized in the financial statements if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Contingencies arising from claim, lawsuit, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured, otherwise a disclosure is provided if the matter is significant.

#### **2.18 Income tax & VAT**

Tax expenses comprise current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

##### **Current tax:**

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax also includes any tax arising from other income.

As per SRO No-382 LAW/Income-tax/2019 dated 11 December 2019 that is changed to SRO No-325 LAW/Income-tax/2021 dated 19 October 2021 applicable Income Tax rate for the Company is 10% of business income, instead of the normal income tax rate of 20% being the listed public entity in accordance with Finance act 2021.



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Chief Financial Officer  
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**Mizanur Rahman**  
Company Secretary



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Managing Director & CEO  
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### **Deferred tax:**

Deferred tax is recognized in compliance with IAS 12: Income taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes since 2012. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **VAT:**

The Company has paid VAT on import, production and sale of motorcycle & 3 wheelers by complying with related rules and regulations for the year ended 30 June 2022. During the year, the entity has paid VAT @ 15% as well as AT @ 4% at the import stage for 2W and AT @ 5% for 3W.

## **2.19 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial assets**

The Company initially recognizes receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

The classification and measurement of financial assets is based 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 assets.

Three measurement classifications for financial assets have been established: amortized cost, fair value through other comprehensive income and fair value through profit and loss. These measurement classifications align with three business models available under IFRS 9:

- Hold to Collect – Financial assets held with the objective to collect contractual cash flows
- Hold to Collect and Sell – Financial assets held with the objective to collect and sell contractual cash flows
- Other – Financial assets held for trading or assets that do not meet the criteria for either 'Hold to collect' or 'Hold to collect and sell'. Financial assets designated as trading are held with an objective to sell the assets in the short term.

  
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23  
  
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Runner Automobiles PLC



For purposes of determining the measurement classification, financial assets under the 'Hold to Collect' and 'Hold to Collect and Sell' business model require an assessment to determine whether the cash flows are solely payments of principal and interest (SPPI). Basic lending arrangements with limited volatility in cash flows typically have contractual cash flows that are SPPI; however, other factors should be considered in making this determination, such as whether interest payments provide only a consideration for the passage of time associated with time value of money.

Financial assets under a Hold to collect business model, with contractual cash flows that are SPPI, are classified and measured at amortized cost. Financial assets under a Hold to Collect and Sell business model, with contractual cash flows that are SPPI, are classified and measured at fair value through other comprehensive income (FVOCI).

Financial assets that have contractual cash flows that are not SPPI, are designated as trading or do not fit the business model criteria for hold to collect and old to collect and sell are measured at fair value through profit and loss (FVTPL). Equity instruments are always measured at FVTPL unless an irrevocable option is elected at initial recognition to present fair value changes in OCI. Fair value changes recorded in OCI for equity instruments are not recycled to profit and loss. The Company did not elect the option to present fair value changes through OCI for equity instruments.

Based on the above the basis of recognition and measurement are as follows:

#### **I. Amortized cost**

The asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

#### **II. At fair value through profit or loss:**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transactions costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognized in profit or loss.

#### **III. At fair value through other comprehensive income**

The asset is measured at fair value and changes in value are transferred through other comprehensive income.

Financial assets currently being used by the Company are as follows:

##### **(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank and other short-term deposits which are available for use by the Company without any restriction. Overdrafts that form part of day-to-day cash management of the Company are also included in cash and cash equivalents.

  
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24  
  
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Runner Automobiles PLC

**(ii) Trade and other receivables**

Trade and other receivables represent the amounts due from customers for delivering goods or rendering services. Trade and other receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortized cost less impairment losses due to un-collectability of any amount so recognized.

**(iii) Investments**

Investment in listed securities is measured at fair value on portfolio basis. Changes between closing market price at 31 December and the respective cost price on portfolio basis has been considered as impairment and accordingly charged to profit. The impairment provision on unrealized loss has been netted off against cost price. Investments in fixed deposits with banks and financial institutions have been recognized at amortized costs.

**(iv) Investment in subsidiaries**

Investments in subsidiaries are fully eliminated in consolidated financial statements. In the separate financial statements of the Company these are initially stated at cost and subsequently at cost less impairment, if any.

**2.20 Financial liabilities**

The Company initially recognizes financial liabilities on the date that is originated. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the liabilities for expenses category. Such financial liabilities are recognized initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost. Company has positive intent to hold FDR to maturity.

**(i) Trade and other payables**

Trade and other payables represent the amounts due to suppliers for receiving goods or services. Trade and other payables are initially recognized at cost which is the fair value of the consideration received. After initial recognition these are carried at amortized cost.

**(ii) Liabilities for expenses**

Liabilities for expenses represent the amounts due to various parties for receiving services. These are initially recognized at cost which is the fair value. After initial recognition these are carried at amortized cost.

**(iii) Borrowings**

Interest-bearing borrowings include both short-term and long-term bank loan. Interest bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost using the effective interest method.

  
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## 2.21 Equity instruments

Ordinary shares are classified as equity. In line with IAS 32 requirement, incremental costs directly attributable to the issue of ordinary shares are recognized as reduction in equity through charging directly to retained earnings instead of profit or loss. Paid-up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company.

## 2.22 Revenue from contracts with customers

The Company has initially applied IFRS 15 Revenue from Contracts with Customers from 1 July 2018. The Company recognizes as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, IFRS 15 establishes a five-step model as follows.

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

### i. Sales of goods

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods are considered as transferred when (or as) the customer obtains control of the goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

### ii. Rendering of services

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Company sells the services in separate transactions.

### iii. Hire income

According to paragraph 65 of IFRS 15, an entity shall present the effect of financing (interest revenue or interest expense) separately from revenue from contracts with customers in the statement of profit or loss and other comprehensive income. Interest revenue or interest expense is recognised only to the extent that a contract asset (or receivable) or contract liability is recognised in accounting for contracts with customers. A hire sale contract includes a significant financing component. Paragraph 60 states that a significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

Since hire sales comprise two performance obligations, the revenue for the product is recognised when the delivery made and the interest is recognised as earned, according to paragraph 65 of the said standard. Therefore, the hire sales have been analyzed in the light of 5 stages as envisaged in IFRS 15 in the following way.

  
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26  
  
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A contract is formed through an agreement between Runner Automobiles PLC and the customer. Two performance obligations are as follows:

- a) delivery of products
- b) financing service

Transaction price is determined considering the price of the product and the number of instalments agreed in the contract. The stand-alone product price is determined as declared in 'price declaration' less discounts (if any). The interest rate is determined by management by assessing the market rates. Currently, Runner Automobiles PLC has been financing in retail business for motorcycles, 3Ws & 4Ws through its own showrooms and dealer channels throughout the country in various EMI tenure ranging from 3 months to 36 months. It recognizes the stand-alone selling price of the product as revenue when the delivery is completed and recognises interest income for the financing service over the period of instalments.

#### **2.23 Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using effective interest method. Bank charges are also considered as part of borrowing costs due to the fact that substantial part of these charges originates from borrowing activities of the Company.

#### **2.24 Finance income**

The company represents the finance business income as operating revenue and the related financing business costs have been presented in respective operating cost. The comparative information has been reported accordingly. Interest income from banks and FIs as well as from related party are included in other income heading.

#### **2.25 Earnings per Share (EPS) Basic Earnings**

Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company with the weighted average number of ordinary shares outstanding during the year, adjusted for the effect of change in number of shares for bonus issue in prior year as well. (Refer to Note-37 to the Financial Statements).

No diluted earnings per share are required to be calculated for the year as there is no scope for dilution during the year under audit.

#### **2.26 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognized in profit or loss.

  
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## 2.27 Impairment of financial and non-financial assets

### i) Financial assets

Impairment of financial assets measured at amortized cost

IFRS 9 requires an assessment of expected credit losses ("ECL") for evaluating whether assets carried at amortized cost are impaired.

The first stage of the evaluation requires an assessment of expected credit losses (ECL), which represent the possibility of default over the next 12 months. When a significant increase in credit risk has occurred, the financial asset is transferred to stage 2 and the ECL will be calculated using the possibility of default over the expected life of the financial instrument. When there is objective evidence that a financial asset is impaired, the financial asset will be transferred to stage 3 and lifetime ECL will be calculated.

The Company measures ECL for the following category of financial assets that are not measured at fair value through profit and loss:

#### Trade and other receivables

Expected credit losses for trade receivables (amount due from related party) are estimated using the simplified approach of lifetime ECL based on a combination of write-off history, aging analysis and ability to make immediate repayment. These simplifications eliminate the need to calculate the 12-month ECL and to assess when a significant increase in credit risk has occurred, as required under a three-stage approach

For other receivables, the Company measures ECL using the three-stage approach.

While cash and cash equivalents carried at amortized cost, are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Based on historical data, the company has established a policy for maintaining and evaluating the expected credit losses. Provision for bad debts has been evaluated by charging different rates (ranging from 1% to 100%) based on the number of EMI due each quarter. The base value of the provision is considered by deducting security value from the overdue receivable amount.

### ii) Non-financial assets

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income.

## 2.28 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company regards its Board of Directors as its chief operating decision maker, as the Board is responsible for allocating resources, assesses performances, and makes strategic decision.

  
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28  
  
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Runner Automobiles PLC

The Company has been involved primarily in manufacturing and marketing of motor cycles as well as trading of 3 Wheelers with a number of models which also reflect in the Company's internal reporting system. While the Company differentiates the product segments for 2 Wheelers and 3 Wheelers, segmentation within the product segments has been a significant part of the regular internally reported financial information to the chief operating decision maker. Consequently, it has become accessible to segment the Company's performances by product segments, hence reported in the note no: 37.

## 2.29 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

For substantial loss in the COVID 19 Period, the Government of Bangladesh bear a substantial portion of interest expenses on the loan taken from various Banks under Government stimulus package.

## 2.30 New standards and interpretations yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. However, this is not an exhaustive list of all the standards issued, the following are the standards which according to the assessment of the Company is most likely to be applicable.

Earlier application of the standards and interpretations that are issued, but not yet effective is permitted. However, the Company has not early applied these new standards in preparing these financial statements.

## IFRS 17: Insurance Contract

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Company has not yet assessed potential impact of IFRS 17 on its financial statements.

  
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29  
  
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Runner Automobiles PLC



		Amount in Taka	
		31-Dec-22	30-Jun-22
3	Property, plant and equipment		
Accounting policy note is given in 2.11 and details of property, plant and equipment and depreciation as of 31 December 2022 are shown in the Annexure-1. The breakup of the balance are as below:			
<b>Fixed assets at cost:</b>			
Cost at 01 July		3,747,221,665	3,720,345,050
Addition during the year		4,648,118	26,876,615
Closing balance		<u>3,751,869,783</u>	<u>3,747,221,665</u>
<b>Accumulated depreciation:</b>			
Opening balance at 01 July		759,054,958	696,713,559
Charged during the year		29,713,971	60,873,387
Depreciation on revaluation		702,099	1,468,012
Closing balance		<u>789,471,028</u>	<u>759,054,958</u>
Written down value		<u>2,962,398,754</u>	<u>2,988,166,707</u>
4	Intangible assets		
<b>Assets at cost:</b>			
Opening balance		74,265,379	72,594,605
Addition during the year		-	1,670,774
Closing balance		<u>74,265,379</u>	<u>74,265,379</u>
<b>Amortization</b>			
Opening balance		21,315,254	15,632,033
Addition during the year		2,693,873	5,683,221
Closing balance		<u>24,009,127</u>	<u>21,315,254</u>
Total		<u>50,256,253</u>	<u>52,950,126</u>
5	Capital work in progress		
Factory development-3w Project		3,127,151,412	2,733,553,996
Total		<u>3,127,151,412</u>	<u>2,733,553,996</u>

Current Years details are as follows

Head of Accounts	30-Jun-22	Addition	31-Dec-22
3W CWIP- Buildings	1,365,840,627	59,093,926	1,424,934,553
CWIP- 3W Utility	126,693,455	28,239,570	154,933,025
CWIP-3W Project Capital Machineries	1,107,151,664	204,967,408	1,312,119,072
CWIP-3W Project Finance Cost	59,647,754	66,345,409	125,993,163
CWIP-3W Project Furniture & Fixture	258,000	819,407	1,077,407
CWIP-3W Project IT System	-	828,687	828,687
CWIP-3W Project Opex	73,962,496	33,303,010	107,265,505
<b>Total</b>	<b>2,733,553,996</b>	<b>393,597,416</b>	<b>3,127,151,412</b>

The Company is establishing three-wheelers manufacturing plant on its own premises. The costs of this new development projects includes plant and machineries, infrastructure development and other relates cost has been capitalised accordingly. Refer to Accounting policy note is given in 2.11-d.

  
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 Company Secretary



  
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 Runner Automobiles Plc.

		Amount in Taka	
		31-Dec-22	30-Jun-22
6	Right use of assets		
	Lease hold assets	54,960,875	66,160,696
	<b>Total</b>	<b>54,960,875</b>	<b>66,160,696</b>

The company is dealing motor cycle business through showrooms and different dealers. Currently 62 Showrooms are in operation and run through rent. All of the showrooms rental process has been recorded under IFRS-16 "Lease". Accounting policy note is given in 2.10 and details of Right use of Assets are given in Annexure-1.

7	Investments in subsidiaries	Share Holding Percentage		
	Runner Motors Ltd. (RML)	61.67%	138,750,000	138,750,000
	Freedom Motors Ltd. (FML)	99.99%	6,854,000	6,854,000
			<b>145,604,000</b>	<b>145,604,000</b>

7.1 Runner Automobiles PLC holds 5,550,000 ordinary shares for each of BDT 10 of Runner Motors Limited among total issued and paid up of 9,000,000 shares and availed control of operation on 1st July 2013.

7.2 Out of Total 6,855,000 ordinary shares issued and paid up, Runner Automobiles PLC holds 6,854,000 shares of BDT. 10 each.

8	Inventories		
	Raw Materials for 2 Wheelers	430,696,532	614,630,845
	Work-in-process	3,414,116	4,872,156
	Finished Goods for 2 Wheelers	205,168,258	292,787,916
	Raw Materials for 3 Wheelers	114,468,624	163,353,874
	Finished Goods for 3 Wheelers	105,564,644	150,647,338
	Spare Parts for 2 Wheelers	120,229,152	130,322,901
	Spare Parts for 3 Wheelers	6,653,958	8,858,937
	Material in transit	360,186,855	160,730,734
	<b>Total</b>	<b>1,346,382,139</b>	<b>1,526,204,700</b>

The above inventories are hypothecated with various banks against loans and borrowings.

i) Detail breakup of raw materials and work-in-process could not be given as it is quite difficult to quantify each items in a separate and distinct category due to large variety of inventory. Information in summarized form may not be useful for the user.

ii) All above inventories are in saleable condition however The Company maintain allowance for slow moving or non moving spare parts exceeding 360 days (notes -29). Accounting policy note is given in 2.13.

iii) Categories wise inventories : Required by The Companies Act, 1994 :

Particulars	Value	Value
80 CC Motor Cycle	57,617,121	115,218,874
100 CC Motor Cycle	55,948,628	62,931,625
110 CC Motor Cycle	84,498,449	131,511,577
125 CC Motor Cycle	114,785,810	128,257,602
150 CC Motor Cycle	175,827,263	288,813,345
165 CC Motor Cycle	59,697,375	85,947,411
200 CC Motor Cycle	15,944,622	20,261,998
Parts and others	201,842,748	218,568,592
Good in Transit (GIT)	360,186,855	160,730,734
Three Wheeler	220,033,270	313,962,943
<b>Total:</b>	<b>1,346,382,139</b>	<b>1,526,204,700</b>

iv) All materials in transit are subsequently received.

v) An amount of BDT 3,534,272 has been kept as a provision against slow moving spare parts for two wheelers. This amount is shown under note: 29 as provision.

  
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Subir Kumar Chowdhury  
Managing Director & CEO



		Amount in Taka	
		31-Dec-22	30-Jun-22
9	<b>Trade receivables</b>		
	Dealer receivables 2W	236,391,621	273,223,045
	Dealer receivables 3W	671,462,486	341,026,571
	Hire customer receivable	2,615,083,692	2,720,462,868
	Others trade receivables	106,345,057	161,016,688
	<b>Total</b>	<b>3,629,282,856</b>	<b>3,495,729,171</b>
	Within 360 Days	3,117,651,448	3,002,925,245
	More than 360 days	511,631,408	492,803,926
	<b>Total</b>	<b>3,629,282,856</b>	<b>3,495,729,171</b>
10	<b>Investment in marketable securities &amp; instruments</b>		
	Shares in listed companies (note - 10.1)	35,954,974	39,320,959
	Fixed deposit with banks and FIs (note - 10.2)	556,195,463	1,036,682,312
	<b>Total</b>	<b>592,150,437</b>	<b>1,076,003,271</b>
10.1	<b>Shares in listed companies</b>		
	Marketable securities : Cost price	35,592,114	34,726,083
	Less: Unrealized loss on marketable securities	(4,968,320)	(2,540,781)
	<b>Closing balance</b>	<b>30,623,794</b>	<b>32,185,302</b>
	Add: Beneficiary Owners (B.O) investment current a/c balance	5,331,180	7,135,657
		<b>35,954,974</b>	<b>39,320,959</b>
10.2	<b>Fixed deposit with banks and FIs (based on maturity)</b>		
	0-6 Months	314,041,469	585,336,016
	7-12 Months	242,153,994	451,346,296
	<b>Total</b>	<b>556,195,463</b>	<b>1,036,682,312</b>
11	<b>Advances, deposits and prepayments</b>		
	<b>Advances</b>		
	Advance Income Tax (note-11.1)	301,937,602	280,810,732
	Advance paid for land purchase	26,533,280	16,533,280
	Advance to employees	31,623,676	13,973,624
	Advance paid to suppliers	278,572,293	156,147,354
	Advances for showroom rent	96,271,939	96,971,155
		<b>734,938,790</b>	<b>564,436,145</b>
	<b>Deposits</b>		
	Mymensingh Palli Bidduth Samity	7,018,079	7,018,079
	Dhaka Power Distribution Co. Ltd.	408,000	408,000
	Bank Guarantee for tender sale	4,113,598	4,313,598
	Other suppliers	3,975,938	3,394,973
		<b>15,515,615</b>	<b>15,134,650</b>
	<b>Prepayments</b>		
	LC margin deposited with Banks	30,691,254	56,903,638
	VAT paid in advance (note-11.2)	173,482,522	208,502,283
	Prepaid insurance	5,643,075	7,897,413
		<b>209,816,851</b>	<b>273,303,334</b>
	<b>Total</b>	<b>960,271,256</b>	<b>852,874,129</b>

  
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 Runner Automobiles PLC

		Amount in Taka	
		31-Dec-22	30-Jun-22
11.1	<b>Advance Income Tax</b>		
	Opening balance	280,810,732	229,063,154
	Addition during the year	21,126,870	76,460,131
		301,937,602	305,523,285
	Adjustment during the year -		
	Against AIT refund	-	(1,219,227)
	Against provision for tax	-	(23,493,326)
	<b>Total</b>	<b>301,937,602</b>	<b>280,810,732</b>

All tax assessments up to the accounting year ended 30 June 2017 (assessment year 2017-2018) & 30 June 2018 (assessment year 2018-19) have been completed and related adjustments and refunds have been accounted accordingly. The details has been mentioned in the separate disclosures on below.

11.2	<b>VAT paid in advance</b>		
	Opening balance	208,502,283	217,651,336
	New deposit during the year	34,134,452	97,325,844
	Rebate claims during the year	204,048,837	544,151,177
		446,685,572	859,128,357
	Adjustment of VAT payable	(273,203,050)	(650,626,074)
	<b>Total</b>	<b>173,482,522</b>	<b>208,502,283</b>

12	<b>Related party receivables</b>		
	Runner Trade Park Ltd. (RTPL)	24,112,217	26,049,843
	<b>Total</b>	<b>24,112,217</b>	<b>26,049,843</b>

13	<b>Other receivables</b>		
	Accrued interest on FDRs	11,920,549	12,624,935
	Rental receivable	3,964,082	3,053,583
	Receivable from PF employer contribution (lapses and forfeiture account)	990,720	990,720
	Dividend receivable	55,500,000	5,550,000
	Advance income tax refund **	95,287,166	95,287,166
		167,662,517	117,506,406

\*\* AIT Refund

The Company is satisfied that the above amount is recoverable and already received refundable notice from Tax authority allowing refund of Tk. 1,219,227 for the year 2017-18.

<b>Opening Balance</b>	95,287,166	94,067,939
<b>New refund made during the year</b>	-	1,219,227
<b>Closing Balance</b>	<b>95,287,166</b>	<b>95,287,166</b>

As mentioned above, these refunds are related to income years up to 31 December 2012. Although the Company was always confident of receiving these refunds, but considering some uncertainty and expected long time taken for the final settlement, on prudent basis, a portion of these refund claims were charged to expenses.

  
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 Runner Automobiles PLC



		Amount in Taka	
		31-Dec-22	30-Jun-22
14	Cash and cash equivalents		
	Cash in hand	8,815,475	15,635,260
	Cash at banks	55,599,202	382,793,144
	Total	64,414,677	398,428,404
15	Share capital		
	<u>Authorized capital</u>		
	200,000,000 Ordinary shares of Tk. 10/- each	2,000,000,000	2,000,000,000
		1,000,000,000	2,000,000,000
	<u>Issued, subscribed, called-up and paid up capital</u>		
	Ordinary share	300,000,000	300,000,000
	Allotment of 13,478,261 ordinary shares	134,782,610	134,782,610
	Issuance of bonus shares @ 50% of ordinary share capital	217,391,300	217,391,300
	Issuance of bonus shares @ 33.33% of ordinary share capital	217,391,300	217,391,300
	Issuance of placement share	72,464,000	72,464,000
	Bonus Shares for 2019@ 5 %	54,066,635	54,066,635
	Issuance of primary shares through IPO	139,303,480	139,303,480
		1,135,399,325	1,135,399,325

The aforesaid share capital is subscribed as under:

Sl. No.	Form of shareholders	No of Ordinary Share	% of Shareholdings	Amount in Taka 31 Dec 2022	Amount in Taka 30 June 2022
01	Sponsors/Directors	46,811,847	41.23%	468,118,470	468,118,470
02	Local Company/Institutions	40,232,623	35.43%	402,326,230	403,797,370
03	Non-Resident Bangladeshi	166,659	0.15%	1,666,590	1,697,050
04	General Public	26,328,803	23.19%	263,288,035	261,786,435
	Total:	113,539,932	100.00%	1,135,399,325	1,135,399,325

  
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 Runner Automobile. Plc

  
**Mizanur Rahman**  
 Company Secretary

  
**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles Plc

Amount in Taka	
31-Dec-22	30-Jun-22

15.1 As per requirement of schedule XL, PART I of the Companies Act, 1994 the issuance of share at 30 June 2022 was follows:

Cash	364,050,090	364,050,090
Bonus	711,049,235	711,049,235
Other than cash	60,300,000	60,300,000
	<u>1,135,399,325</u>	<u>1,135,399,325</u>

15.2 In accordance with Bangladesh Securities and Exchange Commission Notification No: BSEC/CMRRCD/2006-158/206/Admin/81 dated on 20 June 2018, the detailed breakup or composition of Share capital along with the date of issue, face value, and contribution of capital is required and referred in following phases accordingly.

Particulars	Allotment Date	Face Value	Issue Price (BDT)	Amount (BDT)	Form of
1st Allotment (Subscription to the MOA & AOA)	At the time of Incorporation	10	10	4,020,000	Cash
2nd Allotment	11.06.2002	10	10	9,380,000	Cash
3rd Allotment	17.02.2005	10	10	13,400,000	Bonus
4th Allotment	07.08.2005	10	10	2,000,000	Cash
5th Allotment	10.02.2009	10	10	400,000	Cash
6th Allotment	11.07.2010	10	55	200,000	Cash
7th Allotment	28.08.2010	10	10	58,800,000	Bonus
8th Allotment	01.08.2011	10	10	1,500,000	Cash
9th Allotment	10.03.2012	10	10	60,300,000	Other than cash
10th Allotment	12.01.2013	10	10	150,000,000	Bonus
11th Allotment	28.09.2013	10	78	134,782,610	Cash
12th Allotment	22.02.2015	10	10	217,391,300	Bonus
13th Allotment	22.09.2015	10	10	217,391,300	Bonus
14th Allotment	17.12.2015	10	45	72,464,000	Cash
15th Allotment	04.03.2019	10	75 & 67	139,303,480	Cash
16th Allotment	30.12.2019	10	60	54,066,635	Bonus
Total				<u>1,135,399,325</u>	

#### 16 Share premium

Sponsors/Directors	916,208,705	916,208,705
Local Company/Institutions	683,912,585	683,912,585
Foreign Company	1,873,560	1,873,560
Non-Resident Bangladeshi	79,757,478	79,757,478
General Public	348,776,877	348,776,877
	<u>2,030,529,205</u>	<u>2,030,529,205</u>

\* Shareholding of Brummer Frontier PE II (Mauritius) Limited, an institutional shareholder has been considered under the category of Sponsors/Directors as it has nominated directors in the Board of Directors of the Company.

  
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Runner Automobiles PLC.

  
Mizanur Rahman  
Company Secretary

  
Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



		Amount in Taka	
		31-Dec-22	30-Jun-22

17 **Revaluation surplus**

The revaluation of the Company's land and buildings assets was made on 31 Dec. 2010 & 2014 by M/S Rahman Rahman Huq, a Chartered Accountants firm in Bangladesh and a member of KPMG. The valuation has been made to reflect the fair value of these assets. The revaluation surplus arises from revaluation of plant and machineries is restricted for dividend payment to shareholder.

The summary of revaluation is shown below:

Opening balance	1,286,103,481	1,296,890,180
Adjustment to property, plant and equipment	-	2,246,884
Transfer from deferred tax liabilities to revaluation surplus	-	(11,954,871)
Prior year Adjustment	-	242,498
Depreciation on revalued assets	(631,889)	(1,321,211)
<b>Total</b>	<b>1,285,471,592</b>	<b>1,286,103,481</b>

Detail disclosure for revaluation of property, plant and equipment are reported Accounting policy note 2.11(e)

18 **Retained earnings**

Opening balance	900,181,272	988,796,984
Net profit during the year	(229,223,173)	28,097,005
Realization of revaluation surplus through depreciation charge	702,099	1,321,211
Adjustment for differed tax on realization from revaluation of PPE	-	146,801
Prior year adjustments	-	(4,640,796)
Cash Dividend	(113,539,932)	(113,539,932)
<b>Total</b>	<b>558,120,266</b>	<b>900,181,272</b>

\*In accordance with IAS 32.35, the Company has deducted the costs of issuing equity instruments (net of any related income tax benefit) from retained earnings as a component of equity for the rest amount of 4 crore (estimated IPO expenses) after the deduction made in 2017 and 2018 as expense.

19 **Long term loan net off current portion**

Bank	2,060,664,172	1,975,804,890
Non Bank Financial Institutions	226,636,442	103,933,467
<b>Total</b>	<b>2,287,300,614</b>	<b>2,079,738,358</b>

20 **Lease liabilities**

Current portion of lease liabilities	13,531,349	16,552,118
Non-current portion of lease liabilities	46,312,787	52,406,039
<b>Total</b>	<b>59,844,136</b>	<b>68,958,157</b>

Accounting policy note is given in 2.10 and details of Right used of Assets are given in Annexure- I.

  
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		Amount in Taka	
		31-Dec-22	30-Jun-22
21	<b>Deferred tax liability-net</b>		
	On revaluation of assets (note - 21.1)	57,435,361	57,505,571
	On temporary timing differences (note - 21.2)	76,543,639	73,655,543
		<u>133,979,000</u>	<u>131,161,114</u>
21.1	<b>On revaluation of assets</b>		
	Land	51,765,350	51,765,350
	Other than land	5,670,012	5,740,221
		<u>57,435,361</u>	<u>57,505,571</u>
In according with IAS 12 (para 20) and Income Tax Ordinance 1984, Section 53H; Income tax on land has been charged @ 4% from 2011 (previously it was accounted for @ of 3%). Accordingly the adjustment for deferred tax on land and other than land has been reported during this period.			
21.2	<b>On temporary timing differences</b>		
	Opening balance	73,655,543	70,777,426
	Provision during the year	2,888,096	171,394
		<u>76,543,639</u>	<u>70,948,819</u>
	Add: Prior year adjustment during the year	-	2,706,724
		<u>76,543,639</u>	<u>73,655,543</u>
The above balance is netted of as follows:			
	During the period		
	Increase/(Decrease) of Deferred tax liability on depreciation & amortization	2,888,096	1,285,823
	(Increase)/Decrease of Deferred tax assets on WPPF & bad debts	-	(1,114,429)
		<u>2,888,096</u>	<u>171,394</u>
22	<b>Trade and other payables</b>		
	Local accessories	72,023,215	86,738,554
	<b>Total</b>	<u>72,023,214</u>	<u>86,738,553</u>
23	<b>Short term loan from banks</b>		
	Eastern Bank Limited	264,930,376	446,735,005
	Al-Arafah Islami Bank Limited	325,739,841	266,734,877
	Marcentile Bank Limited	582,937,695	499,882,409
	Standard Bank Limited	442,099,495	418,216,763
	BRAC Bank Limited	184,732,828	197,157,865
	Bank Asia Limited	204,618,826	531,469,164
	Dhaka Bank Limited	86,542,610	82,076,960
	Community Bank Limited	104,501,576	99,855,404
	Premier Bank Limited	576,445,279	534,983,033
	Meghna Bank Limited	-	307,573,300
	Commercial Bank of Ceylon	50,973,908	50,061,311
	Pubali Bank Limited	85,329,787	388,793,524
		<u>2,908,852,221</u>	<u>3,824,139,616</u>

  
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 Runner Automobiles PLC



		Amount in Taka	
		31-Dec-22	30-Jun-22
24	<b>Current portion of long term loan</b>		
	Premier Bank Limited	191,155,075	236,813,988
	Mercantile Bank Limited	16,081,962	17,802,000
	Dhaka Bank Limited	15,087,960	13,488,053
	Community Bank Limited	123,987,379	167,612,649
	Commerce Bank of cylon	10,939,646	7,473,080
	Brac Bank Ltd	30,327,531	-
	Meghna Bank Ltd	102,446,567	-
	SBAC Bank Limited	70,412,054	76,813,920
	Shimanto Bank Limited	169,652,406	192,704,993
	Pubali Bank Limited	425,591,018	384,200,000
	Bank Asia Limited	278,530,901	147,431,264
	IPDC Finance Limited	90,654,577	156,058,944
	<b>Total</b>	<b>1,524,867,076</b>	<b>1,400,398,891</b>
25	<b>Related party payables</b>		
	Freedom Motors Ltd.	4,373,549	4,373,549
	Runner Motors Ltd.	520,220,531	15,220,531
	<b>Total</b>	<b>524,594,080</b>	<b>19,594,080</b>
26	<b>Provision for income tax</b>		
	Opening balance	175,164,809	130,402,258
	Provision during the year	16,997,125	68,881,512
		192,161,935	199,283,770
	Adjustment made during the year	-	(24,118,961)
	<b>Total</b>	<b>192,161,935</b>	<b>175,164,809</b>
27	<b>Provision for WPPF and welfare fund</b>		
	Opening Balance	4,826,214	8,823,572
	Contribution during the year	-	4,826,214
	Payment during the year	-	(8,823,572)
	<b>Total</b>	<b>4,826,214</b>	<b>4,826,214</b>
28	<b>Unclaimed dividend account</b>		
In compliance with the clause 3 (vii) of the BSEC Directive no: BSEC/CMRRCD/2021-386/03-, dated 14 January 2021, the summary of unclaimed dividend is as follows:			
	FY 2018-19	329,072	329,072
	FY 2019-20	1,404,245	1,404,245
	FY 2020-21	535,276	567,975
	<b>Total</b>	<b>2,268,593</b>	<b>2,301,292</b>

  
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		Amount in Taka	
		31-Dec-22	30-Jun-22
29	<b>Liabilities for expenses and other provision</b>		
	Payable to provident fund (Note- 29.1)	15,945,554	7,585,324
	Provision for warranty (Note- 29.2)	68,833,646	69,859,932
	Withholding VAT Payable	5,366,970	7,268,100
	Provision for selling expense	19,790,448	15,558,418
	Salaries and wages	35,941,509	39,158,438
	Provision for audit fees	1,800,000	1,380,000
	Provision for inventories	3,534,272	3,534,272
	Provision for bad & doubtful debts (Note- 29.3)	139,957,591	157,707,354
	Provision for finance cost & foreign exchange loss	-	31,945,242
	Dividend payable	113,539,932	-
	<b>Total</b>	<b>464,409,922</b>	<b>333,997,680</b>
29.1	<b>Payable to provident fund</b>		
	Opening balance	7,585,324	3,399,426
	Employees' contribution during the year	6,071,246	11,595,803
	Employers' contribution during the year	6,071,246	11,595,803
		19,727,816	26,591,032
	Payment during the year	(3,782,262)	(19,005,708)
	<b>Total</b>	<b>15,945,554</b>	<b>7,585,324</b>
29.2	<b>Provision for warranty</b>		
	Opening balance	69,859,932	63,142,805
	New Provision made for the year	7,715,000	26,108,800
	Service charge made	(8,741,286)	(19,391,673)
	<b>Closing balance</b>	<b>68,833,646</b>	<b>69,859,932</b>
Warranty provision has been made by reviewing the historical data of service claimed and its cost per unit sold. The related service cost has been adjusted accordingly. The balance has been attributed for the motorbikes which are available for services claim as on the reporting date.			
29.3	<b>Provision for bad &amp; doubtful debts</b>		
	Opening balance	157,707,354	153,624,208
	Addition during the year	18,234,579	60,549,264
		175,941,933	214,173,472
	Adjustment during the year	(35,984,342)	(56,466,118)
	<b>Total</b>	<b>139,957,591</b>	<b>157,707,354</b>

The Company has been maintaining bad debt provision ranging 5% to 100% based on historical default rate on outstanding receivable as expected credited loss. Beside that net loss occurred due to resale of seized motorcycles and settlement of long aged receivable have been adjusted accordingly.

  
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 Runner Automobiles PLC



## 30 Revenue

	Amount in Taka	
	July-Dec'22	July-Dec'21
Sales	1,356,373,198	2,647,831,875
Credit Business Income	164,735,248	194,960,694
Value Added Tax	(173,938,185)	(115,318,601)
Net Sales	<u>1,347,170,261</u>	<u>2,129,273,968</u>

## 30.1 Motor Cycle sales details as are below:-

Particulars	July-Dec'22	July-Dec'21
	Sales Revenue	Sales Revenue
80 CC Motor Cycle	124,894,004	187,931,400
100 CC Motor Cycle	40,226,000	76,484,336
110 CC Motor Cycle	197,134,459	255,447,279
125 CC Motor Cycle	145,901,660	187,669,364
150 CC Motor Cycle	91,857,081	76,696,730
165 CC Motor Cycle	91,857,001	182,429,310
E-EW-Eco	8,777,500	182,100
Service & Parts	73,165,493	81,865,332
Credit Business Income	164,735,248	194,960,694
Three Wheeler	583,430,000	998,426,000
Total:	<u>1,347,170,261</u>	<u>2,129,273,968</u>

## 30.2 The sale details can be enumerated in terms of geographical nature:

Local sales	1,347,170,261	2,129,273,968
Export sales	-	-
	<u>1,347,170,261</u>	<u>2,129,273,968</u>

## 31 Cost of sales

Raw material consumed (note - 31.1)	744,616,425	1,136,178,195
Factory overhead (note-31.2)	95,639,377	120,188,151
Manufacturing cost	<u>840,455,802</u>	<u>1,256,366,346</u>
Add: Opening work in process	4,872,156	5,406,423
Cost of goods available for use	<u>845,327,958</u>	<u>1,261,772,769</u>
Less: Closing work in process	(3,414,116)	(4,819,812)
Cost of production	<u>841,913,842</u>	<u>1,257,382,957</u>
Add: Opening finished goods	582,617,091	1,020,377,330
Finished goods available for sale	<u>1,424,530,933</u>	<u>2,277,730,327</u>
Less: Closing finished goods	(427,616,011)	(767,202,513)
COGS	<u>986,914,922</u>	<u>1,510,527,814</u>

## 31.1 Raw materials consumed

Opening stock of raw materials	777,984,718	285,657,366
Add: Purchase of raw materials	511,796,863	1,245,181,406
Raw and packing materials available for consumption	<u>1,289,781,581</u>	<u>1,530,838,766</u>
Less: Closing stock of raw materials	(545,165,156)	(394,660,771)
Raw materials consumed	<u>744,616,425</u>	<u>1,136,178,195</u>

Disclosure as per requirements of Schedule XI, Part-II., Para-8 of the Companies Act, 1994

Items	Purchase (BDT)			Consumption	% of Consumption of total
	Import	Local	Total		
Raw Materials	478,233,895	33,562,967	511,796,863	744,616,425	145%

i) The value of imported raw materials is calculated on CIF basis in addition to other directly attributable costs.

ii) The Company has not incurred any expenditure or earnings in foreign currency for the 6 month period ended 31 December 2022 on account of royalty, know how, professional fees, consultancy fees and interest.

iii) The Company has not incurred any export earnings for the for the 6 month period ended 31 December 2022.

  
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### 31.2 Factory overheads

	Amount in Taka	
	July-Dec'22	July-Dec'21
Factory wages, salaries and allowances	50,947,977	57,287,360
Telephone, mobile and internet expense	173,580	223,596
Gas, fuel, lubricant and engine oil	497,567	264,838
Labour charges	136,340	352,177
Guard and security expenses	2,060,331	1,468,552
Tours, traveling and conveyance	2,086,542	1,12,487
Entertainment	4,261,270	2,549,737
Printing, stationery and photocopy	304,994	49,981
Contributed to provident fund	1,447,088	1,469,766
Vehicle repair and maintenance	-	370,430
Repairs and maintenance	490,117	647,205
Other factory expenses	3,469,678	22,773,672
Medical expenses	4,057	8,857
Utility expenses	4,539,302	5,396,324
Depreciation	24,332,836	24,462,021
Insurance premium	1,086,851	2,750,628
<b>Total</b>	<b>95,835,377</b>	<b>120,188,151</b>

### 32 Administrative expenses

Salary and allowances	29,088,021	33,492,423
Telephone, mobile and internet	327,496	332,360
Board meeting fees	342,218	300,000
Stationery and photocopy	418,804	783,170
Tours, traveling and conveyance	1,135,978	3,354,708
Consultancy, legal and professional fees	2,168,745	563,060
Office expenses-documentation	340,615	1,342,294
Key management salary & allowances	10,964,089	10,942,020
Guard and security expenses	413,613	724,373
Internet and IT expenses	1,373,932	577,858
Training and recruitment	88,334	42,594
Entertainment	686,869	1,137,468
Repair and maintenance	803,140	1,152,128
Labor expenses	13,730	-
Gas, fuel and lubricant	155,638	71,260
Utility expenses	413,088	243,202
Contributed to provident fund	1,295,083	646,778
Audit and professional fees	1,643,750	-
Medical expenses	48,381	67,060
Insurance premium	7,400,488	1,317,401
Depreciation	6,083,214	8,627,813
Amortization	2,693,873	-
AGM and annual day expense	13,640	200,000
Bank charges	32,642,234	12,992,327
Listing expense	336,124	-
<b>Total</b>	<b>90,889,122</b>	<b>78,510,496</b>

### 33 Selling and distribution expenses

Salary and allowance	99,111,447	72,237,845
Bad and doubtful debts	18,234,579	61,257,989
Telephone, mobile and internet expense	3,508,836	3,205,999
Project R&D expenses (note - 33.1)	5,894,206	2,925,649
Rent rates and taxes	8,631,438	21,648,964
Vehicle repairs and maintenance	2,745,224	435,610
Tours, traveling and conveyance	23,930,625	15,065,811
Advertisement and promotional expenses	55,480,159	93,364,687
Other selling and distribution expenses	26,443,661	7,645,578
Labor expenses	211,413	26,960
Postage and stamp	573,743	47,102
Guard and security expenses	2,315,661	2,175,766
Contributed to provident fund	2,429,149	1,667,544
Printing, stationery and photocopy	1,390,463	1,332,789
Entertainment	1,656,829	1,023,224
Utility expenses	3,152,886	3,303,561
Repair and maintenance	603,242	1,185,903
Depreciation on ROU	11,199,821	-
Medical expenses	19,746	190
Service and parts expenses	7,715,000	8,718,015
<b>Total</b>	<b>275,248,132</b>	<b>297,469,195</b>

  
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### 33.1 Project R & D expenses

	Amount in Taka	
	July-Dec'22	July-Dec'21
Salary and allowance	3,803,090	2,147,768
Mobile bill and internet	22,566	19,511
Contributed to Provident fund	87,194	98,140
Entertainment	118,308	53,107
Travelling and conveyance	184,542	37,594
Photocopy, stationery and postage	155,061	100,229
Other R&D expenses	1,743,445	280
<b>Total</b>	<b>5,894,206</b>	<b>2,525,649</b>

### 34 Finance costs

Term loan interest	142,704,731	214,545,535
Letter of Trust Receipts/Trust Receipts Interest	67,382,948	46,363,377
Demand loan interest	44,921,965	722,411
Overdraft interest	31,127,960	1,115,526
Finance cost of lease assets	2,940,694	-
SOD interest	50,230	2,031,255
<b>Total</b>	<b>289,128,528</b>	<b>268,958,512</b>

In consistence with prior periods, bank charges and mortgage expenses are included as finance costs. Comparative information also being rearranged for the change of accounting policy as disclosed in Note 2.10(V).

### 35 Other income/(expense)

Interest income from Bank and FTs	17,240,515	14,745,874
Capital Gain / (Loss) on marketable securities	(167,088)	1,065,348
Rental and other income	8,220,650	8,802,643
Dividend income from subsidiary	55,500,000	41,627,250
Dividend income on marketable securities	84,470	-
Income from charges	5,335,158	6,381,165
Expenses of BO account	(141,214)	-
<b>Total</b>	<b>85,672,491</b>	<b>72,820,280</b>

### 36 Income tax

Total current tax	(16,997,125)	(21,100,003)
Prior year tax benefit	-	-
Deferred tax (expense)/credit (Note: 21.2)	(2,888,096)	1,361,922
<b>Total income tax</b>	<b>(19,885,221)</b>	<b>(23,461,325)</b>

### 37 Earnings Per Share (EPS)

#### Basic Earnings Per Share

The computation of EPS is given below:

(a) Earning attributable to the ordinary shareholders	(229,223,173)	20,725,495
(b) Total weighted average number of share on 30 June	113,539,933	113,539,933
<b>Calculation of weighted average number of share</b>		
Opening number of share on 01 July 2013	13,000,000	15,000,000
Bonus shares for 2012 @ 100 % issued in 2013	15,000,000	15,000,000
New shares issued on 28.09.2013	13,478,261	13,478,261
Bonus shares for 2013 @ 50 % issued in 2014	21,739,130	21,739,130
Bonus shares for 2014 @ 33.33 % issued in 2015	21,739,130	21,739,130
Issued of placement shares on 17.12.2015	7,246,400	7,246,400
Issued of primary shares through IPO on 04.03.2019	13,930,349	13,930,349
Bonus shares for 2019 @ 5 %	5,406,663	5,406,663
<b>Total weighted average number of share on 30 June</b>	<b>113,539,933</b>	<b>113,539,933</b>
<b>Basic EPS *</b>	<b>(2.02)</b>	<b>0.18</b>



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

		Amount in Taka	
		July-Dec'22	July-Dec'21
38	Net Asset Value (NAV) per share at reporting date		
	a) Net asset as on the reporting date	5,009,520,388	5,352,213,283
	b) Total number of shares outstanding's	113,539,932	113,539,932
	NAV per share	44.12	47.14
39	Net operating cash flow (NOCF) per share		
	a) Net operating cash flow for the year	305,584,330	68,193,473
	b) Number of weighted average number of shares	113,539,932	113,539,932
	NOCF per share	2.69	0.60

#### 40 Reconciliation of net income with cash flows from operating activities

In accordance with Bangladesh Securities and Exchange Commission Notification No. BSEC/CMR/RC/2006-158/2006/Admin/81 dated on 20 June, 2018 the reconciliation of net income or net profit with cash flows from operation activities making adjustments for non-cash items, for non-operating items and for the net changed in operating accruals has been required and calculated as under.

##### Cash flow from operating activities:

##### Cash Generated from operations:

Net profit for the year	(229,223,173)	20,725,495
WPPF & tax charged for the year	19,885,221	25,902,736
Finance cost for the year	307,637,439	176,717,573
Depreciation expense	67,236,485	33,089,834
Non-operating income	(85,672,490)	(66,239,115)
(Increase)/Decrease of trade receivables	(133,553,686)	(142,234,388)
(Increase)/Decrease of inventories	179,822,561	115,098,692
(Increase)/Decrease of advances, deposits & prepayments (except advance for	121,840,732	(81,043,203)
Increase/(Decrease) of trade payable	(14,715,339)	1,108,869
Increase/(Decrease) of liabilities for expenses (operating)	102,358,084	18,377,662
Cash generated from operations	335,635,835	101,504,155
Tax paid during the year	(30,051,504)	(33,310,683)
Cash from operational activities	305,584,330	68,193,473

#### 41 Foreign exchange earned and payments made during the reporting period

All imports and exports have been made only in foreign currency. No other items, including consultancy fee, royalty, technical expert and professional advisory fee, interest, etc. were incurred or paid in foreign currencies.

#### 42 Discount against sales

The Company has been delivering the products to the dealers with a margin as discount from MRP against the retail sales for 2w & 3W during the period.

#### 43 Related party transactions

During the year, the Company carried out a number of transactions with related parties in the normal course of business and on arms length basis. The name of these related parties, nature of transactions, their total value and balances on reporting date have been set in accordance with the provisions of IAS-24.

Related parties comprise of companies under common ownership and common management control.

Name of Parties	Relationship	Nature of Transactions	2021 - 2022	2021 - 2022
Runner Motors Ltd.	Subsidiary	Short term loan	120,220,531	15,220,531
		Dividend income	-	-
		Interest income	-	-
		Rental income	2,511,000	2,232,000
Freedom Motors Ltd.	Subsidiary	Short term loan	4,373,549	4,373,549
Bondstein Technologies Ltd.	Inter company	Rental income	747,120	124,520
Runner Properties Ltd.	Inter company	Sharing common group expenses	-	-
		Rental income	1,939,950	1,724,400
Varendra University	Inter company	Rental income	280,000	240,000
Promita Oil & Gas	Inter company	Rental income	-	75,000
Runner Trade Park Ltd.	Inter company	Business transaction	24,112,217	26,049,843
Runner Lube & Energy Ltd.	Inter company	Rental income	252,450	224,400
Deen Impex	Accounts receivable	Revenue income	5,836,969	5,698,469
Venus Autos	Accounts receivable	Revenue income	586,263	2,881,372
Islam & Company	Accounts receivable	Revenue income	8,174,000	8,371,300

\* Remuneration & attendance fees of the board members has been disclosed in the Note 49 & 49.1 in details.

  
Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles Ltd.

43  
  
Mizanur Rahman  
Company Secretary

  
Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



## 45.1 Details of transactions

Name of Parties	Amount in Taka		Adjusted during the year	Closing balances
	Opening balances	Provided during the year		
	Taka	Taka	Taka	Taka
Runner Motors Ltd.	15,226,531	505,000,000	-	520,226,531
Freedom Motors Ltd.	4,373,549	-	-	4,373,549
Runner Trade Park Ltd.	26,049,843	62,374	2,000,000	28,112,217

## 44 Status of income tax assessment

Income year	Assessment year	Present status
2020-21	2021-22	Assessment under section 83(2) & 82-C is completed but appealed to concerned authority
2019-20	2020-21	Assessment under section 83(2) & 82-C is completed but appealed to concerned authority
2018-19	2019-20	Assessment under section 83(2) & 82-C is completed but appealed to concerned authority
2017-18	2018-19	Assessment under section 83(2) & 82-C is completed but appealed to concerned authority
2016-17	2017-18	Assessment under section 83(2) & 82-C is completed but appealed to concerned authority
2015-16	2016-17	Assessment under section 83(2) & 82-C is completed but appealed to concerned authority
Jan - Jun 2015	2015-16	Assessment under section 83(2) & 82-C is completed but appealed to concerned authority
2014	2015-16	Assessment under section 83(2) & 82-C is completed but appealed to concerned authority
2013	2014-15	Assessment under section 83(2) & 82-C is completed but appealed to concerned authority

## 45 Commitments and contingencies:

## 45.1 Guarantees

Mymensingh Palli Bidduth Samity	7,018,079	7,018,079
Dhaka Power Distribution Co Ltd.	408,000	408,000
Upazilla Governance and Development Project *	2,165,000	2,165,000
Commissionerate of Customs, Excise & VAT*	222,260	222,260
Executive Director 2 (I/C) Procurement of vehicle Gazipur	60,000	60,000
The Joint Director, Procurement & Store Section, Bangladesh Agriculture Research Institute,	85,000	85,000
Project Director (DDIP), South city corporation Dhaka	345,002	-
The Project Director, Electrification, Reb Khilidhot, Dhaka	213,300	213,300
The Project Director, BRDB	412,500	412,500
The Project Director, Tista River Bridge Gaibandha	25,000	25,000
The DG, BARI, Joydebpur, Gazipur	25,000	25,000
The Planning Officer Khulna Development, Authority	20,000	20,000
Director General Bangladesh Ansar & VDP	286,350	286,350
The Director Stores & Supplies Central Medical Store	254,186	254,186
The Project Director Cash Transfer Modernization (Ctm) Project Department Of Social Services (Dss)	-	200,000
	11,539,677	11,394,675

The above margin and deposits have been included in advances, deposits and pre-payments.

\* Bank guarantee was provided for tender sale purpose.

- 45.2 In reference with published amended use of proceeds the Company is committed to incur Tk 630,000,000 for the establishment of 3W project within 31 December 2022. Beside that, there is no capital commitment either contracted or work order as on the reporting date.
- 45.3 Runner Automobiles Limited has become the guarantor for supply chain financing of its dealers from Eastern Bank Limited throughout the year. As on 31 December, 2022 the contingent liability of Guarantee for Dealer Financing amounts to 42,140,073 (30 June 2022: 11,56,75,313).
- 45.4 Except 62 showrooms and service center, other operation of the Company are on its own premises. The average remaining term (term) for showrooms are less than five years. The rent obligation per year is approximately Tk. 3,73,50,000.
- 45.5 Runner Automobiles PLC as a holding Company has provided corporate guarantee to its subsidiary Runner Motors Ltd (RML), amounting Taka 14,900,000,000. The subsidiary Company (RML) has availed loan facilities through this corporate guarantee, but not received any direct financial benefits. As per Bangladesh Securities and Exchange Commission notification No. SEC/CMRR/CD/2006-159/Admin/02-10 dated 2 September 2006, no issuer Company listed with the stock exchanges shall make any loan or give any guarantee or provide any security in connection with a loan made by a third party to certain types of entities. However, nothing in this order shall apply to the making of a loan or giving of any guarantee or providing any security by the said Company if such Company as a holding Company makes the loan or gives the guarantee or provide the security to its subsidiary, but in no case the total amount of the loan shall exceed 50% of the paid up value of the shares held by such director in his own name. Since the Company has provided this corporate guarantee to its subsidiary Runner Motors Limited (RML) as holding company, and not any loan the Company consider that the restriction of 50% of paid-up value of shares referred in the notification is not applicable for corporate guarantee. On similar matter an information request has been received from Dhaka Stock Exchange which is duly complied with. On the other hand subsidiary Company RML also provide corporate guarantee against the total limit of RAL.
- 45.6 Upon investigation of VAT and financial information related documents for the financial year 2016-17 to 2020-21, Bangladesh VAT Audit, Intelligence and Investigation Directorate (VAID) have demanded amounting of BDT 20.80 cr. for the mismatch between their calculations and the company calculations. Subsequently RAL have provided detailed information and supporting documents in favour of our calculation and payment accuracy. Hopefully the mentioned issues will be resolved with due course of action.

  
Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC

  
Mizanur Rahman  
Company Secretary

  
Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC

Amount in Taka	
July-Dec'22	July-Dec'21

46 Production capacity

Installed capacity (In unit yearly)	100,000	100,000
Production (In Unit yearly)	26,539	21,038
Capacity utilized (%)	27%	21%

47 Employees

Number of employees whose monthly salary was below Tk. 3,000	+	-
Number of employees whose monthly salary was above Tk. 3,000	1,153	1,205
	1,153	1,205

48 Events after reporting date

No material events have occurred from the reporting date of issuing of the financial statements which could affect the values stated there in

49 Attendance status of Board meeting of Directors

During the period from 01.07.2022 to 31.12.2022 there were 3 (Three) Board Meeting were held. The attendance status of all the meetings are as follows:

Sl. No	Name of Directors	Position	Meeting Held	Attended
1	Mr. Hafizur Rahman Khan	Chairman	3	3
2	Mr. Md. Mozammel Hossain	Vice Chairman	3	3
3	Rezaul Haque Chowdhury	Managing Director and CEO	3	3
4	Mr. Md. Jahurul Alam	Director	3	3
5	Mr. Taslim Uddin Ahmed	Director	3	2
6	Mr. Muallem A Chowdhury FCA	Director	3	3
7	Mr. Mohammad Ali Deen	Director	3	2
8	Prof. Maksudar Rahman Sarkar FCMA	Independent Director	3	3
9	Dr. Muhammad Abdul Mazid	Independent Director	3	3

For Board Meeting, attendance fees were paid to the Directors of the Company @ BDT 10,000 & VAT for (Sl 4, 5 & 7) and @ BDT 15,000 and BDT 25,000 @ VAT for (Sl 8 & 9) per meeting.

  
Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles Plc.

  
Mizanur Rahman  
Company Secretary

  
Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



#### 49.1 Key Management personnel compensation

Particulars  
Remuneration  
Total:

Amount in Taka	
July-Dec'22	July-Dec'21
18,964,089	18,942,020
18,964,089	18,942,020

#### 49.2 Disclosure as per requirements of Schedule XL Part-II, Para-3 of the Companies Act, 1994

Requirements under condition No.	Compliance status
3(i)(a) The turnover	Complied
3(i)(b) Commission paid to selling agents	Complied
3(i)(c) Brokerage and discount of sales, other than the usual trade discount	Not Applicable
3(i)(d)(i) The value of the raw materials consumed, giving item-wise as possible	Complied
3(i)(d)(ii) The opening and closing stocks of goods produced	Complied
3(i)(e) In the case of trading companies, the purchase made and the opening and closing stocks	Not Applicable
3(i)(f) In the case of Companies rendering or supplying services, the gross income derived from services rendered or supplied	Not Applicable
3(i)(g) Opening and closing stocks, purchases, sales and consumption of raw materials with value and quantity breakup for the Company, which falls under one or more categories i.e. manufacturing and/or trading	Complied
3(i)(h) In the case of other companies, the gross income derived under different heads	Not Applicable
3(i)(i) Work-in-progress, which have been completed at the commencement and at the end of the accounting period	Complied
3(i)(j) Provision for depreciation, renewals or diminution in value of fixed assets	Complied
3(i)(k) Interest on the debenture paid or payable to the Managing Director, Managing Agent and the Manager	Not Applicable
3(i)(l) Charge for income tax and other taxation on profits	Complied
3(i)(m) Reserved for repayment of share capital and repayment of loans	Not Applicable
3(i)(n)(i) Amount set aside or proposed to be set aside, to reserves, but not including provisions made to meet any specific liability, contingency or commitment, known to exist at the date as at which the balance sheet is made up	Not Applicable
3(i)(n)(ii) Amount withdrawn from above mentioned reserve	Not Applicable
3(i)(o)(i) Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments	Not Applicable
3(i)(o)(ii) Amount withdrawn from above mentioned provisions, as no longer required	Not Applicable
3(i)(p) Expenditure incurred on each of the following items, separately for each item	Complied
(i) Consumption of stores and spare parts	

#### 49.3 Disclosure as per requirement of schedule XL Part - I ( A. Horizontal Form) of Companies Act, 1994

##### Accounts Receivable

F. In regard to sundry debtors the following particulars shall be given separately:-

I. Debt considered good for which the Company hold no security other than the debtors personal security  
Only the security cheques were received against debt considering goods.

II. Debt considered doubtful or bad  
The Company made provision for doubtful debts according to approved policy.

III. Debt due by directors or other officers of the Company  
There is no such debt in this respect as on 31 December 2022

IV. Debt due by Common Management  
Disclosed under related party transaction (note - 43)

V. The maximum amount due by Directors or other officers of the Company  
There are no such debt in this respect as on 31 December 2022.

  
Shanat Datta, FCA  
Chief Financial Officer,  
Runner Automobiles PLC

  
Mizanur Rahman  
Company Secretary

  
Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC

Runner Automobiles PLC  
Schedule of Fixed Assets  
As at 31 December 2022

Annexure I

Amount in Taka

Sl. No.	Particulars	Cost				Depreciation				Written Down Value as at 31.12.2022	Written Down Value as at 30.06.2022	
		Opening Balance		Addition during the year	Sales/ Adjustment	Closing Balance	Opening Balance	Addition during the year	Sales/ Adjustment			Closing Balance
		Cost	Revaluation Gain / (Loss) **									
Property, plant and Equipment (PPE)												
1	Land & Land Development *	594,143,494	1,294,133,741		-	1,888,277,235	-		-	1,888,277,235	1,888,277,235	
2	Building & Other Construction	887,371,793	60,679,940	234,151	-	948,285,884	223,406,888	9,653,957	-	232,460,845	715,823,039	724,644,845
3	Plant & Machineries	568,040,645	4,740,289	1,819,168	-	574,600,102	338,091,638	11,663,332	-	350,654,370	223,945,732	233,789,894
4	Furniture & Fixture	120,283,509	-	1,889,025	-	122,172,534	50,374,315	3,488,830	-	53,823,145	68,349,389	69,949,194
5	Office Equipment	68,197,260	-	27,804	-	68,225,064	40,999,110	1,337,061	-	42,336,371	25,888,693	27,197,950
6	Motor Vehicle	100,769,425	4,533,290	-	-	105,302,715	72,398,325	3,330,331	-	75,728,656	29,574,058	32,504,388
7	Computer & Accessories	44,328,279	-	677,970	-	45,006,249	32,925,082	1,342,559	-	34,467,641	10,538,608	11,403,197
Total PPE		2,383,134,405	1,364,087,260	4,648,118	-	3,751,869,783	759,034,958	30,416,079	-	789,471,028	2,962,398,754	2,988,166,707
Right of use assets												
1	Showroom Space	86,697,868	-	-	-	86,697,868	20,537,172	11,199,821	-	31,736,993	54,960,875	66,160,696
Intangible assets (IA)												
1	Local Software	5,245,507	-	-	-	5,245,507	1,454,371	188,571	-	1,642,942	3,602,565	3,791,136
2	Foreign Software	60,019,872	-	-	-	60,019,872	19,860,883	2,505,302	-	22,366,185	46,653,687	49,158,989
Total IA		74,265,379	-	-	-	74,265,379	21,315,254	2,693,873	-	24,009,127	50,256,253	52,950,126
Grand Total		2,544,097,652	1,364,087,260	4,648,118	-	3,912,833,030	800,307,384	44,309,764	-	845,217,148	3,067,615,882	3,107,277,530

\* The Company has mortgaged some of the above assets with various banks and financial institutions to secure its loans and borrowings

\*\* The Company has revaluated its property, plant and equipments on 2011 & 2014.

Depreciation & amortization Allocation:

Accounts Head	July-Dec.22	July-Dec.21
Factory Overhead	24,332,856	24,462,021
Administrative Expenses	19,976,908	8,627,813
<b>Total</b>	<b>44,309,764</b>	<b>33,089,834</b>



Shahab Datta, P.E.A.  
Chief Financial Officer  
Runner Automobiles PLC

Sabir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



**Runner Automobiles PLC**  
**Detail of Investment in Securities**  
**As on 31 December 2022**

Investment in shares	No of Shares	Market Value per share	Total Market Value	Annexure II	
				Cost Vale	Gain/ (Loss)
Beximco Pharma	20,000	146	2,924,000	3,893,081	(969,081)
Confidence Cement	21,000	89	1,869,000	3,117,968	(1,248,968)
Star Adhesives Ltd	100,000	68	6,840,000	3,849,340	2,990,660
Barbel	2,500	519	1,296,750	1,367,018	(70,268)
BD Welding	20,000	27	546,000	617,756	(71,756)
Graamphone	8,000	287	2,292,800	2,328,120	(35,320)
Lafargeholcim Bangladesh	9,000	65	583,200	711,883	(128,683)
VIPB NLI 1st Unit Fund	8,790	10	87,900	82,608	5,292
Walton Hi-Tech Industry	1,000	1,048	1,047,700	1,106,433	(58,733)
Renata Ltd.	1,605	1,218	1,954,730	2,012,800	(58,070)
Beximco	95,880	116	11,083,728	13,910,364	(2,826,636)
Unitedair	253,000	-	-	2,467,380	(2,467,380)
Dhakabank	1,637	13	21,608	28,378	(6,770)
Eximbank	1,175	10	12,220	12,085	135
Desco Ltd	596	37	21,814	31,705	(9,892)
Malek Spinning Mills	250	27	6,775	3,810	2,965
Prime Bank Limited	1,320	19	25,344	34,793	(9,449)
Titus Gas T&D Co Ltd	250	41	10,225	16,590	(6,365)
<b>Total</b>			<b>30,623,794</b>	<b>35,592,112</b>	<b>(4,968,320)</b>
Balance of BO Account			5,331,180	5,331,180	-
<b>Total</b>			<b>35,954,974</b>	<b>40,923,292</b>	<b>(4,968,320)</b>

**Independent Consolidated Auditor's Report  
and  
Audited Consolidated Financial Statements  
of  
Runner Automobiles PLC  
As at and for the 6 month period from  
1 July 2022 to 31 December 2022**

  
**Shant Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Choudhury**  
Managing Director & CEO  
Runner Automobiles PLC



## Independent Auditors' Report

### To the Shareholders of Runner Automobiles PLC

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Runner Automobiles PLC and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period of six (6) month from 01 July 2022 to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the six (6) month period in accordance with International Financial Reporting Standards (IFRSs) and comply with the Companies Act, 1994, the rules and regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable laws and regulations.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

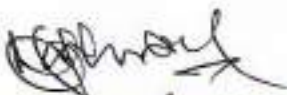
#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the period of six (6) month from 01 July 2022 to 31 December 2022. These matters were addressed in the context of the audit of the consolidated 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 described below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditors' responsibilities for the audit of the consolidated 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 misstatements of the consolidated financial statements. These results of our audit procedures, including the procedures, performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

Key audit matters	How our audit addressed the key audit matters
<b>1. Revenue recognition from contract with customer</b>	
<b>See note no. 30 to the financial statements</b>	
<p>The Group reported revenue of <b>BDT 3752.92 million</b> which comprises of cash sales, credit sales, credit business income, spare parts sales &amp; services revenue.</p> <p>Revenue is recognized when the group satisfies a performance obligation by transferring a promised good to a customer. Revenue is measured at net of trade discounts, markdown adjustment, returns and allowances. It is a matter of concern that revenue may be misstated due to recognition of sales transactions before performance obligation being satisfied.</p> <p>A significant amount of revenue is generated from credit sales and a credit business income is generated from those sales. With the passes of time a portion of unrealized interest from credit business is recognized in net sales revenue on the basis of amortization schedule prepared at the time of sales.</p> <p>From the aforementioned reasons, we determined that revenue is specifically important in the audit of the financial statements for the period under audit and therefore is one of our "Key Audit Matters."</p>	<p>Our audit procedures in relation to the revenue recognition comprises the followings:</p> <ul style="list-style-type: none"> <li>• Read and assessed the group revenue recognition policy and assessed its compliance in terms of IFRS-15 "Revenue from contract with customer";</li> <li>• Observed and evaluated whether proper segregation of duties put in place;</li> <li>• Examined samples of sales invoices for evidence of proper credit approval by the assigned personnel and application controls for credit limits;</li> <li>• Compared prices and terms on samples of sales invoices to the price list;</li> <li>• Checked invoice raised at the year end and delivery of goods with acknowledgement of customer to ensure that cut off principle has been properly applied;</li> <li>• Tested the effectiveness of the controls over the calculation of discounts;</li> <li>• Assessed manual journals made to revenue to identify unusual or irregular items; and</li> <li>• We have performed cut-off testing to ensure that sales transactions are recorded in the correct accounting period.</li> <li>• Checked appropriateness of VAT deduction at source.</li> <li>• Finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>


  
**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary


  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



Key audit matters	How our audit addressed the key audit matters
<b>2. Valuation of Inventories</b>	
<b>See note no. 8 to the financial statements</b>	
<p>At year-end the Group reported inventories of BDT <b>2016.48 million</b>, approximately 8% of total assets, includes goods held in depots, central warehouse, showrooms and factories. Inventories are carried at lower of cost and net realizable value. The Group provides provision for obsolescence or slow-moving based on age analysis of inventories. This methodology relies upon assumptions made in determining appropriate provisioning amount to inventory balances.</p> <p>Moreover, the volatility in USD market makes the cost allocation more complex. Therefore, it has been considered as key area of auditor's judgment.</p>	<p>Assessment of inventories valuation is an important aspect of auditing, and there are several procedures that we have followed to ensure that inventory is correctly valued. Some of the audit procedures for the valuation of inventory are:</p> <ul style="list-style-type: none"> <li>• We have reviewed the Group's policy for valuing inventory, identifying slow moving &amp; obsolete inventory and allocation of cost for each stage of production (Pressing, Printing, Welding, Quality Control &amp; Review and assembling).</li> <li>• We reviewed the documentation related to inventory, such as letter of credit for foreign purchase, purchase orders, receiving reports, and sales invoices, to ensure that the inventory is properly valued.</li> <li>• We have inquired about the inventory valuation methods used by the Group, such as FIFO or weighted average method, and evaluate whether these methods are appropriate and consistently applied.</li> <li>• We have performed analytical procedures to assess the reasonableness of the inventory valuation by comparing the inventory turnover ratio and gross profit margin with industry benchmarks and prior year results.</li> <li>• We have performed cut-off testing to ensure that inventory transactions are recorded in the correct accounting period.</li> <li>• We have reviewed subsequent events, such as sales returns, obsolete inventory, or changes in market conditions, to determine if they have an impact on the inventory valuation.</li> <li>• Overall, we have exercised our professional judgment and skepticism throughout the audit process.</li> </ul>

  
**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



Key audit matters	How our audit addressed the key audit matters
<b>3. Provision for warranty</b>	
<b>See note no. 29.3 to the financial statements</b>	
<p>As of 31 December 2022, the Group recorded a provision for product warranties of <b>BDT 98.05 million</b> in the financial position to allow for expenses related to after services of products sold.</p> <p>Liabilities related to Provision for warranties are recorded based on estimates of comprehensive or individual repair costs for products which may arise in the future.</p> <p>Individual repair costs for products which may arise in the future is estimated based on historical repair costs, projected number of vehicles to be repaired and estimated repair cost per vehicle, which are reviewed periodically and modified as necessary.</p> <p>Since this estimate of repair costs involves significant judgment by management, a high degree of auditor judgment is required in evaluating the estimate.</p> <p>From the aforementioned reasons, we determined that the provision for warranties is specifically important in the audit of the financial statements for the period under audit and therefore is one of our "Key Audit Matters."</p>	<p>In auditing the provision for warranties, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>Assessed the operating effectiveness of internal controls over liabilities related to provision for warranties, including the internal controls related to the determination of significant assumptions and underlying data used in estimating the projected number of units to be repaired as well as the projected repair cost per unit.</li> <li>Examined that the data used to determine the projected number of units to be repaired and the projected repair cost per unit is supported by evidences and its consistency with historical repair data.</li> <li>Examined the completeness of the individual estimates of provision for warranties through reviewing the consistency with minutes of meetings and approval documents related to repair costs as well as information on recalls and defects published by competent authorities.</li> </ul>
<b>4. Assessment of the appropriateness of the allowance for doubtful debt</b>	
<b>See note no. 29.2 to the financial statements</b>	
<p>Trade receivables comprises 44% of total assets in the statement of financial position. The appropriateness of the allowance for doubtful debt is subjective due to the high degree of judgment applied by management in determining the impairment provision. Due to the economic downturn conditions currently all over the world as well Bangladesh for war between Russia and Ukraine, it continues to put pressure on customers' ability to repay their outstanding account balances.</p> <p>Management of the Group is continuously reviewing and assessing the need for keeping incremental amount in bad and doubtful debts.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Evaluated the debtor's impairment methodology applied in the current year to the requirements of IFRS 9: Financial Instruments;</li> <li>Analyzed the methodology by comparing the prior year provision to the actual current year write downs;</li> <li>Assessed key ratios which include cash collections, days outstanding, and delinquencies;</li> </ul>

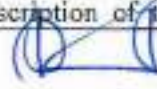
  
**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



Key audit matters	How our audit addressed the key audit matters
<p>Based on assessment, management has made necessary provision for bad and doubtful debts to impair group's trade receivables.</p> <p>Due to the significance of trade receivables and the related estimation uncertainty this is considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We considered changes in account strategy and assessed the impact on the allowance for doubtful debts; and</li> <li>• Assessed any changes in the economy and the impact on the collectability of trade receivables.</li> </ul>
<b>5. Measurement of Deferred Tax Assets (DTAs) / Liabilities (DTLs)</b>	
See note no. 22 to the financial statements	
<p>For the six-month period ended 31 December 2022 the group reported total deferred tax liabilities of <b>BDT 230.03 million</b> (30 June 2022: BDT 200.97 million) and deferred tax expenses of <b>BDT 29.75 million</b> (31 December 2021: BDT 10.73 million)</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding, evaluated the design and tested the operational effectiveness of the group's key controls over the recognition and measurement of DTAs/DTLs and the assumptions used in estimating the group's future taxable income.</li> <li>• We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</li> <li>• We have verified the items of temporary timing difference by scrutinizing the previous period income tax return and financial statements along with the implication of deferred tax income and expense in light of ITO 1984 and IAS 12.</li> <li>• Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</li> </ul>
<b>6. Valuation of IFRS 16 – Leases</b>	
See note no. 6, 21 and 34 to the financial statements	
<p>IFRS 16 - Leases may involve complex judgments and estimates, particularly when determining lease terms, assessing the classification of leases assets and liabilities and calculating lease payments. These judgments and estimates can have a material impact on the financial statements, which is why we pay close attention to the application of IFRS 16 during the audit process.</p> <p>In addition, IFRS 16 involves a significant amount of disclosure requirements, including the description of the group's leasing activities, the</p>	<p>We obtained an understanding of the management's processes for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We adopted a substantive strategy for lease accounts. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included understanding of the management processes and controls for leases, performing walkthrough procedures and substantive audit procedures, including:</p>

  
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Chief Financial Officer,  
Runner Automobiles Plc.

  
**Mizanur Rahman**  
Company Secretary

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles Plc.

Key audit matters	How our audit addressed the key audit matters
<p>amount recognized as assets and liabilities, and the lease payments.</p> <p>Given the complexity of IFRS 16, the risk of material misstatement, and the importance of the financial statement impact, IFRS 16 - Lease is a key audit matter in the audit report.</p>	<ul style="list-style-type: none"> <li>▪ Obtained and read the accounting policy for compliance with IFRS 16 Leases;</li> <li>▪ Obtained listing of all contracts from the management and tested the contracts to determine the impact under IFRS 16. In respect of the testing lease agreements and related right of use assets and lease liabilities:               <ul style="list-style-type: none"> <li>- Obtained and read group borrowing rates correspondence;</li> <li>- Tested the assumptions used in the calculation model for the sample contracts selected for testing;</li> <li>- Tested the completeness of additions and changes to the leases population;</li> <li>- Performed test of details for measurement and valuation of the right of use asset and lease liability;</li> <li>- Assessed the disclosure within the financial statements.</li> </ul> </li> </ul>

#### Other Matters

The Group's adopted revaluation model in FY 2010 for recognition of PPE and has under taken a revaluation of land and building last in FY 2014. After that no revaluation of PPE has been carried out by the group as suggested by IAS 16 to confirm that the carrying amount corresponds the current fair value of the PPE.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 intend ed 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 group's financial reporting process.

  
**Shanat Datta, FCA**  
 Chief Financial Officer  
 Runner Automobiles PLC

  
**Mizanur Rahman**  
 Company Secretary

  
**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC  




### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated 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 omission, 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 group's internal control.
- Evaluate the appropriateness of the accounting policy used and the reasonableness of accounting estimates and related disclosure 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 condition 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 disclosure in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 group's consolidated financial statements, including the disclosure, and whether the consolidated 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 financial statements. We are responsible for the direction, supervision and performance of the Group's 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.



**Shanat Datta, FCA**  
Chief Financial Officer,  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements 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.

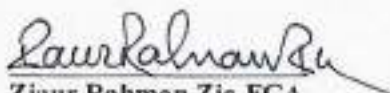
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. In our opinion, proper books of accounts as required by law have been kept by the group so far as it appeared from our examination of these books;
- iii. Statements of consolidated financial position and statement of consolidated profit or loss and other comprehensive income dealt with by the report agree with the books of accounts and returns, and
- iv. The expenditure incurred was for the purposes of the group and the group's business.

**A. Qasem & Co.**  
Chartered Accountants  
RJSC Firm Registration No: 2-PC7202



**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

Dhaka, 30 March 2023



**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



**Runner Automobiles PLC**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2022**

	Notes	Amount in Taka	
		31-Dec-22	30-Jun-22
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	3	4,471,530,706	4,494,614,905
Intangible assets	4	66,287,098	69,806,421
Capital work in progress	5	3,281,333,712	2,839,123,793
Right of use assets	6	54,960,875	66,160,696
Trade receivables	9	4,571,007,562	4,888,705,406
Investment in marketable securities	10.1	35,954,974	39,320,959
		<b>12,481,874,927</b>	<b>12,397,732,180</b>
<b>Current assets</b>			
Inventories	8	2,016,484,254	2,447,559,136
Trade receivables	9	6,650,642,543	6,828,803,951
Short term investment	10.2	2,153,398,446	2,628,837,336
Advances, deposits and prepayments	11	1,593,170,370	1,816,301,753
Related party receivables	12	69,267,968	69,880,806
Other receivables	13	112,227,390	111,978,794
Cash and cash equivalents	14	165,420,100	561,086,235
<b>Total current assets</b>		<b>12,768,611,271</b>	<b>14,464,448,011</b>
<b>Total assets</b>		<b>25,241,686,198</b>	<b>26,862,180,191</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to ordinary shareholders of the parent entity</b>			
Share capital	15	1,135,399,325	1,135,399,325
Share premium	16	2,030,529,205	2,030,529,205
Revaluation surplus	17	1,280,287,646	1,280,729,367
Retained earnings	18	2,664,871,716	3,103,908,474
<b>Total equity attributable to the parent entity's shareholders</b>		<b>7,111,087,892</b>	<b>7,550,557,371</b>
Non controlling interest	19	1,365,211,008	1,425,982,165
<b>Total equity</b>		<b>8,476,298,900</b>	<b>8,976,539,536</b>
<b>Non current liabilities</b>			
Long term loan net off current portion	20	6,150,902,592	6,316,989,944
Finance lease net off current portion	21	46,312,787	52,406,039
Net deferred tax liabilities	22	230,318,471	200,977,352
		<b>6,427,533,850</b>	<b>6,570,373,335</b>
<b>Current liabilities</b>			
Trade payables	23	303,334,028	265,800,216
Short term loan from banks	24	5,095,787,883	6,742,186,241
Current portion of long term loan	25	3,456,668,065	2,967,601,532
Current portion of finance lease	21	13,531,349	16,532,118
Provision for income tax	26	617,324,597	568,380,809
Provision for WPPF and welfare fund	27	40,577,324	41,098,648
Unclaimed dividend account	28	2,268,593	2,301,292
Liabilities for expenses and other provisions	29	808,341,609	711,346,467
<b>Total current liabilities</b>		<b>10,337,833,448</b>	<b>11,315,267,323</b>
<b>Total equity and liabilities</b>		<b>25,241,686,198</b>	<b>26,862,180,191</b>
<b>Net Asset Value (NAV) per share</b>	39	<b>62.63</b>	<b>66.50</b>

The annexed notes 1 to 50 and "Annexure I & II" are the integral part of the financial statements.  
Signed as per our report of same date.


A. Qasem & Co.  
Chartered Accountants

  
Ziaur Rahman Zia FCA  
Partner  
Enrollment Number: 1259


  
Dhaka, 30 March 2023


**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
(Hafizur Rahman Khan)  
Chairman

  
(Md. Mozammel Hossain)  
Director

  
**Mizanur Rahmat**  
Company Secretary

  
(Subir Kumar Chowdhury)  
Managing Director & CEO

  
(Md. Mizanur Rahman)  
Company Secretary

  
(Shanat Datta FCA)  
Chief Financial Officer

  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

**Runner Automobiles PLC**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the 6 month period from 1 July 2022 to 31 December 2022**

		Amount in Taka	
	Notes	July- Dec, 22	July- Dec, 21
Revenue	30	3,752,921,509	5,845,216,085
Cost of sales	31	(2,559,314,009)	(3,862,923,598)
Gross profit		1,193,607,500	1,982,292,488
Operating expenses			
Administrative expenses	32	(187,525,978)	(176,273,656)
Selling and distribution expenses	33	(642,232,032)	(744,668,680)
		(829,758,010)	(920,942,336)
Operating profit		363,849,490	1,061,350,151
Financial expenses	34	(713,798,734)	(724,128,651)
Other income	35	75,532,125	133,254,576
Net profit before WPPF		(274,417,119)	470,476,075
Provision for contribution to WPPF & welfare fund	36	521,324	(25,714,567)
Net profit before income tax		(273,895,795)	444,761,508
Current tax	37	(48,943,789)	(155,760,404)
Prior year tax (expenses)/income		-	(12,500,000)
Deferred tax (expenses)/income		(29,754,291)	10,736,951
		(78,698,080)	(157,523,453)
Net profit after tax		(352,593,875)	287,238,050
Net profit for the period attributable to			
Equity holders of the parent entity		(326,198,927)	169,128,062
Non-controlling interest		(26,394,948)	118,109,989
		(352,593,875)	287,238,050
Total comprehensive income attributable to			
Equity holders of the parent entity		(326,198,927)	169,128,062
Non-controlling interest		(26,394,948)	118,109,989
		(352,593,875)	287,238,050
Basic Earnings Per Share	38	(2.87)	1.49

The annexed notes 1 to 50 and "Annexure I & II" are the integral part of the financial statements.  
Signed as per our report of same date.

A. Qasem & Co.  
Chartered Accountants

  
(Hafizur Rahman Khan)  
Chairman

  
(Subir Kumar Chowdhury)  
Managing Director & CEO

  
Ziaur Rahman Zia FCA  
Partner  
Enrolment Number: 1259

  
(Md. Mozammel Hossain)  
Director

  
(Md. Mizanur Rahman)  
Company Secretary

Dhaka, 30 March 2023



Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC



Mizanur Rahman  
Company Secretary



  
(Shanat Datta FCA)  
Chief Financial Officer

  
Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



**Runner Automobiles PLC**  
**Consolidated Statement of Changes in Equity**  
For the 6 month period from 1 July 2022 to 31 December 2022

Amount in Taka

Particulars	Share Capital	Share Premium	Revaluation Surplus	Non Controlling Interest	Retained Earnings	Total
Balance as on 01 July 2021	1,135,399,325	2,030,529,205	1,296,890,181	1,278,240,044	2,935,780,866	8,676,839,621
Net profit for the year	-	-	-	118,109,989	169,128,062	287,238,051
Payment of dividend	-	-	-	(25,872,750)	(113,539,932)	(139,412,682)
Deferred tax credit on revaluation of assets	-	-	-	-	29,798	29,798
Realization of revaluation surplus through depreciation charged	-	-	(744,954)	-	744,954	-
Balance as on 31 December 2021	1,135,399,325	2,030,529,205	1,296,145,227	1,370,477,282	2,992,143,748	8,824,694,788
Balance as on 01 July 2022	1,135,399,325	2,030,529,205	1,280,720,367	1,425,982,165	3,103,908,474	8,976,539,536
Net profit for the year	-	-	-	(26,394,948)	(326,198,927)	(352,593,875)
Cash dividend	-	-	-	(34,500,000)	(113,539,932)	(148,039,932)
Deferred tax credit on revaluation of assets	-	-	199,170	123,791	-	322,961
Realization of revaluation surplus through depreciation charged	-	-	(631,891)	-	702,101	70,210
Balance as on 31 December 2022	1,135,399,325	2,030,529,205	1,280,287,646	1,365,211,008	2,664,871,716	8,476,298,900


The annexed notes 1 to 50 and "Annexure I & II" are the integral part of the financial statements.

  
(Hafizur Rahman Khan)  
Chairman

  
(Md. Mozammel Hossain)  
Director

  
(Subir Kumar Chowdhury)  
Managing Director & CEO

  
(Shanat Datta FCA)  
Chief Financial Officer

  
(Md. Mizanur Rahman)  
Company Secretary

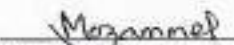


**Runner Automobiles PLC**  
**Consolidated Statement of Cash Flows**  
**For the 6 month period from 1 July 2022 to 31 December 2022**

	Note	Amount in Taka	
		July- Dec, 22	July- Dec, 21
<b>A) Cash flows from operating activities</b>			
Receipt from customers		4,237,680,760	5,642,837,232
Payment to suppliers and employees		(2,345,898,636)	(4,980,268,029)
<b>Cash generated / (used) for operating activities</b>		<b>1,891,782,124</b>	<b>662,569,204</b>
Income tax paid		(90,701,449)	(95,736,311)
<b>Net cash from operating activities</b>	<b>48</b>	<b>1,801,080,675</b>	<b>566,832,894</b>
<b>B) Cash flows from investing activities</b>			
Net proceeds from sale / (purchase) of financial assets		478,804,875	(20,689,286)
Receipt from investment income		64,712,667	143,470,498
Receipts/ payment to related parties		1,937,625	3,075,000
Payment for property, plant and equipment		(756,110,243)	(566,165,009)
Proceeds from disposal of property, plant and equipment		(6,208,395)	-
<b>Net cash used in investing activities</b>		<b>(216,863,471)</b>	<b>(440,308,797)</b>
<b>C) Cash flows from financing activities</b>			
Dividends paid		(32,699)	(20,658,618)
Proceeds from borrowings		4,748,445,365	6,844,395,937
Repayments of borrowings		-	-
Principal		(6,071,533,402)	(6,558,575,497)
Finance cost		(644,284,799)	(371,570,948)
Repayments of other borrowings-lease		-	-
Principal		(9,445,172)	-
Finance cost		(3,032,632)	-
<b>Net cash from / (used) in financing activities</b>		<b>(1,979,883,339)</b>	<b>(106,209,127)</b>
<b>D) Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>(395,666,135)</b>	<b>20,314,969</b>
<b>E) Cash and cash equivalents at the beginning of the year</b>		<b>561,086,235</b>	<b>448,971,952</b>
<b>F) Cash and cash equivalents at the end of the year (D+E)</b>		<b>165,420,100</b>	<b>469,286,921</b>
<b>Net operating cash flows per</b>	<b>40</b>	<b>15.86</b>	<b>4.99</b>

The annexed notes 1 to 30 and "Annexure I & II" are the integral part of the financial statements.

  
(Hafizur Rahman Khan)  
Chairman

  
(Md. Mozammel Hossain)  
Director

  
(Subir Kumar Chowdhury)  
Managing Director & CEO

  
(Shanat Datta FCA)  
Chief Financial Officer

  
(Md. Mizanur Rahman)  
Company Secretary

**Shanat Datta, FCA**  
**Chief Financial Officer**  
**Runner Automobiles PLC**

  
**Mizanur Rahman**  
**Company Secretary**



  
**Subir Kumar Chowdhury**  
**Managing Director & CEO**  
**Runner Automobiles PLC**



**Runner Automobile PLC**  
**Notes to the Consolidated Financial Statements**  
**As at and for the 6-month ended 31 December 2022**

**1.0 Reporting entity**

**1.1 Company profile**

Runner Automobiles PLC ("RAPLC" or the "Company") is a public Company limited by shares and domiciled in Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on July 4, 2000 vide incorporation no C-40658 (17) 2000 under the Companies Act 1994 as a private Company limited by shares. Later, the Company was converted into a public limited company on January 26, 2012 after observance of required formalities. Afterwards, the shares of the Company have been listed with Dhaka Stock Exchange and Chittagong Stock Exchange on March 19, 2019 and March 20, 2019 respectively.

The address of the Company's registered office and head office is 138/1 Tejgaon Industrial Area, Dhaka-1208, Bangladesh.

**1.2 Nature of the business**

***Runner Automobiles PLC (RAPLC)***

RAPLC is the flagship Company of Runner group with principal activities to manufacture, distribute and export of motorcycles. The Company has approximately 1,153 employees. In past 21 years, the Company has invested a large amount of capital to introduce complete set of advanced production technology and equipment. Now the Company's production capacity has reached 500 motorcycles per day. RAPLC's products cover 09 series of motorcycles ranging from 50 cc to 200 cc, and about 40 models of motorcycles. At present, RAPLC has more than 89 active dealers and over 199 sales centers run by trained dealer staffs along with own 55 operational showrooms for motorcycle business. Runner Automobiles PLC. is selling the highest quantity of motorcycles in the domestic and overseas market as a manufacturer in Bangladesh.

BAJAJ Autos Ltd. of India appointed RAPLC as a distributor for famous BAJAJ RE brand (LPG, Diesel, Passenger, Qute and Cargo) three wheelers (3W) in Bangladesh. Since incorporation, the Company has been organizing its dealer network and well covered service supports countrywide. At present, the Company has Five model of three-wheelers (limited quantity) and captured the domestic market with 50 Dealer points to distribute 3 wheelers which are spread across country to ensure proximity to customers.

***Runner Motors Ltd (RML)***

RML started its operation on 19 February 2005. EICHER Motors Ltd. of India appointed RML as an exclusive distributor for famous EICHER brand (LCV and MCV) trucks in Bangladesh. EICHER trucks are manufactured by Volvo EICHER Commercial Vehicles Ltd India which is a joint venture of Volvo Group and EICHER Motors.

Since incorporation, the Company organizing its dealer network and well covered service supports countrywide. Runner Motors marketed more than 20,000 EICHER trucks and pickups in Bangladesh up to December 2022.

Runner Motors Ltd. imports and markets EICHER (Manufactured by VE Commercial Vehicles Ltd. India) branded Trucks, Pickups & Tractors.

  
**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC

  
**Mizanur Rahman**  
Company Secretary



  
**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



### ***Freedom Motors Limited***

Freedom Motors Limited ("FML") is a private limited company incorporated in Bangladesh under the Companies Act 1994 with the Registrar of Joint Stock Companies and Firms, bearing registration no.700669 (2575)/08 dated February 02, 2008. This Company has been set up to manufacture/assembles all kinds of automobiles/mechanical products manually or by Automatic/semi-automatic machine or manufacturing of automobiles/mechanical materials and marketing the same to all over Bangladesh. 99.99% shares of Freedom Motors Limited is held by Runner Automobiles PLC. During the period under audit Freedom Motors has limited operational activities.

#### **2.0 Basis of preparation**

##### **2.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applicable sections of the Companies Act 1994 and the Securities and Exchange Rules 1987. The title and format of these financial statements follow the requirements of IFRS which are to some extent different to the requirements of the Companies Act, 1994. However, such differences are not considered material.

##### **2.2 Date of authorization**

The Board of Directors has authorized these financial statements for issue on 30 March 2023.

##### **2.3 Basis of consolidation**

These consolidated financial statements comprise the consolidated financial position and the consolidated results of operation of the Company and its subsidiaries (collectively referred as 'Group') on a line by line and non-controlling interest are shown separately as a line item of the statement of financial position and statement of comprehensive income.

#### **Subsidiaries:**

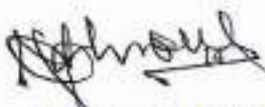
Subsidiaries are enterprise controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The results of operations and total assets and liabilities of subsidiaries are included in the consolidated financial statements on a line by-line basis and the interest of non-controlling shareholders, if any, in results and net assets of subsidiaries are stated separately. The financial statements of subsidiaries are included in consolidated financial statement of the Group from the date of control achieved until the date of control ceased. Any gain or loss, increase/decrease in non-controlling in subsidiaries without a change control, is recognized as a component of equity. RAPLC gained controlled on Runner Motors Ltd effective on 01 July 2013 and Freedom Motors Ltd. on 25 July 2013.

#### **Loss of control:**

Upon the loss of control, the Group derecognizes the assets and liabilities of subsidiaries, any non-controlling interest and other component of equity related to the subsidiaries. Any surplus or deficit arising from loss of control is recognized in profit and loss. If the Group retains any interest in the previous subsidiaries, then such interest measured in fair value at the date of control is lost. Subsequently it is accounted for investment in associates or as available-for-sale financial assets depending on the level of influence retained.



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**Mizanur Rahman**  
Company Secretary



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Managing Director & CEO  
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**Transactions eliminated on consolidation:**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**Going concern:**

The Group and the Company has adequate resources to continue its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. Due to the continuous Impact of COVID 19, the operation of the Group was being closed for around two months starting from April 2021. As per management's assessment there are no materials uncertainties related to events or conditions which may cast significant doubt upon the Group or the Company's ability to continue as a going concern.

**2.4 Basis of measurement**

These financial statements have been prepared on going concern basis under the historical cost convention except for investment in tradable shares and land and building components of property, plant and equipment, which are measured at fair value.

**Measurement of fair values**

The Group has an established control framework with respect to the measurement of fair values. Management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



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The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### **Property, plant and equipment**

The fair value of items of property, plant and equipment's has been determined based on the depreciated replacement cost method and net realizable value method, as applicable, by professional values.

#### **Equity and debt securities**

Fair values of tradable equity and debt securities are determined by reference to their quoted closing price in active market at the reporting date which are categorized under "Level 1" of the fair value hierarchy.

### **2.5 Functional and presentation currency**

These consolidated financial statements are presented in Bangladeshi Taka (BDT or Tk) which is the Company's functional currency. All financial information presented in BDT Taka has been rounded off to the nearest Taka except when otherwise indicated. Due to the rounding of decimal points to the next integer, some of the sub total may not add up when manually calculated due to this rounding (difference of 1 + or -).

### **2.6 Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that has the most significant effect on the amount recognized in the financial statements are revaluation of land and building, income tax provision (both current and deferred tax) and other provision (including for doubtful receivables, obsolete and slow-moving inventories and warranty).

### **2.7 Statement of cash flows**

Statement of cash flows has been prepared as per IAS 7: Statement of cash flows using Direct Method as per the requirement of Securities and Exchange Rules 1987. Cash outflow from interest charges/borrowing cost payments are shown as part of financing cash flows, because these are costs of obtaining financial resources. Similarly, cash inflow from dividend receipts and other investing income are considered as returns on investments and hence included as part of investing cash flows.

  
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## 2.8 Comparatives and reclassification

Comparative information has been disclosed for the year 2020-2021 for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements. Figures for the year 2020-2021 have been rearranged to ensure comparability with the current year's presentation.

## 2.9 Reporting period

These financial statements covered the reporting period of one year commencing from 01 July 2022 to 31 December 2022 along with the related comparative information for the period 1 July 2021 to 31 December 2021 as mentioned above in note 2.8.

### Significant accounting policies

The accounting policies set out below have been applied consistently to all the years presented in these financial statements by the Group except otherwise mentioned.

## 2.10 Changes in significant accounting policies

### Leases

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IAS 17: Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the standard in accordance to paragraph C5 (b), the Company recognize a right-of-use asset and a lease liability at the date of initial application for lease previously classified under IAS 17: Lease.

At initial application for lease, the Company chose, on a lease-by-lease basis, to measure lease liability at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate and recognize the right-of-use assets at an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. The Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices to measure the lease liability at initial application.

The Company leases many assets, including showrooms, warehouses and service center. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The carrying amounts of right-of-use assets are as below.


In taka	Right-of-use asset
Balance at 1 July 2022	6,61,60,696
Balance at 31 December 2022	5,49,60,875

The Company presents lease liabilities as separately in the statement of financial position.

  
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#### **i. Significant accounting policies**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liabilities. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liabilities are subsequently increased by the interest cost on the lease liabilities and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

#### **ii. Transition**

Previously, the Company classified property leases under IAS 17. These include showrooms, warehouse and service centers. The leases typically run for a period of 5 to 10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices or negotiations.

At transition, for leases classified under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2022.


Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property lease; or
- an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments the Company applied this approach to all other leases.

  
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The Company used the following practical expedients when applying IFRS 16 to leases previously classified under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

### iii. Impacts on transition

On transition to IFRS 16, the impact on transition is summarized below.

<u>In Taka</u>	<u>Amount</u>
Right-of-use asset	5,49,60,875
Lease liabilities	5,98,44,136
Incremental borrowing rate	9%

Incremental borrowing rate for leases recognized all through the year is 9% based on the Company's borrowing rate that 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.

### iv. Impacts for the year

As a result of initially applying IFRS 16, in relation to the leases that were previously classified under IAS 17: Lease, the Company recognized BDT 5,49,60,875 of right-of-use assets and BDT 5,98,44,136 of lease liabilities as at 31 December 2022.

Also in relation to those leases under IFRS 16, the Company has recognized depreciation and interest expense. During the period ended 31 December 2022, the Company recognized BDT 1,11,99,821 of depreciation charges and BDT 29,40,694 of interest expense from these leases.

## 2.11 Property, plant and equipment (PPE)

Items of property, plant and equipment are stated at cost and revalued amount less accumulated depreciation and accumulated impairment losses, if any.

### a. Recognition and measurement

The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and any cost directly attributable to the acquisition of the assets. The cost of self-constructed / installed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner and the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

  
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19  
  
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Managing Director & C  
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The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized under other income/expenses in profit or loss.

**b. Subsequent costs**

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

**c. Depreciation**

Depreciation is based on the cost/revalued amount of an asset. Significant parts of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on reducing balance method over the estimated useful lives of each part of property, plant and equipment. Depreciation is charged on when the asset is fully ready for use and depreciation is charged on disposal item up to the date of disposal. The annual rates of depreciation are as follows.

<u>Assets</u>	<u>Rates (%)</u>
Land and land development	Nil
Plant and Machinery	10%-20%
Motor Vehicle	20%
Furniture and Fixtures	10%-20%
Office Equipment's	10%-20%
Buildings and Other Construction	2.5%-5%
Computer & Accessories	15%-30%

Depreciation methods, useful lives and residual values are reassessed at each the reporting date and adjusted if appropriate.

**d. Capital work in progress**

Capital work in progress consists of cost incurred for acquisition of new plant and machinery, civil structure, factory shed for warehouse etc. which were not ready for use till reporting date.

**e. Revaluation of property, plant and equipment**

The revaluation of the Company's assets was made on 31 December, 2010 and 2014 by the Rahman Rahman Huq, a Chartered Accountants firm in Bangladesh and a member of the KPMG. The valuation has been made to reflect the fair value of its assets. As per report of revaluation, net revaluation gain stands at BDT 785,566,633 and BDT 575,505,297 as at 31 December 2014 and 2010 respectively. This revaluation has been recognized in financial statements as at 31 December 2014 and 2011 respectively.

One of the subsidiaries of the Group, RML also conducted valuation of its land and buildings in 2012 which has been recognized at fair value.

  
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Difference of depreciation between revalued carrying amount and depreciation based on carrying amount as per assets' original cost has been transferred from Revaluation Reserve to Retained Earnings as shown in Statement of Changes in Equity.

## **2.12 Intangible assets**

### **a. Recognition and measurement**

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets are recognized when all the conditions for recognition as per IAS 38 Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the profit or loss as incurred.

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate all of the following:


- i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii. its intention to complete the intangible asset and use or sell it;
- iii. its ability to use or sell the intangible asset;
- iv. how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures are recognized in profit or loss as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is placed in service. It is amortized over the period of expected future economic benefits. During the period of development, the asset is tested for impairment annually.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.


### **b. Subsequent costs**

Subsequent costs are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognized in profit or loss as incurred.

  
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### c. Amortization

Amortization is recognized in profit or loss on a reducing balance basis from the date of operation to over the estimated useful lives of intangible assets. During the year Group has capitalized its ERP Software after having ready to use and amortize accordingly.

<u>Assets</u>	<u>Rates (%)</u>
Local Software	50%
Foreign Software	10%

The Group has implemented foreign ERP software (IFS) in line with the rate specified in the Third Schedule of the Income Tax Ordinance 1984 the amortization rate has been initially taken as 10%. However, each year it will be assessed and considering technological changes if needed the amortization rate would be accelerated upon review of estimated economic life of the software.

### 2.13 Inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition in accordance with IAS-2. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Raw materials in transit are valued at cost. However, as per subsequent position and management assessment no provision is being required for the inventories.

### 2.14 Transactions with related parties

These represent balance amounts due to /from sister concerns which are derived from business transaction, sale/purchase of goods/services from time to time. Sales and purchase of goods/services are made on arm's length basis. These balances are unsecured but considered good and realizable. Transactions within the controlled entities of the Group are eliminated in full.

### 2.15 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses. Deposits are measured at payment value without any adjustment for time value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss on accrual basis.


### 2.16 Employee benefit schemes

#### a. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably



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**b. Defined contribution plan (Recognized provident fund)**

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further amount. The Company's Employees' Provident Fund obtained recognition from Income Tax Authority on February 28, 2011 which was effective from January 31, 2011; vide ref no. nothi no-6/asa-13/pro: fa/2010-2011/ and is considered as defined contribution plan as it meets the recognition criteria specified for this purpose in IAS-19. RML also maintains a separate Provident Fund which is considered as defined contribution plan.

Obligation for contribution to defined contribution plan is recognized as provident fund (PF) contribution expenses in profit or loss in the period during which services are rendered by employees.

The Group maintains the Recognized Provident Fund for all permanent employees at which both the Company and employees contribute @ 7.5% of basic salary.

Appropriate provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund ("WPPF") as per provisions of law. Currently the rate of provision is 5% on net profit before tax and WPPF. A Trust has been formed by the Group to manage and distribution of WPPF as well as allocate the fund in compliance with the required rules and regulation as specified at Trust deed.

**2.17 Provisions and contingencies**

A provision is recognized in the financial statements if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Contingencies arising from claim, lawsuit, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured, otherwise a disclosure is provided if the matter is significant.

**2.18 Income tax**

Income tax expenses comprise of current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

**Current tax:**

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax also includes any tax arising from other income.

As per SRO No-382 LAW/Income-tax/2019 dated 11 December 2019 that is changed to SRO No-325 LAW/Income-tax/2021 dated 19 October 2021 applicable Income Tax rate for the Company is 10% of business income (wef. 15/03/2008 to 30/06/2032), instead of the normal income tax rate of 20% being the listed public entity in accordance with Finance act 2021. The subsidiaries of the Company are subject to normal tax rate. [27.5% for RML & FML]



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## 2.19 Deferred tax:

Deferred tax is recognized in compliance with IAS 12: Income taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes Since 2011. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 2.20 VAT:

The Group has paid VAT on import, production and sale of motorcycle, 3 wheelers & small and large commercial vehicles (Motor Trucks) by complying with related rules and regulations for the year ended 31 December 2022. During the year, the entity has paid VAT @ 15% as well as AT @ 4% at the import stage for 2W and AT @5% for 3W and Motor trucks.

## 2.21 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

The Group initially recognizes receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

The classification and measurement of financial assets is based 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 assets.

Three measurement classifications for financial assets have been established: amortized cost, fair value through other comprehensive income and fair value through profit and loss. These measurement classifications align with three business models available under IFRS 9:

- Hold to Collect – Financial assets held with the objective to collect contractual cash flows
- Hold to Collect and Sell – Financial assets held with the objective to collect and sell contractual cash flows

  
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Managing Director & CEO  
Runner Automobiles PLC



- Other – Financial assets held for trading or assets that do not meet the criteria for either 'Hold to collect' or 'Hold to collect and sell'. Financial assets designated as trading are held with an objective to sell the assets in the short term.

For purposes of determining the measurement classification, financial assets under the 'Hold to Collect' and 'Hold to Collect and Sell' business model require an assessment to determine whether the cash flows are solely payments of principal and interest (SPPI). Basic lending arrangements with limited volatility in cash flows typically have contractual cash flows that are SPPI; however, other factors should be considered in making this determination, such as whether interest payments provide only a consideration for the passage of time associated with time value of money.

Financial assets under a Hold to collect business model, with contractual cash flows that are SPPI, are classified and measured at amortized cost. Financial assets under a Hold to Collect and Sell business model, with contractual cash flows that are SPPI, are classified and measured at fair value through other comprehensive income (FVOCI).

Financial assets that have contractual cash flows that are not SPPI, are designated as trading or do not fit the business model criteria for hold to collect and old to collect and sell are measured at fair value through profit and loss (FVTPL). Equity instruments are always measured at FVTPL unless an irrevocable option is elected at initial recognition to present fair value changes in OCI. Fair value changes recorded in OCI for equity instruments are not recycled to profit and loss. The Company did not elect the option to present fair value changes through OCI for equity instruments.

Based on the above the basis of recognition and measurement are as follows:

#### **I. Amortized cost**

The asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

#### **II. At fair value through profit or loss:**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transactions costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognized in profit or loss.

#### **III. At fair value through other comprehensive income**

The asset is measured at fair value and changes in value are transferred through other comprehensive income.

  
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**Mizanur Rahman**  
 Company Secretary



  
**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC

Financial assets currently being used by the Group are as follows:

**(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank and other short-term deposits which are available for use by the Group without any restriction. Overdrafts that form part of day to day cash management of the Group are also included in cash and cash equivalents.

**(ii) Trade and other receivables**

Trade and other receivables represent the amounts due from customers for delivering goods or rendering services. Trade and other receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortized cost less impairment losses due to un-collectability of any amount so recognized.

**(iii) Investments**

Investment in listed securities is measured at fair value on portfolio basis. Changes between closing market price at 30 June and the respective cost price on portfolio basis has been considered as impairment and accordingly charged to profit. The impairment provision on unrealized loss has been netted off against cost price. Investments in fixed deposits with banks and financial institutions have been recognized at amortized costs.

**(iv) Investment in subsidiaries**

Investments in subsidiaries are fully eliminated in consolidated financial statements. In the separate financial statements of the Company these are initially stated at cost and subsequently at cost less impairment, if any.

**2.22 Financial liabilities**

The Group initially recognizes financial liabilities on the date that is originated. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The Group classifies non-derivative financial liabilities into the liabilities for expenses category. Such financial liabilities are recognized initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

**(i) Trade and other payables**

Trade and other payables represent the amounts due to suppliers for receiving goods or services. Trade and other payables are initially recognized at cost which is the fair value of the consideration received. After initial recognition these are carried at amortized cost.

**(ii) Liabilities for expenses**

Liabilities for expenses represent the amounts due to various parties for receiving services. These are initially recognized at cost which is the fair value. After initial recognition these are carried at amortized cost.

**(iii) Borrowings**

Interest-bearing borrowings include both short-term and long-term bank loan. Interest bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost using the effective interest method.

  
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Runner Automobiles PLC



### 2.23 Equity instruments

Ordinary shares are classified as equity. In line with IAS 32 requirement, incremental costs directly attributable to the issue of ordinary shares are recognized as reduction in equity through charging directly to retained earnings instead of profit or loss. Paid-up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company.

### 2.24 Revenue from contracts with customers

The Group has initially applied IFRS 15 Revenue from Contracts with Customers from 1 July 2018. The Group recognizes as revenue the amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, IFRS 15 establishes a five-step model as follows.

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the entity satisfies a performance obligation.

#### i. Sales of goods

Considering the five steps model, the Group recognizes revenue when (or as) the Group satisfies a performance obligation by transferring a promised good to a customer. Goods are considered as transferred when (or as) the customer obtains control of the goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

#### ii. Rendering of services

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

#### iii. Hire income

According to paragraph 65 of IFRS 15, an entity shall present the effect of financing (interest revenue or interest expense) separately from revenue from contracts with customers in the statement of profit or loss and other comprehensive income. Interest revenue or interest expense is recognised only to the extent that a contract asset (or receivable) or contract liability is recognised in accounting for contracts with customers. A hire sale contract includes a significant financing component. Paragraph 60 states that a significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

Since hire sales comprise two performance obligations, the revenue for the product is recognised when the delivery made and the interest is recognised as earned, according to paragraph 65 of the said standard. Therefore, the hire sales have been analyzed in the light of 5 stages as envisaged in IFRS 15 in the following way.

  
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Runner Automobiles PLC

A contract is formed through an agreement between Runner Automobiles PLC and the customer. Two performance obligations are as follows:

- a) delivery of products
- b) financing service

Transaction price is determined considering the price of the product and the number of instalments agreed in the contract. The stand-alone product price is determined as declared in 'price declaration' less discounts (if any). The interest rate is determined by management by assessing the market rates. Runner Automobiles PLC recognizes the stand-alone selling price of the product as revenue when the delivery is completed and recognizes interest income for the financing service over the period of instalments.

#### 2.25 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using effective interest method. Bank charges are also considered as part of borrowing costs due to the fact that substantial part of these charges originates from borrowing activities of the Group. One of the subsidiaries of the Group (RML) has taken term loans from various banks and FIs to finance its credit sales to customer. Payments against these credit sales are received from customers in installments comprising both principal and mark-up amount (interest). Such interest receipts from customers are offset against related interest payments to banks and FI's against terms loans.

#### 2.26 Finance income

RAPLC: The company represents the finance business income as operating revenue and the related financing business costs have been presented in respective operating cost. The comparative information has been reported accordingly. Interest income from banks and FIs as well as from related party are included in other income heading.

RML: The company represents the finance business income as operating revenue and the related financing business costs have been presented in respective operating cost. The comparative information has been reported accordingly. Interest income from banks and FIs as well as from related party are included in other income heading.

#### 2.27 Earnings per share (EPS):

Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company with the weighted average number of ordinary shares outstanding during the year, adjusted for the effect of change in number of shares for bonus issue in prior year as well (Refer to note -37 to the Financial Statements).

#### 2.28 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognized in profit or loss.

  
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## 2.29 Impairment of Financial and non-financial assets

### i) Financial assets

Impairment of financial assets measured at amortized cost

IFRS 9 requires an assessment of expected credit losses ("ECL") for evaluating whether assets carried at amortized cost are impaired.

The first stage of the evaluation requires an assessment of expected credit losses (ECL), which represent the possibility of default over the next 12 months. When a significant increase in credit risk has occurred, the financial asset is transferred to stage 2 and the ECL will be calculated using the possibility of default over the expected life of the financial instrument. When there is objective evidence that a financial asset is impaired, the financial asset will be transferred to stage 3 and lifetime ECL will be calculated.

The Group measures ECL for the following category of financial assets that are not measured at fair value through profit and loss:

#### *Trade and other receivables*

Expected credit losses for trade receivables (amount due from related party) are estimated using the simplified approach of lifetime ECL based on a combination of write-off history, aging analysis and ability to make immediate repayment. These simplifications eliminate the need to calculate the 12-month ECL and to assess when a significant increase in credit risk has occurred, as required under a three-stage approach.

For other receivables, the Group measures ECL using the three-stage approach.

While cash and cash equivalents carried at amortized cost, are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

### ii) Non-financial assets

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income.

## 2.30 Segment reporting

A segment is a distinguishable component of the Group/entity that is engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group regards its Board of Directors as its chief operating decision maker, as the Board is responsible for allocating resources, assesses performances, and makes strategic decision.

The Group's two main operating entities are involved in two separate and distinct product segments. The parent entity Runner Automobiles PLC (RAPLC) manufactures motor cycles, whereas its subsidiary Runner Motors Limited (RML) is involved in import and marketing of Trucks, Pickups & Tractors. Although from the last couple of years RAPLC has also started selling of three wheelers which is gradually increasing. Both RAPLC and RML are managed separately and their respective financial results are reviewed on a standalone basis by the respective Boards. Since separate sets of financial statements forms focus of internal reporting process, these separate financial statements are also available on standalone basis, management considers that providing information on segment would not provide additional benefit to the intended users of the consolidated financial statements.



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29



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### 2.31 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

For substantial loss in the COVID 19 Period, the Government of Bangladesh bear a substantial portion of interest expenses on the loan taken from various Banks under Government stimulus package.

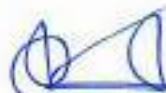
### 2.32 New standards and interpretations yet adopted

New standards or interpretations that have been adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and effective from July 01, 2020 are duly adopted by the Group and none of these new adoptions has material impact on stated numbers of these financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted. However, the Group has not early applied these new standards in preparing these financial statements.

### IFRS 17: Insurance Contract

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Group has not yet assessed potential impact of IFRS 17 on its financial statements.



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### 3 Property, plant and equipment

Accounting policy note is given in 2.11 and details of property, plant and equipment and depreciation as of 31 December 2022 are shown in the Annexure-I. The breakup of the balance are as below:

#### Property, plant and equipment-at costs

Opening balance	5,428,226,467	5,318,497,223
Addition during the year	17,725,565	109,729,244
Adjustment for sale/transfer	(12,000,000)	-
Closing Balance	5,433,952,032	5,428,226,467

#### Accumulated depreciation

Opening balance	933,611,562	852,997,089
Charged during the year	34,171,984	76,631,419
Depreciation on revaluation	1,876,506	3,907,344
Impairment	(7,238,726)	55,709
Adjustment for sale/transfer	-	-
Closing balance	962,421,326	933,611,562
Written down value	4,471,530,706	4,494,614,905

### 4 Intangible assets

#### Assets at cost

Opening balance	99,756,055	97,849,031
Addition during the year	-	1,907,024
Closing balance	99,756,055	99,756,055

#### Amortization

Opening balance	29,949,635	22,475,982
Addition during the year	3,519,322	7,473,652
Closing balance	33,468,957	29,949,635
Total	66,287,098	69,806,421

### 5 Capital work in progress

Factory development	3,127,151,412	2,733,553,996
Showroom, land and other development	154,182,300	103,569,797
	3,281,333,712	2,839,123,793

### 6 Right use of assets

Lease hold assets	54,960,875	66,160,696
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The Company has been dealing retail sales through showrooms and different dealers. Currently 52 Showrooms are in operation and run through rent. All of the showrooms rental process has been recorded under IFRS-16 "Lease". Accounting policy note is given in 2.10 and details of Right use of Assets are given in Annexure- I.

### 7 Investment in subsidiaries and associates

#### Share holding percentage

Runner Motors Limited (RML)	61.67%	138,750,000	138,750,000
Freedom Motors Limited (FML)	99.99%	6,854,000	6,854,000
		145,604,000	145,604,000
Investment in RML and FML adjusted with Consolidation		(145,604,000)	(145,604,000)
Share of profit from associates (RTL)		-	-

### 8 Inventories

Raw Materials	545,165,155	777,984,718
Work-in-Progress	3,414,116	4,872,156
Finished Goods	793,526,894	1,315,607,425
Spare parts	314,191,234	188,364,103
Material in transit	360,186,855	160,730,734
Total	2,016,484,254	2,447,559,136

  
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		Amount in BDT	
		31-Dec-22	30-Jun-22
<b>9 Trade receivables</b>			
Current portion of accounts receivable		6,650,642,543	6,828,803,951
Net of current portion of accounts receivable		4,571,007,562	4,888,705,406
<b>Total</b>		<b>11,221,650,105</b>	<b>11,717,509,357</b>
<b>10 Short term investments</b>			
Shares in listed companies (10.1)		35,954,974	39,320,959
Fixed deposit with banks and FIs (10.2)		2,153,398,446	2,628,837,336
<b>Total</b>		<b>2,189,353,420</b>	<b>2,668,158,295</b>
<b>10.1 Shares in listed companies</b>			
Marketable securities : cost price		35,592,114	34,726,083
Unrealized loss on marketable securities		(2,540,780)	(2,540,781)
<b>Closing balance</b>		<b>30,623,794</b>	<b>32,185,302</b>
Beneficiary owners (B.O) investment current A/C		5,331,180	7,135,657
		<b>35,954,974</b>	<b>39,320,959</b>
<b>Details Shows in annexure II</b>			
Referred to Accounting policy note no 2.22 (III- iii)			
<b>10.2 Fixed deposit with banks and FIs (Based on maturity)</b>			
<b>Fixed deposit with banks and FIs</b>			
0-6 Months		1,191,724,289	1,445,860,535
7-12 Months		961,674,157	1,182,976,801
<b>Total</b>		<b>2,153,398,446</b>	<b>2,628,837,336</b>
<b>11 Advances, deposits and prepayments</b>			
<b>Advances</b>			
Advance Income Tax (note-11.1)		749,066,376	671,693,126
Advance paid for showroom/service centers		26,533,280	16,533,280
Advance to employees		31,623,676	13,973,624
Advance paid to suppliers		376,210,382	167,311,000
Advances for showroom rent		99,050,938	99,932,829
Advance for registration		4,734,578	15,184,277
Advance for tour/expenses		7,849,880	7,856,403
		<b>1,295,069,110</b>	<b>992,484,540</b>
<b>Bank guarantee and security deposits</b>			
Mymensingh Palli Bidduth Samity		7,018,079	7,018,079
Dhaka Power Distribution Co Limited		408,000	-
Other Suppliers		3,975,938	3,394,973
Bangladesh Krishi Bank		500,138	998,138
Biman Flight Catering Centre		-	110,000
Cantonment Executive Officer, Dhaka Cantonment		245,000	245,000
Cantonment Executive Officer, Jahanabad Cantonment		275,000	275,000
Crystal Insurance Company Limited		200,000	200,000
Department of Public Health Engineering		400,000	400,000
Meghna Insurance Co. Ltd.		200,000	200,000
DNONYO Constructions & Development Ltd		-	1,200,000
Security Deposit for 40 acres land lease( Mirashorai,Shitakunda,Chattagram )		2,000	2,370,807
South Asia Insurance Company Ltd		200,000	200,000
Rajshahi Krishi Unnayan Bank		505,000	505,000
Bank Guarantee for tender sale		4,113,598	4,313,598
		<b>18,042,753</b>	<b>21,340,595</b>
<b>Prepayments</b>			
LC Margin deposited with banks		49,397,068	101,373,353
VAT receivable/(payable)		137,960,171	648,002,791
Accrued interest receivables of FDR		52,155,012	21,007,005
Prepaid expenses		40,346,456	32,093,470
		<b>280,858,707</b>	<b>802,476,618</b>
<b>Total</b>		<b>1,593,170,570</b>	<b>1,816,301,753</b>

  
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 Runner Automobiles PLC



	Amount in BDT	
	31-Dec-22	30-Jun-22
<b>11.1 Advance income tax</b>		
Opening balance	671,599,291	406,174,841
Addition during the year	77,372,395	290,230,838
	<b>748,971,686</b>	<b>696,405,679</b>
Adjustment during the year -		
Against AIT refund	-	(1,219,227)
Against provision for tax	-	(23,493,326)
<b>Total</b>	<b>748,971,686</b>	<b>671,693,126</b>

The above advance tax relates to the assessment years for which assessments are pending at various stages. Once the final assessment is made for any assessment year the related advance income tax and income tax provision are adjusted, with the balance amount either charged or credited to profit and loss during the period of final settlement of tax assessment.

<b>12 Related party receivables</b>		
Runner Properties Limited	45,155,751	43,830,960
Runner Trade Park Limited	24,112,217	26,049,843
<b>Total</b>	<b>69,267,968</b>	<b>69,880,806</b>

**12.1** This represents temporary advances and short term in nature, and repayable on demand. Management has obtained confirmation from each of the aforesaid entities and assessed recoverability, upon which satisfied that all these balances are recoverable in full.

**12.2** The Group has supplied its unused parts to RTPL and earned interest on the dues amount. Management has obtained confirmation from RTPL and assessed recoverability, upon which satisfied that all these balances are recoverable in full.

<b>13 Other receivables</b>		
Accrued interest on FDRs	11,985,418	12,647,320
Rental receivable	3,964,086	3,053,585
Receivable from PF employer contribution (lapses and forfeiture account)	990,720	990,720
AIT refund	95,287,166	95,287,166
	<b>112,227,390</b>	<b>111,978,794</b>

<b>14 Cash and cash equivalents</b>		
Cash in hand		
Cash in hand	10,374,877	16,817,179
Cash at banks	155,045,223	544,269,056
<b>Total</b>	<b>165,420,100</b>	<b>561,086,235</b>

<b>15 Share capital</b>		
<b>Authorized capital</b>		
200,000,000 ordinary shares of Tk. 10/- each	2,000,000,000	2,000,000,000
	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>Issued, subscribed &amp; paid up capital</b>		
Ordinary share	300,000,000	300,000,000
Allotment of 13,478,261 ordinary shares	134,782,610	134,782,610
Issuance of bonus shares @ 50% of ordinary share capital	217,391,300	217,391,300
Issuance of bonus shares @ 33.33% of ordinary share capital	217,391,300	217,391,300
Issuance of placement share	72,464,000	72,464,000
Bonus shares for 2019 @ 5%	54,066,635	54,066,635
Issuance of primary shares through IPO	139,303,480	139,303,480
	<b>1,135,399,325</b>	<b>1,135,399,325</b>

Sl No	Name of Share Holder	No of Ordinary Share	% of total share holding	Amount in Taka 31 December 2022	Amount in Taka 30 June 2022
01	Sponsors/Directors	46,811,847	41.23%	468,118,470	468,118,470
02	Local Company/Institutions	40,232,623	35.43%	402,326,230	403,797,370
04	Non-Resident Bangladeshi	166,659	0.15%	1,666,590	1,697,030
05	General Public	26,128,803	23.19%	263,288,035	261,786,435
	<b>Total:</b>	<b>113,539,932</b>	<b>100%</b>	<b>1,135,399,325</b>	<b>1,135,399,325</b>

  
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Amount in BDT	
31-Dec-22	30-Jun-22

As per requirement of schedule XI, Part I of the companies Act, 1994 the issuance of share at 30 June 2021 was as follows:

Cash	364,050,090	364,050,090
Bonus	711,049,235	711,049,235
Other than cash	60,300,000	60,300,000
	<u>1,135,399,325</u>	<u>1,135,399,325</u>

<b>16 Share premium</b>		
Sponsors/Directors	916,208,705	916,208,705
Local Company/Institutions	683,912,585	683,912,585
Foreign Company	1,873,560	1,873,560
Non-Resident Bangladeshi	79,757,478	79,757,478
General Public	348,776,877	348,776,877
	<u>2,030,529,205</u>	<u>2,030,529,205</u>

\* Shareholding of Brummer Frontier PE II (Mauritius) Limited, an institutional shareholder has been considered under the category of Sponsors/Directors as it has nominated directors in the Board of Directors of the company.

#### 17 Revaluation surplus

The revaluation of the Company's Land and Buildings assets was made on 31 Dec, 2010 & 2014 by M/S Rahman Rahman Haq, a Chartered Accountants firm in Bangladesh and a member of KPMG. The valuation has been made to reflect the fair value of these assets.

The summary of revaluation is shown below:

Opening balance	1,280,720,367	1,296,890,180
Adjustment to property, plant and equipment	-	2,246,884
Transfer from deferred tax liabilities to Revaluation Surplus	-	(11,954,871)
Share of prior adjustment in revaluation	-	(5,383,114)
Prior year Adjustment	-	242,498
Realization of revaluation surplus through depreciation charge	(631,891)	(1,321,211)
Recognition of deferred tax liability on revaluation gain of land	199,170	-
<b>Total</b>	<u>1,280,287,646</u>	<u>1,280,720,367</u>

#### 18 Retained earnings

Opening balance	3,103,908,474	2,935,780,867
Group share of current year profit of Runner Motors Limited	(42,467,586)	243,096,326
Group share of current year profit of Freedom Motors Limited	991,832	1,637,942
Current year profit for Runner Automobiles Limited	(284,723,173)	28,097,003
	<u>2,777,709,547</u>	<u>3,208,632,139</u>

#### Add

Deferred tax credit on revaluation of assets	-	146,801
Prior year adjustment	-	(4,640,796)
Share of prior adjustment benefit of FML	-	11,989,052
Realization of revaluation surplus through depreciation charge	702,101	1,321,211
	<u>702,101</u>	<u>8,816,268</u>

#### Less:

Payment of dividend	(113,539,932)	(113,539,932)
Issuance of Bonus share	-	-
<b>Total</b>	<u>(113,539,932)</u>	<u>(113,539,932)</u>
<b>Net retained earnings</b>	<u>2,664,871,716</u>	<u>3,103,908,474</u>

#### 19 Non controlling interest

Opening balance	1,425,982,165	1,278,240,014
Payment of dividend	(34,500,000)	(43,125,000)
Share of post acquisition profit of RML	(26,395,047)	194,211,544
Share of prior year adjusted benefit	99	(3,344,589)
Share of post acquisition profit/ (loss) of FML	123,791	166
	<u>1,365,211,008</u>	<u>1,425,982,165</u>

#### 20 Long term loan net of current portion

<b>Total</b>	<u>6,150,902,592</u>	<u>6,316,989,944</u>
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Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC

Mizanur Rahman  
Company Secretary



Subir Kumar Chowdhury  
Managing Director  
Runner Automobiles PLC



		Amount in BDT	
		31-Dec-22	30-Jun-22
21	<b>Lease liability</b>		
	Long term portion of lease liability	46,312,787	52,406,039
	Current portion of lease liability	13,531,349	16,552,118
	<b>Total</b>	<b>59,844,136</b>	<b>68,958,157</b>
22	<b>Deferred tax liability</b>		
	On revaluation of assets (note - 22.1)	92,630,533	93,023,704
	On temporary timing difference (note - 22.2)	137,707,938	107,953,648
		<b>230,338,471</b>	<b>200,977,352</b>
22.1	<b>On revaluation of assets</b>		
	Opening balance	92,861,208	70,795,158
	Addition	-	22,228,546
		<b>92,861,208</b>	<b>93,023,704</b>
	Adjustment during the year	(230,675)	-
		<b>92,630,533</b>	<b>93,023,704</b>
22.2	<b>On temporary timing difference</b>		
	Opening balance	113,666,111	83,200,817
	Movement during the year	24,041,827	171,393
		<b>137,707,938</b>	<b>83,372,210</b>
	Add Adjustment during the year	-	-
		<b>137,707,938</b>	<b>83,372,210</b>
The above balance is comprise of the following:			
<b>Runner Automobiles Limited</b>			
	Deferred tax liability on depreciation and amortization	2,888,096	1,285,822
	Deferred tax assets on WPPF and bad debts	-	(1,114,429)
		<b>2,888,096</b>	<b>171,393</b>
<b>Runner Motors Limited</b>			
	Deferred tax liability on depreciation	971,837	1,739,004
	Deferred tax assets on WPPF and others	20,181,895	20,029,577
		<b>21,153,732</b>	<b>21,768,581</b>
		<b>24,041,818</b>	<b>21,939,975</b>
23	<b>Trade payables</b>		
	Local accessories	72,023,215	198,370,215
	Others	231,310,813	674,300,01
	<b>Total</b>	<b>303,334,028</b>	<b>265,800,216</b>
24	<b>Short term loan from Banks</b>		
	Eastern Bank Limited	264,930,376	446,735,005
	Al-Arafah Islami Bank Limited	325,739,840	266,734,877
	Mercantile Bank Limited	582,937,695	499,882,409
	Standard Bank Limited	442,099,495	418,216,763
	BRAC Bank Limited	2,371,668,490	197,757,865
	Bank Asia Limited	204,618,826	531,469,164
	Dhaka Bank Limited	86,542,610	82,076,960
	Southeast Bank Limited	104,501,576	-
	Community Bank Limited	-	99,855,404
	Commercial Bank of Ceylon	50,973,908	-
	Pubali Bank Limited	85,329,787	-
	Premier Bank Limited	576,445,279	534,983,033
	Commercial Bank of Ceylon	-	50,061,311
	Meghna Bank Limited	-	307,573,300
	Pubali Bank Limited	-	388,793,524
	Social Islami Bank Limited	-	2,918,046,626
	<b>Total</b>	<b>5,095,787,883</b>	<b>6,742,186,241</b>

These loans are taken to finance working capital requirement of the Group. The average tenure of these facilities are normally 12 months with renewal option. The rate of interest/profit against these facilities range from 9% to 11%. The Group has hypothecated its current assets as well mortgaged its property, plant and equipment to secure these loans.

  
**Shanat Datta, FCA**  
 Chief Financial Officer  
 Runner Automobiles PLC

35  
  
**Mizanur Rahman**  
 Company Secretary



  
**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC

25 Current portion of long term loan

	Amount in BDT	
	31-Dec-22	30-Jun-22
Jemuna Bank Limited	-	36,262,024
Lanka Bangla Limited	-	52,327,338
NRBC Bank Limited	-	27,873,463
Al Arafah Bank Limited	-	243,379,661
BRAC Bank Limited	30,327,531	25,678,208
Bank Asia Limited	278,530,901	147,431,264
IDLC Finance Limited	-	196,322,287
NCC Bank Ltd	-	93,149,913
Premier Bank Limited	191,155,075	236,813,988
IPDC of Bangladesh Limited	90,654,577	16,785,370
Mercantile Bank Limited	16,081,962	87,221,474
Dhaka Bank Ltd.	15,087,960	17,319,806
Community Bank Limited	123,987,379	167,612,649
Commerce Bank of Ceylon	10,939,646	7,473,080
SBAC Bank Limited	70,412,054	76,813,920
Shimanto Bank Limited	169,652,405	192,704,993
One Bank Limited	-	28,224,604
Pubali Bank Limited	425,591,018	429,525,236
Southeast Bank Limited	1,931,800,949	18,278,957
Trust Bank Limited	-	100,003,053
Social Islami Bank Limited	-	49,501,630
Standard Bank Limited	-	13,378,069
United Commercial Bank Limited	-	12,962,308
<b>Total</b>	<b>3,456,668,065</b>	<b>2,967,601,532</b>

26 Provision for income tax

Opening balance	587,310,142	356,027,696
Provision during the year	30,014,456	266,472,191
	<b>617,324,598</b>	<b>622,499,887</b>
Adjustment during the year	-	(54,119,077)
<b>Total</b>	<b>617,324,597</b>	<b>568,380,809</b>

27 Provision for contribution to WPPF and welfare fund

Opening balance	41,098,648	48,389,290
Contribution during the year @ 5 % (Note : 27.1)	(521,324)	41,098,648
Payment during the year	-	(48,389,290)
<b>Total</b>	<b>40,577,324</b>	<b>41,098,648</b>

28 Unclaimed dividend account

In compliance with the clause 3 (vii) of the BSEC Directive no: BSEC/CMRRCD/2021-386/03-, dated 14 January 2021, the summary of unclaimed dividend is as follows:

FY 2018-19	329,072	329,072
FY 2019-20	1,404,245	1,404,245
FY 2020-21	535,276	567,975
	<b>2,268,593</b>	<b>2,301,292</b>



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Chief Financial Officer  
Runner Automobiles PLC




**Mizanur Rahman**  
Company Secretary




**Subir Kumar Chowdhury**  
Managing Director



		Amount in BDT	
		31-Dec-22	30-Jun-22
<b>29</b>	<b>Liabilities for expenses and other provisions</b>		
	VAT deduction at source	6,276,678	9,172,463
	Payable to provident fund (Notes: 29.1)	17,884,305	9,468,628
	Dividend payable	-	8,095,000
	Provision for warranty & after sales service expenses (Notes: 29.3)	98,049,385	99,075,472
	Tax Deducted at Source	1,150,904	1,619,338
	Dividend payable	181,684,932	-
	Salaries and wages	70,641,670	65,009,928
	Provision for office rent	693,617	693,617
	Provision for audit fees	1,924,306	2,185,000
	Provision for inventory	-	3,534,272
	Provision for bad and doubtful debts (Notes: 29.2)	267,181,698	422,564,284
	Provision for selling expense	19,790,451	15,558,418
	Provision for Interest Expenses delay payment of PF	-	425,650
	Provision for inventory	3,534,272	-
	Provision for interest on bank loans	156,403,560	39,448,102
	Provision for finance cost & foreign exchange	-	31,945,242
	Provision tax consultancy fees	3,126,031	2,551,033
	<b>Total</b>	<b>808,341,609</b>	<b>711,346,467</b>
<b>29.1</b>	<b>Payable to provident fund</b>		
	Opening balance	9,468,628	4,273,107
	Employees' contribution during the year	12,006,070	23,265,248
	Employers' contribution during the year	12,006,070	23,265,248
		33,480,768	50,803,603
	Payment during the year	(15,596,463)	(41,334,975)
	<b>Total</b>	<b>17,884,305</b>	<b>9,468,628</b>
<b>29.2</b>	<b>Provision for bad and doubtful debt</b>		
	Opening balance	422,564,284	505,818,735
	Addition during the year	49,020,798	205,370,496
		471,585,082	711,189,231
	Adjustments during the year	(204,403,379)	(288,624,947)
	<b>Total</b>	<b>267,181,698</b>	<b>422,564,284</b>
The company has been maintaining bad debt provision based on historical default rate on outstanding receivable as expected credited loss during the year. Besides the net loss occurred due to resale of seized motorcycles and loss from suits (case file) of Dealers has been adjusted accordingly.			
<b>29.3</b>	<b>Provision for warranty</b>		
	Opening balance	99,075,472	92,358,345
	Provision made for the year	76,054,412	165,952,869
	Service charge made	(77,080,698)	(159,235,742)
	<b>Closing balance</b>	<b>98,049,185</b>	<b>99,075,472</b>
Warranty provision has been made by reviewing the historical data of service claimed cost per unit sold and service cost performed has been adjusted accordingly. The balance has been attributed for the motorbikes which are available for services claim as on the reporting date.			

  
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 Chief Financial Officer  
 Runner Automobiles PLC

  
**Mizanur Rahman**  
 Company Secretary



  
**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC

		Amount in Taka	
		July- Dec, 22	July- Dec, 21
<b>30 Revenue</b>			
Motorcycle sales (Runner Automobiles PLC)		1,382,435,014	1,934,313,274
Credit business income		494,966,105	542,166,032
Truck sales (Runner Motors Limited)		2,075,520,391	3,368,736,775
<b>Total turnover</b>		<b>3,752,921,509</b>	<b>5,845,216,085</b>
<b>Description-RAPLC</b>			
	Particulars	Amount in Taka	Amount in Taka
	80 CC Motor Cycle	124,804,004	187,931,400
	100 CC Motor Cycle	40,226,000	76,484,336
	110 CC Motor Cycle	197,154,459	255,447,279
	125 CC Motor Cycle	145,901,080	187,669,368
	150 CC Motor Cycle	91,857,081	76,696,730
	165 CC Motor Cycle	91,057,001	182,429,310
	E-EW-fee	8,777,500	882,100
	Service & Parts	73,165,494	81,665,332
	Three Wheeler	583,430,000	998,426,000
	Credit business income	164,735,248	194,960,694
		<b>1,347,170,261</b>	<b>2,129,273,968</b>
<b>Description-RML</b>			
	Revenue from vehicle sale	1,815,692,372	3,122,270,541
	Revenue from vehicle Servicing	259,828,019	246,466,238
	Credit business income	330,230,857	347,205,338
		<b>2,405,751,248</b>	<b>3,715,942,117</b>
<b>31 Cost of sales</b>			
Motorcycle and three wheelers		986,914,922	1,510,527,814
Small and large commercial vehicle (Trucks)		1,572,309,087	2,352,395,784
		<b>2,559,314,009</b>	<b>3,862,923,598</b>

Details of costs of sales are shown in respective stand alone accounts.

<b>32 Administrative expenses</b>			
Salaries and allowances		96,813,541	110,609,114
Telephone & internet		2,753,754	1,989,551
Board meeting fees		442,218	458,886
Stationery & photocopy		2,140,382	1,981,568
Tours, traveling & conveyance		9,882,112	10,928,421
Consultancy, legal & professional fees		4,723,735	2,984,946
Office expenses-documentation		2,969,897	4,350,459
Directors' remuneration		10,964,089	24,000
Guard & security expenses		1,446,659	2,085,297
Internet & IT expenses		5,740,528	4,943,909
Training & recruitment		88,334	42,594
Entertainment		8,258,273	6,915,584
Repair & maintenance		5,089,710	5,054,335
Labor expenses		13,730	-
Gas, fuel & lubricant		155,638	71,260
Utility expenses		6,799,132	2,771,075
Contributed to provident fund		3,093,731	2,482,402
Audit fees and other certificate		1,643,750	-
Medical expenses		522,713	1,597,073
Insurance premium		7,867,528	1,784,441
Depreciation		8,149,732	11,371,645
Amortization		2,693,873	-
Audit & professional fees		370,000	230,000
Listing expense		336,124	-
Vehicle expense		2,359,033	2,067,833
Rent expenses		1,283,400	1,283,400
Annual day program & AGM expense		924,362	245,862
		<b>187,525,978</b>	<b>176,273,656</b>

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**Mizanur Rahman**  
Company Secretary



**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



	Amount in Taka	
	July- Dec, 22	July- Dec, 21
<b>33 Selling and distribution expenses</b>		
Salary & allowance	221,440,102	188,811,651
Bad & doubtful debts	49,020,798	138,962,313
Telephone, internet & IT expenses	6,062,603	5,703,420
Project R&D expenses	6,080,689	2,925,649
Rent rates & taxes	16,533,804	33,580,556
Vehicle repairs & maintenance	10,099,220	7,270,960
Tours, traveling & conveyance	36,851,956	32,167,901
Advertisement & promotional expenses	85,831,497	136,740,412
CSR activity	5,901,850	-
Commission	30,872,144	73,917,154
Guard and security expenses	2,315,661	2,175,766
Documentation fees	356,870	654,710
Other selling & distribution expenses	28,922,538	7,645,578
Dealer conference	-	293,764
Postage & stamp	650,004	64,135
Contributed to Provident fund	6,262,716	5,455,782
Stationery & photocopy	1,390,463	1,332,789
Entertainment	3,177,117	2,104,386
Labor expenses	211,415	26,960
Repair & maintenance	14,000,983	10,303,944
Service & parts expenses	101,877,147	91,227,090
Utility Expenses	3,152,886	3,503,561
Medical expenses	19,746	199
Depreciation on ROU	11,199,821	-
	<b>642,232,032</b>	<b>744,668,680</b>

#### 34 Financial expenses

Term loan interest	276,349,243	654,150,793
Lender of Trust Receipts/Trust Receipts Interest	67,382,948	46,363,377
Bank charges	25,000,529	15,564,883
Interest on lease loan	-	180,406
Int. on B Loan-MPI/LTR/LIM/SOD	266,075,395	2,031,255
Demand loan interest	44,921,965	722,411
Overdraft interest	31,127,960	5,115,526
Finance cost of lease assets	2,940,694	-
<b>Total</b>	<b>713,798,734</b>	<b>724,128,651</b>

Consistent with prior periods banks charges are included as finance costs and interest received from customers on credit sale is netted off against relevant interest expenses.

#### 35 Other income

Rental income	8,220,650	8,802,643
Gain/loss on sale of PPE/market securities	-	1,063,348
Interest income (FDR & STD interest)	54,894,960	60,105,499
Capital Gain	(567,088)	-
Income from sale of fixed assets	2,938,726	-
Dividend income on marketable securities	84,470	-
Income from charges	10,101,621	63,283,086
Expenses of BO account	(141,214)	-
<b>Total</b>	<b>75,532,125</b>	<b>133,254,576</b>

  
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**Mizanur Rahman**  
 Company Secretary



  
**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC

	Amount in Taka	
	July- Dec, 22	July- Dec, 21
<b>36 Provision for contribution to WPPF &amp; welfare fund</b>		
Provision from RAPLC	-	2,440,812
Provision from RML	(521,324)	23,273,755
	<u>(521,324)</u>	<u>25,714,567</u>
<b>37 Current tax</b>		
Runner Automobiles PLC	16,997,125	23,100,003
Runner Motors Ltd	31,569,950	145,160,401
Freedom Motors Ltd	376,714	-
	<u>48,943,789</u>	<u>168,260,404</u>
<b>38 Basic Earning Per Share</b>		
Total comprehensive income attributable to		
Equityholders of the Parent entity	(326,198,927)	169,128,062
Non-controlling interest	(26,394,948)	118,109,989
	<u>(352,593,875)</u>	<u>287,238,051</u>
Earning attributable to equityholders of the Parent entity	(326,198,927)	169,128,062
Weighted average number of shares of Parent shareholders	113,539,932	113,539,932
Earning Per Share (EPS) attributable for Parent shareholders	<u>(2.87)</u>	<u>1.49</u>
<b>39 Net Asset Value (NAV) Per Share as on reporting date</b>		
Equity attributable to the Parent entity's shareholders	7,111,087,892	7,550,557,371
Outstanding number of shares of Parent shareholders at reporting date	113,539,932	113,539,932
	<u>62.63</u>	<u>66.59</u>
<b>40 Net Operating Cash Flows Per Share (NOCF)</b>		
Net Operating Cash Flow	1,801,080,675	566,832,894
Weighted average number of shares of Parent shareholders	113,539,932	113,539,932
Net Operating Cash Flows Per Share *	<u>15.86</u>	<u>4.99</u>
<b>41 Related party transactions</b>		

During the year, the RAPLC carried out a number of transactions with related parties in the normal course of business and on arm's length basis. The name of these related parties, nature of transactions, their total value and balances on reporting date have been set in accordance with the provisions of IAS-24.

Name of Parties	Relationship	Nature of Transactions	2021-22	2020-21
Runner Motors Ltd.	Subsidiary	Rental Income	2,511,000	2,392,800
Freedom Motors Ltd	Subsidiary	Short term loan	4,373,549	1,452,550
Runner Bricks Ltd.	Inter Company	Rental Income	-	(4,998,002)
Bondstein Technologies Ltd.	Subsidiary	Rental Income	747,120	-
Runner Properties Ltd.	Inter Company	Rental Income	1,939,950	240,000
Varendra University	Inter Company	Rental Income	280,000	532,179
Promita Oil & Gas	Inter Company	Rental Income	-	1,724,400
Runner Trade Park Ltd.	Inter Company	Business transaction &	24,112,217	-
Runner Lube & Energy Ltd.	Inter Company	Rental Income	252,450	76,692,102
Deen Impex	Accounts Receivable	Revenue Income	5,636,969	1,870,080
Venus Autos	Accounts Receivable	Revenue Income	586,263	52,799,430
Islam & Company	Accounts Receivable	Revenue Income	8,174,000	171,952,838

  
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**Mizanur Rahman**  
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**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC



Amount in Taka

<u>July- Dec, 22</u>	<u>July- Dec, 21</u>
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Runner Automobiles PLC as a holding company has provided corporate guarantee to its subsidiary Runner Motors Ltd (RML), amounting Taka 14,900,000,000. The subsidiary company (RML) has availed loan facilities through this corporate guarantee, but not received any direct financial benefits. As per Bangladesh Securities and Exchange Commission notification No. SEC/CMMRRCD/2006-159/Admin/02-10 dated 2 September 2006, no issuer company listed with the stock exchanges shall make any loan or give any guarantee or provide any security in connection with a loan made by a third party to certain types of entities. However, nothing in this order shall apply to the making of a loan or giving of any guarantee or providing any security by the said company if such company as a holding company makes the loan or gives the guarantee or provide the security to its subsidiary, but in no case the total amount of the loan shall exceed 50% of the paid up value of the shares held by such director in his own name. Since the Company has provided this corporate guarantee to its subsidiary Runner Motors Limited (RML) as holding company, and not any loan the Company consider that the restriction of 50% of paid-up value of shares referred in the notification is not applicable for corporate guarantee. On similar matter an information request has been received from Dhaka Stock Exchange which is duly complied with. On the otherhand subsidiary company RML also provide corporate guarantee against the total limit of RAPLC.

**42. Events after reporting date**

No material events have occurred from the reporting date of issuing of these financial statements which could affect the values stated therein.



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Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary




**Subir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

43 Key management personnel compensation

Particulars  
Remuneration  
Total:

Amount in Taka	
July- Dec. 22	July- Dec. 21
10,964,089	10,942,020
10,964,089	10,942,020

43.1 Key management personnel compensation includes benefits for employees of the rank of directors and above represents short term employee benefits.

Period of payment to Directors is from 01 July 2022 to 31 Dec 2022. The above Directors of the Group did not take any benefits from the Group other than the remuneration and festival bonus.

- Expenses reimbursed to the managing agent- Nil.
  - Commission or other remuneration payable separately to a managing agent or his associates- Nil.
  - Commission received or receivable by the managing agent or his associates as selling or buying agent of other concerns in respect of contracts entered into such concerns with the Group- Nil.
  - The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the Group with the managing agent or his associates during the financial year- Nil.
  - Any other perquisites or benefit in cash or in kind stating- Nil.
  - Other allowances and commission including commission- Nil.
- Pensions, etc.-
- Pensions- Nil.
  - Gratuities- Nil.
  - Payment from Provident Fund- Nil.
  - Compensation for loss of office- Nil.
  - Consideration in connection with retirement from office - Nil.

43.2 Disclosure as per requirements of Schedule XI, Part-II, Para-3 of the Companies Act, 1994

Requirements under condition no.	Compliance status of Disclosure Schedule XI, Part II, Para 3
3(i)(a) The turnover	Complied
3(i)(b) Commission paid to selling agents	Not Applicable
3(i)(c) Brokerage and discount of sales, other than the usual trade discount	Not Applicable
3(i)(d)(i) The value of the raw materials consumed, giving item-wise as possible	Complied
3(i)(d)(ii) The opening and closing stocks of goods produced	Complied
3(i)(e) In the case of trading companies, the purchase made and the opening and closing stocks	Not Applicable
3(i)(f) In the case of companies rendering or supplying services, the gross income derived from services rendered or supplied	Not Applicable
3(i)(g) Opening and closing stocks, purchases, sales and consumption of raw materials with value and quantity breakup for the Group which falls under one or more categories i.e. manufacturing and/or trading	Complied
3(i)(h) In the case of other companies, the gross income derived under different heads	Not Applicable
3(i)(i) Work-in-progress, which have been completed at the commencement and at the end of the accounting period	Complied
3(i)(j) Provision for depreciation, renewals or diminution in value of fixed assets	Complied
3(i)(k) Interest on the debenture paid or payable to the Managing Director, Managing Agent and the Manager	Not Applicable
3(i)(l) Charge for income tax and other taxation on profits	Complied
3(i)(m) Reserved for repayment of share capital and repayment of loans	Not Applicable
3(i)(n)(i) Amount set aside or proposed to be set aside, to reserves, but not including provisions made to meet any specific liability, contingency or commitment, known to exist at the date as at which the balance sheet is made up	Not Applicable
3(i)(n)(ii) Amount withdrawn from above mentioned reserve	Not Applicable
3(i)(o)(i) Amount set aside to provisions made for meeting specific liabilities, contingencies or commitments	Not Applicable
3(i)(o)(ii) Amount withdrawn from above mentioned provisions, as no longer required.	Not Applicable
3(i)(p) Expenditure incurred on each of the following items, separately for each item:	Complied
(i) Consumption of stores and spare parts (ii) Power and Fuel (iii) Rent (iv) Repairs of Buildings (v) Repairs of Machinery (vi) Salaries, wages and bonus (2) Contribution to provident and other funds (3) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve.	Complied

43.3 Disclosure as per requirement of schedule XI, Part - I (A. Horizontal Form) of Companies Act, 1994

Accounts receivable (Ref. Note 7 & 9)

F. In regard to sundry debtors the following particulars shall be given separately:-

I. Debt considered good for which the Group hold no security other than the debtors personal security.  
Only the security cheques were received against debt considering goods.

II. Debt considered doubtful or bad  
The Group has made required provision for doubtful debts as on 31 December 2022.

III. Debt due by directors or other officers of the Group  
There is no such debt in this respect as on 31 December 2022. However, as part of normal business activities advances are made to officers which are subsequently settled. Similarly credit sales are made to dealers/customers and total receivable balance at 30 June 2022 includes some director related entity.


IV. Debt due by common management  
Refer to related party disclosed.

V. The maximum amount due by directors or other officers of the Group  
There are no such debt in this respect as on 31 December 2022.

  
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Mizanur Rahman  
Company Secretary



  
Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



44 Commitments and contingencies:	31 Dec, 2022	30 June, 2022
44.1 Bank guarantees		
Runner Automobiles Limited	11,539,677	10,584,229
Runner Motors Limited	3,251,063	3,251,063
	<u>14,790,740</u>	<u>13,835,292</u>
Runner Automobiles Limited		
Mymensingh Palli Bidduth Samity	7,018,079	7,018,079
Dhaka Power Distribution Co Ltd	408,000	408,000
Upazilla Governance and Development Project	2,165,000	2,165,000
Commissionerate of Customs, Excise & VAT	222,260	222,260
The Director Stores & Supplies Central Medical Store	254,186	254,186
Executive Director 2 (JC) (Procurement of vehicle Guajiper	60,000	60,000
The Joint Director, Procurement & Store Section, Bangladesh Agriculture Research Institute,	85,000	85,000
Project Director(DOIP), South city corporation Dhaka	345,002	345,002
The Project Director Cash Transfer Modernization (Ctm) Project Department Of Social Services (Dss)	-	200,000
The Project Director, Electrification, Rah Khabhet, Dhaka	213,300	213,300
The Project Director, BRDB	412,500	412,500
Tecsta River Bridge *	25,000	25,000
The DGI, BARI, Joydebpur, gaipur	25,000	25,000
The Planning Officer Khulna Development, Authority	20,000	20,000
Director General Bangladesh Asrar & YDP	286,350	286,350
	<u>11,839,677</u>	<u>11,739,671</u>
Runner Motors Limited		
Bangladesh Krishi Bank	500,138	500,138
Rajshahi Krishi Unnayan Bank	505,000	505,000
Rural Electrification Board (REB)	74,200	74,200
Local Government Engineering Department (LGED)	531,725	531,725
Roads & Highways Department (RHD)	1,640,000	1,640,000
	<u>3,251,063</u>	<u>3,251,063</u>

The above margin and deposits have been included in advance, deposits and pre-payments.

44.2 Runner Automobiles Limited has become the guarantor for supply chain financing of its dealers from Eastern Bank Limited throughout the year. As on 30 June, 2022 the contingent liability of Guarantee for Dealer Financing amounts to BDT 4,21,40,073 (30 June 22: BDT 11,56,75,318). Except 62 showrooms and service center, other operation of the Company are on its own premises. The average remaining term for showrooms are less than five years. The net obligation per year is approximately Tk. 3,73,50,000.

44.3 Runner Automobiles PLC provides corporate guarantee to Runner Motors Ltd, amounting taka 14,572,900,000. The subsidiaries company avail the loan facilities through the corporate guarantee but don't possess any direct financial benefits.

44.4 Runner Automobiles PLC provides corporate guarantee to Runner Motors Ltd, amounting taka 14,572,900,000. The subsidiaries company avail the loan facilities through the corporate guarantee but don't possess any direct financial benefits.

#### 45 Financial Instruments- financial risk management

The Board of Directors of Runner Automobiles Limited manages its financial risk on Group basis.

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### 45.1 Risk management framework

The management has overall responsibility for the establishment of the Group's risk management framework with oversight by the Board of Directors. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group has exposure to the following risks from its use of Financial Instruments

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### 45.1.1 Credit risk

Credit risk is risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arises principally from the Group's receivables and investments.


The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Investment in quoted shares and debt securities	35,954,974	39,320,939
Investment in FDRs (Short term & long term)	2,153,398,446	1,638,837,336
Advances, deposits and prepayments	1,593,170,570	1,816,301,753
Trade and other receivables	11,221,650,105	11,717,509,357
Due from related parties	69,267,988	69,880,800
Cash and cash equivalents	165,420,100	561,086,233
	<u>15,238,862,163</u>	<u>16,832,936,446</u>

  
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The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. Based on the Group's operations there is no concentration of credit risk.

The Group's management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group review includes clients' goodwill and in some cases bank references. Customers that fails to meet the Group's standard credit policy may transact with the company only on a pre-payment basis.

Cash at banks are maintained with both local branch of International banks and domestic scheduled banks having acceptable credit rating.

#### 45.1.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### Exposure to liquidity risk

The following are the contractual maturities of financial liabilities

Non-derivative financial liabilities	Contractual cash flows & amounts at Taka			
	Carrying amount as on 31 December 2022	Within 12 months	1 to 5 years	More than 5 years
	Taka	Taka	Taka	Taka
Long term loan	6,150,902,592	-	6,150,902,592	-
Finance lease	-	-	-	-
Trade payables	303,334,038	303,334,038	-	-
Short term loan from banks	5,095,787,883	5,095,787,883	-	-
Current portion of long term loan	3,456,668,065	3,456,668,065	-	-
Current portion of finance lease	13,531,349	13,531,349	-	-
Non-Current portion of finance lease	46,312,787	-	46,312,787	-
Provision for income tax	617,324,597	617,324,597	-	-
Provision for WPPF and welfare fund	40,577,324	40,577,324	-	-
Liabilities for expenses	808,341,609	808,341,609	-	-
<b>Total</b>	<b>16,502,780,234</b>	<b>16,235,544,894</b>	<b>6,197,215,379</b>	<b>-</b>

As at 31 December 2022, all current liabilities were expected to be paid within 12 months and all non current liabilities except deferred tax were expected to be paid within 1 to 5 years.

#### 45.1.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### 45.2 Currency risk

The Group is exposed to currency risk on purchases of raw materials that are denominated in a currency other than the functional currency. To manage this exposure normally the Group take assistance from relevant banks and if the exchange rate is expected to be volatile it attempts to upfront agree the exchange rate of settling LCs at the time of settlement date. At balance sheet date there were no major financial instruments having material outstanding foreign exchange risk.

#### 45.3 Interest risk

Interest rate risk arises from movement in interest rates both on deposits with banks as well as loans and borrowings. The Group is not significantly exposed to fluctuation in interest rates as most of deposit and borrowings are on interest rate and the Group has no derivative financial instruments.

#### 45.4 Other market price risk

The Group is exposed to equity price risk, which arises from available for sale equity investments. Management regularly monitors its investment portfolio based on market indices and all buy and sell decisions are subsequently ratified by the Directors.

#### 46 Production capacity (RAL)

Installed Capacity (In unit yearly)	100,000	100,000
Production (In Unit yearly)	26,539	25,038
Capacity utilized (%)	27%	25%

#### 47 Employees (RAPLC)

Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	1,153	1,153
	<u>1,153</u>	<u>1,153</u>
<b>Employees (RML)</b>		
Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	949	955
	<u>949</u>	<u>955</u>

  
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#### 48 Reconciliation of net income with cash flows from operating activities

In accordance with Bangladesh Securities and Exchange Commission Notification No. BSEC/CMR/RCIX/2004-138/206/Admin/81 dated on 20 June, 2018 the reconciliation of net income or net profit with cash flows from operation activities making adjustments for non-cash items, for non-operating items and for the net change in operating accruals has been required and calculated as under:

##### Cash Flow from operating activities:

Net profit for the year	(298,087,029)	287,238,051
WPPF & tax charged for the year	77,800,041	183,238,030
Finance cost for the year	732,327,645	300,531,650
Depreciation expense	73,894,355	41,636,302
Non-operating income	(129,862,154)	(133,254,376)
(Increase)/Decrease of trade receivables	302,057,496	(191,500,475)
(Increase)/Decrease of inventories	431,074,881	3,377,178
(Increase)/Decrease of advances, deposits & prepayments (except advance for capex)	452,369,105	223,151,183
Increase/(Decrease) of trade payable	37,533,813	(116,665,390)
Increase/(Decrease) of liabilities for expenses (Operating)	178,890,388	64,166,357
Cash generated from operations	1,857,999,231	663,878,506
Tax paid during the year	(56,918,555)	(97,045,606)
Cash from operating activities	1,801,080,675	566,832,894

#### 49 Attendance status of Board meeting of Directors

##### 49.1 Runner Automobiles PLC

During the period from 01.07.2022 to 31.12.2022 there were 3 (Three) Board meeting were held. The attendance status of all the meetings are as follows:

Sl no	Name of Directors	Position	Meeting Held	Attended
1	Mr. Hafizur Rahman Khan	Chairman	3	3
2	Mr. Md. Mozammel Hossain	Vice Chairman	3	3
3	Rezaul Haque Chowdhury	Managing Director and CEO	3	3
4	Mr. Md. Jahurul Alam	Director	3	3
5	Mr. Taslim Uddin Ahmed	Director	3	2
6	Mr. Mohammad Ali Deen	Director	3	3
7	Mr. Muallem A Chowdhury FCA	Director	3	3
8	Prof. Maksudur Rahman Sarkar FCMA	Independent Director	3	3
9	Dr. Muhammad Abdul Mazid	Independent Director	3	3

For Board Meeting, attendance fees were paid to the Directors of the Company @ BDT 10,000 & VAT for (Sl 4 to 6) and @ BDT 15,000 and 25000 & VAT for (Sl 8 & 9) per meeting.

##### 49.2 Attendance Status of Board meeting of Directors (RML)

During the period from July 2022 to December 2022 there were 3-9 (Three) Board Meetings were held. The attendance status of all the meetings is as


Sl no	Name of Directors	Position	Meeting Held	Attended
1	Mr. Hafizur Rahman Khan	Chairman	3	3
2	Mr. Md. Mozammel Hossain	Vice Chairman	3	3
3	Mr. Rezaul Haque Chowdhury	Managing Director	3	3
4	Mr. Md. Jahurul Alam	Director	3	3
5	Mr. Mohammad Ali Deen	Director	3	3
6	Mr. Taslim Ahmed Chowdhury	Director	3	3
7	Mr. Imtiaz Ahmed	Director	3	2
8	Dr. Muhammad Abdul Mazid	Independent Director	3	3

For board meeting attendance fees were paid to the directors (sl. no. 4 to 7) of the Company @ Tk. 10,000 after deducting TDS @ 10% & VAT @ 10% per meeting.

  
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50 Compliance status of International Financial Reporting Standards (IFRSs)

Bangladesh Financial Reporting Standards (BFRS) has been replaced by the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) vide letter no 1/1/ICAB-2017 dated 14 December 2017. The compliance status of these IFRS is as follows:

S.L. No.	Title of Standard	IAS No.	Status
01	Presentation of Financial Statements	1	Applicable
02	Inventories	2	Applicable
03	Statement of Cash Flows	7	Applicable
04	Accounting Policies, Changes in Accounting Estimates and Errors	8	Applicable
05	Events after the Reporting Period	10	Applicable
06	Income Taxes	12	Applicable
07	Property, Plant and Equipment	16	Applicable
09	Employee Benefits	19	Applicable
10	Accounting for Government Grants and Disclosure of Government	20	Not Applicable
12	The Effects of Changes in Foreign Exchange Rates	21	Applicable
13	Borrowing Costs	23	Applicable
14	Related Party Disclosures	24	Applicable
15	Accounting and Reporting by Retirement Benefit Plans	26	Applicable
16	Separate Financial Statements	27	Applicable
17	Investment in Associates and Joint Ventures	28	Applicable
18	Earnings Per Share	33	Applicable
19	Interim Financial Reporting	34	Applicable
20	Impairment of Assets	36	Applicable
21	Provisions, Contingent Liabilities and Contingent Assets	37	Applicable
22	Intangible Assets	38	Applicable
23	Investment Property	40	Applicable
24	Agriculture	41	Not Applicable

SL No.	Title of Standard	IFRS no.	Status
01	First-time Adoption of International Financial Reporting Standards	1	Not Applicable
02	Share Based payment	2	Not Applicable
03	Business Combinations	3	Not Applicable
04	Insurance Contracts	4	Not Applicable
05	Non-Current Assets Held for sale and Discontinued Operations	5	Not Applicable
06	Exploration for and Evaluation of Mineral Resources	6	Not Applicable
07	Financial Instruments: Disclosure	7	Applicable
08	Operating Segments	8	Applicable
09	Financial Instruments	9	Applicable
10	Consolidated Financial Statements	10	Applicable
11	Fair Value Measurement	13	Applicable
12	Revenue from Contracts with Customers	15	Applicable
13	Lease	16	Applicable

  
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# Runner Automobiles PLC

## Schedule of Fixed Assets

As at 31 December 2022

### Annexure I

Amount in taka

Sl No	Particulars	COST				DEPRECIATION				Written Down Value as at 31.12.22	Written Down Value as at 30.06.22
		Opening Balance	Addition during the year	Sales/ Adjustment	Closing Balance	Opening Balance	Addition during the year	Sales/ Adjustment	Closing Balance		
Property, plant & Equipment (PPE)											
1	Land & Land Development *	3,145,592,148	12,214,850	-	3,157,806,998	-	-	-	-	3,157,806,998	3,145,592,148
2	Building & Other Construction	1,232,284,109	818,748	-	1,233,102,857	313,439,971	11,696,988	-	325,136,959	907,965,898	918,844,138
3	Plant & Machineries	588,454,315	1,819,168	-	590,273,483	350,384,792	11,865,979	-	362,250,771	228,022,711	238,069,522
4	Furniture & Fixture	125,228,098	1,954,025	-	127,182,123	53,321,389	3,517,014	-	56,838,403	70,343,720	71,906,709
5	Office Equipment	68,495,800	27,804	-	68,523,604	41,227,913	1,337,061	-	42,564,974	25,958,630	27,267,887
6	Motor Vehicle	217,394,547	-	12,000,000	205,394,547	136,942,411	6,038,566	7,238,726	135,742,251	69,652,297	80,452,137
7	Computer & Accessories	50,777,447	890,970	-	51,668,417	38,295,060	1,592,882	-	39,887,944	11,780,473	12,482,387
Total PPE		5,428,226,467	17,725,565	12,000,000	5,433,952,032	933,611,562	36,048,490	7,238,726	962,421,326	4,471,530,706	4,494,614,905
Right of use assets											
1	Showroom Space	86,697,868	-	-	86,697,868	20,537,172	11,199,821	-	31,736,993	54,960,875	66,160,696
Intangible assets (IA)											
1	Local Software	5,245,507	-	-	5,245,507	1,454,371	199,339	-	1,653,710	3,591,797	3,791,136
2	Foreign Software	94,510,548	-	-	94,510,548	28,495,264	3,319,583	-	31,815,247	62,695,301	66,015,284
Total IA		99,756,055	-	-	99,756,055	29,949,635	3,519,322	-	33,468,958	66,287,098	69,806,421
Grand Total		5,614,689,390	17,725,565	12,000,000	5,620,405,955	984,098,369	50,767,633	7,238,726	1,027,627,277	4,592,778,680	4,564,421,325

\* The Group has mortgaged some of the above assets with various banks and financial institutions to secure its loans and borrowings.

\*\* The Group has revalued its property, plant and equipment's on 2011 & 2014.

### Depreciation & amortization Allocation:

Accounts Head	2021-22	2020-21
Factory Overhead	28,724,306	30,264,656
Administrative Expenses	22,043,327	11,371,645
<b>Total:</b>	<b>50,767,633</b>	<b>41,636,301</b>



**Runner Automobiles PLC**  
**Detail of Investment in Securities**  
**As on 31 December 2022**

Investment in shares	No of Shares	Market Value per share	Total Market Value	Annexure II	
				Cost Value	Gain/ (Loss)
Beximco Pharma	20,000	146	2,924,000	3,893,081	(969,081)
Confidence Cement	21,000	89	1,869,000	3,117,968	(1,248,968)
Star Adhesives Ltd	100,000	68	6,840,000	3,840,348	2,999,652
Batbel	2,500	519	1,296,750	1,367,013	(70,263)
BD Welding	20,000	27	546,000	617,756	(71,756)
Greenphone	8,000	287	2,296,800	2,328,120	(31,320)
Lafargeholcim Bangladesh	9,000	65	585,200	711,883	(126,683)
VIPB NLI 1st Unit Fund	8,790	10	87,900	82,608	5,292
Walton Hi-Tech Industry	1,000	1,048	1,047,700	1,106,433	(58,733)
Renata Ltd.	1,605	1,218	1,954,730	2,012,800	(58,070)
Beximco	95,880	116	11,083,728	11,910,364	(826,636)
Unitedair	253,000	-	-	2,467,380	(2,467,380)
Chakabank	1,637	13	21,608	28,378	(6,770)
Eximbank	1,175	16	12,220	12,083	135
Desco Ltd	596	37	21,814	31,705	(9,891)
Malek Spinning Mills	250	27	6,775	3,810	2,965
Prime Bank Limited	1,320	19	25,344	34,793	(9,449)
Titag Gas T&D Co Ltd	250	41	10,225	16,590	(6,365)
<b>Total</b>			<b>30,623,794</b>	<b>35,592,112</b>	<b>(4,968,318)</b>
Balance of BO Account			5,331,180	5,331,180	-
<b>Total</b>			<b>35,954,974</b>	<b>40,923,292</b>	<b>(4,968,318)</b>

  
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48

  
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 Managing Director & CEO  
 Runner Automobiles PLC



Credit Rating Report (11<sup>th</sup> Surveillance)

## Runner Automobiles PLC

Particular	Rating	Remark
Runner Automobiles PLC	A <sub>1</sub>	
BDT 3,768.7 million Long Term Outstanding	A <sub>1</sub> (Lr)	
BDT 5,337.0 million aggregate short term funded limit	ST-3	Vide Appendix - I
BDT 3,880.0 million aggregate short term non funded limit	ST-3	
Outlook	Stable	

Lr - Loan Rating; ST - Short Term

Date of Rating: 27 November 2022

Validity: 30 November 2023

Rating Based on: 3 years audited financial statements (FYE 30/06/2022, 30/06/2021 and 30/06/2020) and other relevant quantitative & qualitative information up to the date of rating declaration.

Methodology: CRAB's Corporate Rating Methodology (www.crab.com.bd)

## Analysts:

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## Financial Highlights

	Year ended June 30	
(Mil. BDT)	2021	2020
Revenue	3,783.5	4,144.6
EBITDA	736.1	823.1
EBITDA Margin (%)	19.5	19.9
Net Profit	28.1	122.3
Net Profit Margin (%)	0.7	3.0
Return on Average Assets (%)	0.2	1.2
Quick Ratio (x)	1.0	1.2
Operating Cycle (Days)	534.0	483.0
Borrowed Fund to Equity (x)	1.4	0.8
Borrowed Fund to EBITDA (x)	9.9	5.4
Cash Flow from Operation	111.4	509.4
Free Cash Flow	111.4	476.1
EBIT/Interest (x)	1.2	1.3

## ■ PROFILE

Runner Automobiles PLC is involved in the business of manufacturing & selling motorcycles and three wheelers throughout the country with a network more than 89 dealer showrooms and over 199 sales & service centres for two-wheelers, 60 dealer showrooms and 31 service centres for three-wheeler along with 55 operational showrooms. RAL's products range covers 9 series of motorcycles ranging from 50 cc to 200 cc, and about 40 models of motorcycles. RAL's manufacturing facility is located at Bhaluka, Mymensingh on a total area of 4,944.04 decimals as per land mutation.

## ■ RATIONALE

Credit Rating Agency of Bangladesh PLC. (CRAB) has reaffirmed A<sub>1</sub> (pronounced as Single A One) rating of Runner Automobiles PLC (hereafter also referred to as RAL or the Company) and A<sub>1</sub>(Lr) rating for BDT 3,768.7 million aggregate Long Term Outstanding in the Long Term. CRAB has also assigned ST-3 rating to BDT 5,337.0 million aggregate funded loan limit and BDT 3,880.0 million aggregate nonfunded loan limit of the Company in the Short Term.

The reaffirmation of rating captured long track of successful business, experience of the management, business strength of the Company, diversified product ranges, brand image irrespective of decline in revenue and increased leverage position.

Total revenue of the Company declined to BDT 3,783.5 million in 2022 from BDT 4,144.6 million, mainly for the decline in sales of 3-wheeler which contributed 38.7% revenue in 2022 and 46.6% in 2021 following the decline in sales of 150 cc motorcycle which contributed 4.6% revenue in 2022 and 8.7% in 2021. It is understood from the management that the market trend following the Covid Pandemic, increased market completion, changing strategy to increase case sales to secure collection and registration issue for passenger-carrying 3-wheeler segments are the major reasons behind the decline in revenue. Overall profitability position of the Company remained almost stable during the last two years when net profit margin was low compared to previous trend due to increase in financial expense and tax reported in the financial statements.

The rating is constrained by liquidity position of the Company during the last couple of years. Inventory processing period became more prolonged putting



stress although major portion (51.0%) of inventory in the form of raw materials will eventually facilitate future revenue at cost effective way under the present market scenario. Operating cycle of the Company also largely increased due to delay in receivable collection. It is understood from the management due to Covid Pandemic collection from credit sales was affected which increased to 337 days receivable collection in 2022. However, the quality of receivable slightly improved reflected in aging of accounts receivables: 66.3% is upto 60 days in 2022 which was 43.3% in 2021. The contribution of retail customer receivables and aging of receivable gave some comfort to mitigate the risk from increasing trend of receivable which comfort the assigned rating.

The rating is also constrained by credit risk profile led by 1.4x debt ratio and 9.9x borrowed fund to EBITDA ratio in 2022. Total equity of the Company stood at BDT 5,352.2 million in 2022 which marginally declined from BDT 5,451.6 million in 2021 following the cash dividend. Total equity comprises BDT 1,135.4 million paid up capital, BDT 2,030.5 million share premiums, BDT 900.2 million retained earnings and BDT 1,286.1 revaluation surplus. Total borrowed fund increased substantially to BDT 7,304.3 million in 2022 to support the working capital requirement and implementation of facility expansion for both 2-wheeler and 3-wheeler.

The assigned ratings consider the nature of business as well as the easy availability of spare parts and quick service of RAL that eventually support the Company to report favorable business performance during the competitive situation. Moreover, the business risk profile may be adversely affected by increasing competition in market, cost structure due to raw material price and frequent obsolescence or modification of design of the product.

The assigned ratings also consider the growth potential relation to operating strategies, market position, degree of competition, product/sales diversification, business model and fund management. The assigned ratings also incorporate the management structure & practices, IT infrastructure & MIS system, experienced manpower, sales & marketing strategy and business monitoring system. The assigned ratings take into consideration Runner Group's business profile, financial performance of Runner Motors PLC where RAL has 61.67% shares and long track record of successful business supported by growing presence in the automobile sector.

#### ■ COMPANY PROFILE

Runner Automobiles PLC was incorporated as a private limited company in July 2000 and was converted into public limited company in January 2012. The Company started its commercial operation since 2000 as an importer and trader of motorcycles. Later it started the business of manufacturing and selling the motorcycle. Presently the Company is also involved in manufacturing three-wheeler vehicles. Subsequently the Company established its facility of assembling engines and manufacturing other parts of motorcycle. Runner Automobiles PLC is involved in the business of manufacturing & selling motorcycles and three wheelers throughout the country with a network more than 89 dealer showrooms and over 199 sales & service centres for two-wheelers, 60 dealer showrooms and 31 service centres for three-wheeler along with 55 operational showrooms. RAL's products range covers 9 series of motorcycles ranging from 50 cc to 200 cc, and about 40 models of motorcycles. RAL's manufacturing facility is located at Bhaluka, Mymensingh. The factory is constructed with pre-fabricated steel structure on its own premises on total area of 4,944.04 decimals as per land mutation.

#### ■ GROUP STRENGTH

Runner Automobiles PLC is the flagship company of Runner Group which is presently involved in manufacturing and selling of both two-wheeler and three-wheeler. Presently the Company has two-wheeler of 9 series and about 27 models under four different brands throughout the country. Annual manufacturing capacity of the Company is 100,000 pcs where the Company reported increased utilization of production capacity during the recent period. The Company has 5 models of three-wheelers. Apart from the growing demand in the market several attempts of the management as well as new addition of products support the Company to reported substantial revenue growths over the years. However, the multi-impact of Covid-19 Pandemic and overall market competition overall sales and performance slightly declined during the recent period.

Later the owners incorporated Runner Motors Ltd (RML) as a private limited company in February 2005 which is involved in the business of trading imported trucks, pickups and tractors of different brands and models. Total paid up capital of the Company is BDT 90.0 million where Runner Automobiles PLC is holding 61.67% share. RML is the key distributor of Volvo Eicher branded Truck, pickup and tractor in Bangladesh. Runner Motors PLC Ltd created its position in the market with assistance of the brand name Eicher and by ensuring the easy availability of spare parts



and proper services. RML has a wide range of service network with 6 company owned service centers in different district towns, 16 service dealers, 100 spare parts dealers along with 55-star machines.

Runner Properties Ltd. starting its operation from January 2010 and is involved in the business of real estate. RPL has already handed over 18 projects so far and have another 13 ongoing projects on hand. In 2021, the company reported total revenue of BDT 259.7 million having total equity of BDT 210.8 million when PPL reporting net loss of 3.4%. Promita Oil and Gas PLC, was incorporate in 2015, is a fully integrated LPG marketing & distribution company capable of serving the demand for LPG. The company has introduced state of the art mounded type LPG storage tanks of capacity around 1,800 MT (Metric Ton), at the mother plant in Mongla, Bagerhat. It has German technology for bottling. POGL is going to establish 4 satellite bottling plants nationwide, along with 20 bobtail tanker. Currently the satellite plants in Bhaluka, Bogura and Magura are under commissioning. Bhaluka satellite plant will be having a storage capacity of 120 MT. Whereas Bogura and Magura satellite plant has 60 MT storage capacity each. Promita Oil and Gas PLC reported BDT 1,124.4 million sales and BDT 345.9 million net loss in 2021 when total equity was negative (BDT 177.6 million) due to cumulative retained loss. Runner Footwear PLC is another associated company which started its operation as 100% export-oriented company in 2017 and reported BDT 247.4 million sales in 2021 with 1% net profit margin having total equity of BDT 11.3 million. Very recently the Group has started its business of lubricant trading through establishing another company namely Runner Lube and Energy PLC which reported BDT 288.6 million sales with 7.8% net profit margin having total equity of BDT 84.3 million as of 30 June 2021.

All the Companies are managed under the common top management and each company has completely separate management both regarding factory and head office. Sound financial strength, effective strategic planning and monitoring, diversified product ranges, the quick flow of information, sound MIS system, experienced management, effective distribution channel of individual companies and brand image support the companies and the group as a whole to operate successfully over the years.

#### ■ OPERATION, BUSINESS & FINANCIAL RISK PROFILE



Runner Automobiles PLC is involved in the business of manufacturing & selling motorcycles and three wheelers. The Company imports few parts including engine from China and India as CKD and remaining parts are manufactured in the factory located at Bhaluka, Mymensingh on total land area of 49.4 acres. RAL obtained government motorcycle type approval from Bangladesh Road Transport Authority (BRTA) after a quality testing by Bangladesh University of Engineering and Technology (BUET). After assembling the motorcycle, the Company sells through dealer network and Company operated showrooms almost all over the country. The Company achieved "National Productivity and Quality Excellence Award 2020" as a 3<sup>rd</sup> prize in recognition of its contribution to increase productivity and quality in large industry category (Steel & Engineering) of Bangladesh. RAL's product range reflected in the sales in 2022 covers 7 series of motorcycle ranging from 80 cc to 165 cc and about 40 models. In 2021, the Company has sales of 50 cc motorcycles (2 nos.) and 200 cc motorcycles (26 nos.) Major 2W brands includes AD 80S, AD 80S Deluxe, Cheeta, F 100-6A, DY 50, Bullet, Royal+, Knight Rider, Turbo, Trubo 125, Freedom, Kite, Kite+, Skooty 110 and Bolt 165 R and eWave range under electric scooters. The manufacturing and assembling facilities of the Company are imported from China, India and USA. The facilities are divided into several subsections including pressing, welding, painting, engine assembling, motorcycle assembling and R & D. After assembling all the motorcycles all are checked through computerized testing system. The quality of the motorcycles is ensured by separate quality control department. Presently the Company is in the process of expanding Two-wheeler segment for research and development project to develop the model, quality and process efficiency.

Annual production capacity of the Company is 1,00,000 pcs where the Company reported increased utilization of production capacity to 26.5% in 2022. However due to the Covid Pandemic overall business growth of automobiles industry slowed down which also reflected in the production as well as capacity utilization of RAL during the last three years which was from 37.2% in 2019. Although the Capacity utilization still



remain low due to high level of production capacity which will eventually facilitates the Company to enjoy economies of scales as well as production flexibility.

Table 01: Break up of Revenue

Particulars	2021-22		2020-21	
	Mil. BDT	%	Mil. BDT	%
50 CC Motorcycle	-	-	0.1	0.0%
80 CC Motorcycle	409.5	10.8%	436.7	10.5%
100 CC Motorcycle	131.6	3.5%	146.2	3.5%
110 CC Motorcycle	430.2	11.4%	359.2	8.6%
125 CC Motorcycle	333.2	8.8%	239.7	5.8%
150 CC Motorcycle	172.7	4.6%	360.2	8.7%
160 CC Motorcycle	2.0	0.1%	-	-
165 CC Motorcycle	309.5	8.2%	177.9	4.3%
200 CC Motorcycle	-	-	4.2	0.1%
E-EW-ECO	1.8	0.0%	0.4	0.0%
Service & Parts	173.5	4.6%	133.6	3.2%
Credit business income	356.1	9.4%	365.3	8.8%
3-Wheeler	1,463.3	38.7%	1,936.8	46.6%
Total	3,783.5	100.0%	4,160.3	100.0%

The market demand of automobile industry is closely linked to the nation's economy. The growth of automobile industry during the past few years are primarily attributed to the growing disposable income, attractive financing options driving affordability and accessibility, improvement in urban-rural infrastructure, burgeoning shared ride sector etc. 2020 marked the advent of the Covid-19 pandemic and the ensuing spells of country-wide lockdown have adversely affected the sector at a precarious time. The economic impact of the Pandemic was most pronounced on low-income and lower middle-class households who rely majority on 80cc and 100cc motorcycles for their daily commute and transportation of light goods. Once these two categories of automobiles contributed major sales of the Company. Therefore, overall business performance of the Company was significantly affected during the recent period. Later following product diversification, the Company has been trying to overcome the challenges although overall market condition and competition. 3-Wheeler contributed 38.7% of revenue of the Company in 2022. RAL started the construction of the progressive manufacturing plant in its own factory premises with collaboration of Indian automobile conglomerate, Bajaj Auto Limited for mass production of 3W automobiles to grab the large existing market. Going forward the Company is expecting to capture further growth prospects following ease of the Covid Pandemic situation.

The Company usually follows a strategy to maintain on an average of 60 days inventory of different models other than the sample motor-cycle. However, the inventory processing period largely increased during the recent period following the decline in sales due to Covid Pandemic as well as strategy to keep higher inventory to grab the market demand. Raw materials for 2 wheelers largely increased in 2022 which will eventually facilitate the revenue in the upcoming year considering the recent challenging market situation. The Company usually imports almost entire volume of raw materials from China and from Bajaj Auto, India. The experience and expertise of management along with financial strength and countrywide distribution channel is supportable to mitigate the risk from any challenge of the automobile industry.

The key sales force of the Company is organized by a professional expert through dealer network all over Bangladesh. Additionally, the Company has developed and expensive sales and distribution network comprising 89 dealer showrooms and over



199 sales & service centres for two-wheelers, 60 dealer showrooms and 31 service centres for three-wheeler along with 52 operational showrooms to cover all the major markets of the nations. The Company has 55 own operational show rooms located at different area including five showrooms in Dhaka and one showroom in Chittagong. The Company also provide post-sales service to customers through 199 service centers spread across the country. Therefore, the customer base as well as market segments of the Company has less concentration risk. The Company usually sells its products on credit basis having set criteria and terms & conditions although contribution of cash sales largely increased during the last two years to secure future collection under the present situation. The company usually borrow fund from financial institutions to meet its import payments, and provide credit limits to the dealer. Before providing credit facility for vehicle to any dealer, the recovery wings assess the credit worthiness of the dealer. There is separate collection department which usually assess the credit worthiness of a dealer to set the credit terms. The showroom sales cover both cash and credit sales where the credit terms vary 3 months without any service charge to maximum 1 year having installment system. Recently the Company has taken new credit policy of 6 to 30 months and 3 to 36 months for two-wheeler and three-wheeler respectively which may eventually increase the operating cycles as well as credit risk profile of the Company.

Apart from the sales division the Company has service department to ensure customer satisfaction and customer care division to develop brand image. RAL ensures its service at the doorsteps of its customers throughout the country through its mobile service teams under the supervision of the service department. AL has also integrated local roadside mechanics that are trained and efficient in providing service when the mobile service teams are not available. Besides this, the central service station is located 138/1, Tejgaon I/A, Dhaka-1208 and fourteen service centers located at various sites of the country.

Presently the Board of Runner Automobiles PLC. comprises of nine members including one nominated director nominated by Brummer Frontier PE II (Mauritius) and two independent directors. The authorized share capital of the Company is BDT 2,000.0 million divided into 200,000,000 no. of ordinary shares of BDT 10.0 each. Total paid up capital of the Company was BDT 1,135.4 million in 2022, where sponsors/directors are holding 41.23% shares of the Company.

Table: 02

Shareholding Position as of 30 June 2022

Particulars	No. of Shares	%
Sponsors/Directors	46,811,847	41.23
Local Company/Institutions	40,379,737	35.56
Foreign Company	-	0.00
Non-Resident Bangladeshi	169,705	0.15
General Public	26,178,643	23.06
Total	113,539,932	100.0%

Local investors are holding 95.23 million shares (83.87% of total) and foreign investors & Brummer Frontier PE II (Mauritius), are holding remaining 16.13% shares of the Company. In the above table shareholding of Brummer Frontier PE II (Mauritius) PLC, an Institutional shareholder has been considered under the category of Sponsors/Directors as it has nominated directors in the Board of Directors of the Company. The Brummer Frontier PE II (Mauritius) PLC is a private limited company incorporated in June 2013 under Companies Act 2001 of Republic of Mauritius with an aim to provide equity capital to private companies. It is a private equity fund domiciled in Mauritius and dedicated to equity investment in Bangladesh. The Fund's investors include the IFC, CDC (a fund owned by the UK Government), Norfund (a fund owned by



the Norwegian Government), FMO (a fund owned by the Netherland Government) and other international financial institutions.

Mr. Hafizur Rahman Khan, Chairman of Runner Group of Companies is an M.Com from Rajshahi University. Mr. Hafizur Rahman has vast experience of working in various reputed organizations of Bangladesh. In 2000 he established Runner Automobiles PLC, later the business has been expanded with five strategic companies under the umbrella of Runner Group. He is also a Director of Autism Welfare Trust, member of executive committee of Bangladesh Automobiles Assemblers and Manufacturers Association. He is holding 9.62% shares of the Company.

The management of the Company is headed by Mr. Reazul Haque Chowdhury, Managing Director. The management of the Group is headed by Mr. Hafizur Rahman Khan, Chairman of Runner Group of Companies, also the founder of the company. Mr. Hafizur Rahman Khan is the successful entrepreneur of automobile business organization. The Chairman is supported by the other director of the company. Besides, a group of senior professionals assist the top management. Most of the senior professionals have been working with Runner group for long time. There was no major change in the management of the Company during the last one year.

Runner Automobiles PLC, has an in-house management information system for smooth operation of the company as well as for making strategic management decision. The MIS system of the Company is well developed and flow of information is good. Sales & Accounts division prepares monthly report for the top management. Service division of the company produces structured report for the management regarding monthly sales & collection and overdue collection.

Total revenue of the Company declined to BDT 3,783.5 million in 2022 from BDT 4,144.6 million. The decline in revenue is attributed to the decline in sales of 3-wheeler which contributed 38.7% revenue in 2022 and 46.6% in 2021 following the decline in sales of 150 cc motorcycle which contributed 4.6% revenue in 2022 and 8.7% in 2021. It is understood from the management that the market trend following the Covid Pandemic, increased market completion, changing strategy to increase case sales to secure collection and registration issue for passenger-carrying three-wheeler segments are the major reasons behind the decline in revenue. Overall profitability position of the Company remained almost stable during the last two years when net profit margin was low compared to previous trend due to increase in financial expense and tax reported in the financial statements.

Liquidity position of the Company affected at the end of 2020 due to the Covid Pandemic which still remain tight reflected in the long operating cycle. Inventory processing period became more prolonged putting stress on fund management although major portion (51.0%) of inventory in the form of raw materials will eventually facilitate future revenue at cost effective way under the present market scenario. Operating cycle of the Company also largely increased due to delay in receivable collection. The Company offers installment-based credit facilities (6-36 months) to customer which is naturally resulted in high receivable collection period during the recent period. It is understood from the management due to Covid Pandemic collection from credit sales was affected which increased to 337 days receivable collection in 2022. However, the quality of receivable slightly improved reflected in aging of accounts receivables; 66.3% is upto 60 days in 2022 which was 43.3% in 2021. The contribution of retail customer receivables and aging of receivable gave some comfort to mitigate the risk from increasing trend of receivable.

Total equity of the Company stood at BDT 5,352.2 million in 2022 which marginally declined from BDT 5,451.6 million in 2021 following the cash dividend. Total equity comprises BDT 1,135.4 million paid up capital, BDT 2,030.5 million share premiums.



BDT 900.2 million retained earnings and BDT 1,286.1 revaluation surplus. Total borrowed fund increased substantially to support the working capital requirement and implementation of facility expansion for both 2-wheeler and 3-wheeler. Although equity base of the Company is sound the leverage position increased reflected in 1.4x debt ratio. Moreover, borrowed fund to EBITDA ratio of 9.9 put downward pressure on credit risk profile of the Company.

Presently Runner Automobiles PLC has banking relationship with twelve banks and FIs. The Company has BDT 3,768.7 million long term loan outstanding, BDT 5,337.0 million short term funded limit and BDT 3,880.0 non funded limit as of 30 September 2022. Details bank liability position of the Company is given in appendix - 1.



Shanat Datta, FCA  
Chief Financial Officer  
Runner Automobiles PLC



Mizanur Rahman  
Company Secretary



Subir Kumar Chowdhury  
Managing Director & CEO  
Runner Automobiles PLC



## APPENDIX - 1: CREDIT FACILITIES OF RUNNER AUTOMOBILES PLC AS OF 30 SEPTEMBER 2022 (ML. BDT)

Long Type	Funded/ Non Funded	Bank	Nature of Facility	Limit	Outstanding	Limit Expiry
Long Term	Funded	Dhaka Bank PLC	Term Loan	172.2	78.3	27/12/2022
		Shikanto Bank PLC	Term Loan	500.0	434.3	15/10/2024
		SBAC	Term Loan	200.0	177.3	25/10/2024
		Mercantile Bank PLC	Term Loan	200.0	43.7	-
		Premier Bank PLC	Term Loan	500.0	413.7	31/12/2022
		IPDC	Term Loan	405.7	253.6	20/04/2024
		CBC	Term Loan	300.0	20.3	31/12/2022
		Pubali Bank PLC	Term Loan	1,000.0	1,040.0	31/03/2025
		Bank Asia PLC	Term Loan	900.0	680.6	26/02/2028
		Meghna Bank PLC	Term Loan	300.0	284.6	28/09/2023
		BRAC Bank PLC	Term Loan	100.0	86.7	30/06/2023
		CBBL	Term Loan	300.0	255.4	01/12/2025
		Total Long Term		4,877.9	3,768.7	
Short Term	Funded		LTR	225.0	-	
		Dhaka Bank PLC	Time Loan	150.0	-	30/09/2022
			OD	80.0	84.2	
		Mercantile Bank PLC	LTR	300.0	211.8	
			Time Loan	100.0	100.0	07/31/2023
			OD	250.0	256.0	
			LTR	300.0	255.5	
		Premier Bank PLC	Time Loan	250.0	163.2	31/12/2022
			OD	50.0	52.3	
		BRAC Bank PLC	LTR	285.0	-	30/06/2023
			RL	150.0	99.4	
		Jamuna Bank PLC	LTR	140.0	-	12/24/2022
			MPI	200.0	214.3	
		AAIBL	MPI-TR	60.0	64.6	02/10/2023
			LTR	250.0	19.2	
		Standard Bank PLC	SOD	80.0	72.1	31/08/2023
			OD	150.0	150.8	
			BG	20.0	8.7	
			Import Loan	312.0	56.4	
			Demand Loan	200.0	146.5	
		Eastern bank PLC	OD-stimulus	100.0	102.3	30/06/2023
			OD	10.0	10.2	
			BG	10.0	-	
			LTR	200.0	-	
			STL	200.0	-	30/12/2022
			OD	50.0	48.9	
		Community Bank PLC	LTR(Term Loan)	90.0	76.7	04/07/2024
			OD	100.0	102.2	
		Bank Asia PLC	STL	200.0	204.7	30/12/2022
		Pubali Bank PLC	STL	500.0	195.6	29/09/2022
		Meghna Bank PLC	LTR	225.0	-	30/06/2023
			Time Loan	100.0	-	
		Total Short Term Loan Funded		5,337.0	2,695.4	
Short Term	Non-Funded	Dhaka Bank PLC	LC	250.0	-	30/09/2022
		Mercantile Bank PLC	LC	400.0	190.0	31/07/2023



Premier Bank PLC.	LC	400.0	54.9	31/12/2022
BRAC Bank PLC	LC	150.0	48.2	30/06/2023
Jamuna Bank PLC	LC	140.0		24/12/2022
AAIBL	LC	150.0	125.4	10/2/2023
Standard Bank PLC	LC	300.0	12.6	2/10/2023
Eastern bank PLC	LC	390.0		31/06/2023
CBC PLC	LC	250.0		31/12/2023
Community Bank	LC	100.0		26/12/2022
Meghna Bank PLC	LC	250.0		30/06/2023
Bank Asia PLC	LC	1,100.0	695.4	-
Total Short Term Loan Non Funded		3,880.0	1,127.0	

## APPENDIX - 2: RATING HISTORY

Date of Rating: 19 December 2021

Particular	Rating
Runner Automobiles PLC.	A <sub>1</sub>
BDT 1,220.3 million Long Term Outstanding	A <sub>1</sub> (Lr)
BDT 4,522.0 million aggregate short-term funded limit	ST-3
BDT 3,630.0 million aggregate short term non funded limit	ST-3
Outlook	Stable

Rating Based on: Audited financial statements up to 30 June 2021 and other relevant quantitative &amp; qualitative information up to the date of rating declaration.

Date of Rating: 26 November 2020

Particulars	Ratings
Runner Automobiles PLC.	A <sub>1</sub>
BDT 67.6 million Long Term Outstanding	A <sub>1</sub> (Lr)
BDT 3,755.0 million aggregate short term fund based limit	ST-3
BDT 2,390.0 million aggregate short term non fund based limit	ST-3
Outlook	Stable

Rating Based on: Audited financial statements up to 30 June 2020 and other relevant quantitative &amp; qualitative information up to the date of rating declaration.

Date of Rating: 21 November 2019

Particulars	Ratings
Runner Automobiles PLC.	A <sub>1</sub>
BDT 73.2 million Long Term Outstanding	A <sub>1</sub> (Lr)
BDT 750.0 million OD/Cash Credit (CC)/ Blam * limit	A <sub>1</sub> (Lr)
BDT 3,375.0 million aggregate short term fund based limit	ST-3
BDT 2,760.0 million aggregate short term non fund based limit	ST-3
Outlook	Stable

Rating Based on: Audited financial statements up to 30 June 2019 and other relevant quantitative &amp; qualitative information up to the date of rating declaration.

## APPENDIX - 3: FINANCIAL HIGHLIGHTS OF RUNNER AUTOMOBILES PLC

Period	30/06/2022	30/06/2021	30/06/2020	30/06/2019
Earnings & Stability	Revenue	3,783.5	4,144.6	3,394.5
	Revenue Growth (%)	-8.7	22.1	-30.2
	CoGS as % of Revenue	70.7	68.0	74.0
	EBITDA	736.1	823.1	492.1
	EBITDA Margin (%)	19.5	19.9	14.5
Profitability	Net Profit after tax	28.1	122.3	69.6
	Gross Profit Margin (%)	29.3	32.0	26.0
	Operating Profit Margin (%)	12.9	14.4	9.8
	Net Profit (after tax) Margin (%)	0.7	3.0	2.1
	Return on Average Asset (%)	0.2	1.2	0.8
Liquidity	Return on Average Equity (%)	0.5	2.2	1.3
	Current Ratio (x)	1.3	1.5	1.5
	Quick Ratio (x)	1.0	1.2	1.2
	Inventories	1,526.2	1,348.5	1,563.8
	Average Inventory Processing Period (Days)	197	189	167
Leverage	Accounts Receivables	3,495.7	3,485.9	3,183.7
	Average Receivable Collection Period (Days)	337	294	298
	Total Payables	86.7	20.3	18.4
	Average Payable Payment Period (Days)	8	3	4
	Operating Cycle (Days)	534	483	465
Coverage	Cash Conversion Cycle (Days)	526	480	461
	Total Equity	5,352.2	5,451.6	5,435.3
	Total Liability	8,127.0	4,951.7	4,572.7
	Total Assets	13,479.2	10,403.3	10,008.0
	Total Borrowed Fund	7,304.3	4,439.0	4,026.3
Coverage	Total Long Term Borrowed Fund	2,079.7	291.4	50.8
	Fund Flow from Operation (FFO)	113.8	197.7	147.3
	Cash Flow from Operation (CFO)	111.4	509.4	1,902.9
	Total Liability to Total Equity (x)	1.5	0.9	0.8
	Total Borrowed Fund to Total Equity (x)	1.4	0.8	0.7
Coverage	Total Borrowed Fund to EBITDA (x)	9.9	5.4	8.2
	FFO to Total Borrowed Fund (%)	1.6	4.5	3.7
	CFO to Total Borrowed Fund (%)	1.5	11.5	47.3
Coverage	EBIT to Interest Expense (x)	1.2	1.3	1.3
				2.3



**CRAB RATING SCALES AND DEFINITIONS -Long Term (Corporate)**

Long Term Rating	Definition
AAA Triple A	Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk.
AA <sub>1</sub> , AA <sub>2</sub> , AA <sub>3</sub> * Double A	Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.
A <sub>1</sub> , A <sub>2</sub> , A <sub>3</sub> Single A	Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.
BBB <sub>1</sub> , BBB <sub>2</sub> , BBB <sub>3</sub> Triple B	Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics.
BB <sub>1</sub> , BB <sub>2</sub> , BB <sub>3</sub> Double B	Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk.
B <sub>1</sub> , B <sub>2</sub> , B <sub>3</sub> Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
CCC <sub>1</sub> , CCC <sub>2</sub> , CCC <sub>3</sub> Triple C	Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.
CC Double C	Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest.
D (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

*\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

**CRAB RATING SCALES AND DEFINITIONS**  
**LONG-TERM RATING: LOANS/FACILITIES FROM BANKS/FIS**  
*(All loans/facilities with original maturity exceeding one year)*

RATINGS	DEFINITION
AAA (Lr) (Triple A) Highest Safety	Loans/facilities rated AAA (Lr) are judged to offer the highest degree of safety, with regard to timely payment of financial obligations. Any adverse changes in circumstances are unlikely to affect the payments on the loan facility.
AA (Lr)* (Double A) High Safety	Loans/facilities rated AA (Lr) are judged to offer a high degree of safety, with regard to timely payment of financial obligations. They differ only marginally in safety from AAA (Lr) rated facilities.
A (Lr) Adequate Safety	Loans/facilities rated A (Lr) are judged to offer an adequate degree of safety, with regard to timely payment of financial obligations. However, changes in circumstances can adversely affect such issues more than those in the higher rating categories.
BBB (Lr) (Triple B) Moderate Safety	Loans/facilities rated BBB (Lr) are judged to offer moderate safety, with regard to timely payment of financial obligations for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for issues in higher rating categories.
BB (Lr) (Double B) Inadequate Safety	Loans/facilities rated BB (Lr) are judged to carry inadequate safety, with regard to timely payment of financial obligations; they are less likely to default in the immediate future than instruments in lower rating categories, but an adverse change in circumstances could lead to inadequate capacity to make payment on financial obligations.
B (Lr) High Risk	Loans/facilities rated B (Lr) are judged to have high risk of default; while currently financial obligations are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
CCC (Lr) Very High Risk	Loans/facilities rated CCC (Lr) are judged to have factors present that make them very highly vulnerable to default; timely payment of financial obligations is possible only if favourable circumstances continue.
CC (Lr) Extremely High Risk	Loans/facilities rated CC (Lr) are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support.
C (Lr) Near to Default	Loans/facilities rated C (Lr) are currently highly vulnerable to non payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest. C (Lr) are typically in default, with little prospect for recovery of principal or interest.
D (Lr) Default	Loans/facilities rated D (Lr) are in default or are expected to default on scheduled payment dates.

*\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking, and the modifier 3 indicates a ranking in the lower end of that generic rating category.*



# SHORT-TERM CREDIT RATING: LOANS/FACILITIES OF BANKS/FIS

(All loans/facilities with original maturity within one year)

RATING	DEFINITION
ST-1 Highest Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong.
ST-2 High Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is strong; however, the relative degree of safety is lower than that for issues rated higher.
ST-3 Adequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories.
ST-4 Marginal	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is marginal; and the issues are quite vulnerable to the adverse effects of changing circumstances.
ST-5 Inadequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is minimal, and it is likely to be adversely affected by short-term adversity or less favorable conditions.
ST-6 Lowest Grade	This rating indicates that the loans/facilities are expected to be in default on maturity or is in default.

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## Credit Rating Report (Initial)

**Redeemable Non-Convertible Guaranteed Sustainability Bond  
(upto US\$ 25.0 million equivalent to BDT 2,675.0 million)  
of Runner Automobiles PLC**

Particular	Rating
Long Term	AA <sub>3</sub>
Outlook	Stable

Date of Rating: 13 April 2023

Validity: 12 April 2024

Rating based on: Half yearly (six months) audited financial statements as of 31/12/2022, 3 years audited financial statements (FYE 30/06/2022, FYE 30/06/2021 and FYE 30/06/2020) and other quantitative & qualitative information up to the date of rating declaration.

Methodology: CRAB's Structured Finance Rating Methodology (www.crab.com.bd)

**Analysts:**

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**■ RATIONALE**

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned AA<sub>3</sub> (Pronounced as Double A Three) rating in the long term to the Redeemable Non-convertible Guaranteed Sustainability Bond (up to US\$ 25.0 million equivalent to BDT 2,675.0 million) of Runner Automobiles PLC (hereinafter also referred to as RAPLC or the Company) in line with CRAB's standard notching practices. CRAB has also assigned A<sub>1</sub> (Pronounced as Single A One) rating to the issuer, Runner Automobiles PLC. The assignment of the final rating follows the completion of the bond issuance and receipts of documents conforming to the information received at the time of issuing this rating. According to the Term Sheet provided to CRAB, the bond will be unsecured, fully redeemable, non-convertible and guaranteed by GurantCo Limited. The issuer has a plan to offer securities to the Guarantor.

The rating outlook is stable, reflecting the outlook on the issuer's credit rating. CRAB performed the rating based on half yearly (six months) audited financial statements of the Company as of 31 December 2022, 3 years audited financial statements upto 30 June 2022 and other relevant information up to the date of rating declaration.

Runner Automobiles PLC is planning to issue non-convertible, fully redeemable, guaranteed sustainability bond, worth up to US\$ 25.0 million (equivalent to BDT 2,675.0 million) having denomination of each BDT 1.0 million. The Bond will be redeemed by equal semi-annual coupon payments for first two years and semi-annual coupon plus

**Financial Highlights**

	Year ended June 30	
(MIL. BDT)	2022	2021
Revenue	3,783.5	4,144.6
EBITDA	736.1	823.1
EBITDA Margin (%)	19.5	19.9
Net Profit	28.1	122.3
Net Profit Margin (%)	0.7	3.0
Return on Average Assets (%)	0.2	1.2
Quick Ratio (x)	1.0	1.2
Operating Cycle (Days)	534.0	483.0
Borrowed Fund to Equity (x)	1.4	0.8
Borrowed Fund to EBITDA (x)	9.9	5.4
Cash Flow from Operation	111.4	509.4
Free Cash Flow	111.4	476.1
EBIT/Interest (x)	1.2	1.3

**■ ISSUER PROFILE**

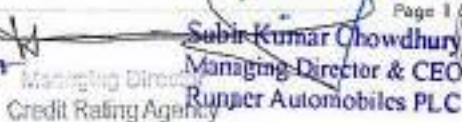
Runner Automobiles PLC is involved in the business of manufacturing & selling motorcycles and three wheelers throughout the country with a network more than 89 dealer showrooms and over 199 sales & service centres for two-wheelers, 60 dealer showrooms and 31 service centres for three-wheeler along with 55 operational showrooms. RAL's products range covers 9 series of motorcycles ranging from 50 cc to 200 cc, and about 40 models of motorcycles. RAL's manufacturing facility is located at Bhaluka, Mymensingh on a total area of 4,944.04 decimals as per land mutation.



CRAB | CRAB Ratings on Corporate Credit Digest | 13 April 2023  
**Shant Data, FCA**  
 Chief Financial Officer  
 Runner Automobiles PLC



**Mirzanur Rahman**  
 Company Secretary



**Subin Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC





principal payments from year 2 to maturity with a maturity up to 7 years with up to 2 years moratorium period. The final maturity of the Bonds will be at the end of seven year of the Bonds from the issue date, which is subject to approval of the regulatory authority.

#### Key Rating Drivers

#### Rating Strengths:

- The rating is supported by the term of guarantee-backed where GuarantCo Limited is the guarantor. GuarantCo Limited has AA- rating assigned by Fitch and has A1 rating by Moody's with stable outlook.
- Assigned rating reflects the Issuer's (RAPLC) revenue trend over the years along with operational efficiency resulted in healthy profitability position, positive cash accruals and sound equity base.
- Established track record, vast experience of promoters, expertise of management & availability of group support.
- Purpose of finance - to be used also factor the assigned rating.

#### Rating Challenges:

- Prolonged operating cycle contributed by long receivable collection period, although diversified product & customer mix mitigates the receivable risk to some extent.
- Half yearly financial performance reflected in revenue trend and net loss.
- Credit risk profile of RAPLC led by 1.4x debt ratio and 9.9x borrowed fund to EBITDA ratio in 2022

#### ■ KEY FEATURES OF THE INSTRUMENTS

Table 01: Key Features of the proposed Bond of Runner Automobiles PLC

Features	Description
Issuer	Runner Automobiles PLC (RAPLC)
Transaction	Series of Redeemable, Non-convertible, Guaranteed, Sustainability Bond
Type of the Facility	Redeemable, Non-convertible, Guaranteed, Sustainability Bond
Arranger	Green Delta Capital Limited
Trustee	DBH Finance PLC
Purpose	To augment RAPLC's customer base through a credit support mechanism, which will enable the customers to acquire a LPG 3 wheeler ("3W") and to support the construction of a 4 MW rooftop solar plant for its 3W manufacturing facility.
Issue size	Up to US\$ 25.0 million equivalent in BDT 2,675.0 million
Unit to be issued	2,675
Denomination	BDT 1.0 million
Minimum subscription	BDT 1.0 million
Mode of placement	Private Placement on best effort basis
Coupon rate	8.0% to 9.5% per annum
Tenor	Up to 7 years with up to 2 years moratorium, straight line amortizing
Guarantor	GuarantCo Limited
Scope of guarantee cover	An on-demand, non-payment, credit guarantee of up to US\$ 27.0 million (equivalent in BDT)
Guarantee beneficiary	Bond trustee on behalf of the bondholders in accordance with Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.
Maximum guaranteed amount	BDT equivalent of up to US\$ 27.0 million; up to US\$25.0 million principal amount of the Bond and up to 6 months interest thereon.
Guaranteed amount	The amount of the guarantee exposure outstanding from time to time, capped at the Maximum Guaranteed Amount.
Guarantee Effective date	The date the Guarantor confirms in writing that the conditions precedent to the

Prospective Investors	Guarantee set out in the recourse deed have been satisfied.
Credit Rating Agency	Insurance companies, Banks, FI's and High Net Worth Investors
Redemption	Credit Rating Agency of Bangladesh Limited (CRAB).
Transferability	Semiannual coupon payments for 2 years
Listing feature	Semiannual coupon plus principal payments from Year 02 to maturity.
Taxation	Transferrable
Enforcement of Charges over Securities	The issue will be listed in Alternative Trading Board (ATB)
Provisions	Taxable as per Tax Regulations in Bangladesh
Governing Law	This is a guaranteed bond. There is no charge over assets of the Issuer. This Bond is backed by the Guarantee of GuarantCo. In Case of scheduled payment default, GuarantCo will repay the investors up to a maximum amount of up to US\$ 27.0 million (representing up to 10% of the aggregate principal amount of the Bond, and up to 6 months of interest thereon.
Jurisdiction	The Company and the Guarantor will enter into the recourse deed on or prior to the Guarantee Effective Date, which will set out the terms upon which Guarantor can seek recourse from the Company following the payment of any claim under the Guarantee.
Cost related to the issue)	Subject to local legal advice: the guarantee deed, the recourse deed, the Guarantor's fee letter and the Corporate Guarantee shall be subject to English Law; the security documents and bond documents shall be subject to Bangladesh law.
	Subject to local legal advice
	<ul style="list-style-type: none"> <li>• Recourse deed, corporate guarantee, security agency agreement: Singapore International Arbitration Center (SIAC).</li> <li>• Guarantee deed: Courts of England and Wales.</li> <li>• Bond documents and security documents: Court of Bangladesh or arbitration in Dhaka, Bangladesh as applicable.</li> </ul>
	<ul style="list-style-type: none"> <li>• Regulatory Fees: the applicable regulatory fees payable to the BSEC in connection with the Issue.</li> <li>• Professional advisers: the fees and expenses of the legal, financial, accountancy and other professional advisers instructed by the Issuer in connection with the creation and issue of the Bonds.</li> <li>• Legal documentation: the costs incurred in connection with the preparation and execution of this Agreement and the Bond Documents.</li> <li>• The fees and expenses of the Trustee of the Bond and the other parties to this Agreement and the Bond Documents.</li> <li>• The cost of obtaining and maintaining any credit rating for the Bonds and the Issuer; and</li> <li>• Other associated costs: other costs and expenses associated with the Issue including the fee payable to the Lead Arranger.</li> </ul>
	These costs are indicative. Actual costs shall be borne by the client directly.

#### ■ PURPOSE OF THE ISSUANCE

Runner Automobiles PLC (the Company) is seeking to raise long term debt financing of up to US\$ 25.0 million in (equivalent amount of Bangladesh Taka) ("BDT") in the form of a sustainability, guarantee-backed bond with a tenure of up to 7 years. The proceed from this financing facility will allow the company facilitate the EMI credit facility (92% of bond proceed) and help setting up a PV rooftop solar project in its manufacturing plant (8% of bond proceed). GuarantCo Limited will give the guarantee and Moody's Investors Service Singapore Pte. Ltd will give Sustainability Certification. Sustainability Bond Guidelines of International Capital Market Association's ("ICMA") will be followed.

  
**Shanai Datta, FCA**  
 Chief Financial Officer  
 Runner Automobiles PLC

  
**Mizanur Rahman**  
 Company Secretary

  
**Subir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC





## ■ PROFILE OF THE ISSUER

Runner Automobiles PLC was incorporated as a private limited company in July 2000 and was converted into public limited company in January 2012. The Company started its commercial operation since 2000 as an importer and trader of motorcycles. Later it started the business of manufacturing and selling the motorcycle. Presently the Company is also involved in manufacturing three-wheeler vehicles. Subsequently the Company established its facility of assembling engines and manufacturing other parts of motorcycle. Runner Automobiles PLC is involved in the business of manufacturing & selling motorcycles and three wheelers throughout the country with a network more than 80 dealer showrooms and over 189 sales & service centres for two-wheelers, 60 dealer showrooms and 31 service centres for three-wheeler along with 55 operational showrooms. RAL's products range covers 9 series of motorcycles ranging from 50 cc to 200 cc, and about 40 models of motorcycles. RAL's manufacturing facility is located at Bhaluka, Mymensingh. The factory is constructed with pre-fabricated steel structure on its own premises on total area of 4,944.04 decimals as per land mutation.

## ■ PROFILE OF THE GUARANTOR

GuarantCo, incorporated in 2005 as a Mauritian company, is part of the Private Infrastructure Development Group (PIDG) and is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through the PIDG Trust, the Netherlands, through FMO and the PIDG Trust, France through a stand-by facility and Global Affairs Canada through a repayable facility. GuarantCo's activities are managed by GuarantCo Management Company which is part of Cardano Development. The Fund Manager is responsible for implementing GuarantCo's investment strategy and managing its portfolio. GuarantCo was first rated in 2014 and since then has been consistently rated AA- by Fitch and A1 by Moody's with stable outlook.

## ■ PROFILE OF THE CORPORATE GUARANTEE

Runner Motors Ltd (RML) as a private limited company in February 2005 which is involved in the business of trading imported trucks, pickups and tractors of different brands and models. Runner Automobiles Ltd will give corporate guarantee to GuarantCo Limited, the GuarantCo of the Issue. Total paid up capital of the Company is BDT 90.0 million where Runner Automobiles PLC is holding 61.67% share. RML is the key distributor of Volvo Eicher branded Truck, pickup and tractor in Bangladesh. Runner Motors PLC Ltd created its position in the market with assistance of the brand name Eicher and by ensuring the easy availability of spare parts and proper services. RML has a wide range of service network with 6 company owned service centers in different district towns, 16 service dealers, 100 spare parts dealers along with 55-star machines. RML will give corporate guarantee to the GuarantCo of the Bond.


The authorized share capital of the Company is BDT 100.0 million divided into 100,000 no. of ordinary shares of BDT 1,000.0 each and total paid up capital of the Company was BDT 90.0 million as of 30 June 2022. Runner Automobiles Ltd, also promoted by principal shareholders of the Company, is holding 61.67% shares of RML. Net sales of the Company increased to BDT 7,334.9 million in 2022 from BDT 7,083.7 million in 2021 registering 3.5% growth. The growth rate was comparatively low in 2022 following the change in the strategy to give more focus on cash sales to secure the future receivable collection considering overall market condition for the multi-impact of Covid Pandemic. Following the same reason overall profitability position marginally declined in 2022 from 2021 although it is still better than the earlier trend; gross profit margin: 34.9% and net profit margin: 6.9% in 2022. Shareholders' equity of the Company has been increasing over the years and stood at BDT 3,720.9 million in 2022 (11.6% growth) when borrowed fund of the Company also marginally increased (1.2%) resulted in improved debt ratio to 2.3x from 2.6x during the same period. Borrowed fund to EBITDA ratio was 5.8x which is comparatively high due to nature of products as well as industry trend.

## ■ BUSINESS & OPERATING RISK PROFILE

Runner Automobiles PLC is involved in the business of manufacturing & selling motorcycles and three wheelers. The Company imports few parts including engine from China and India as CKD and remaining parts are manufactured in the factory located at Bhaluka, Mymensingh on total land area of 49.4 acres. RAL obtained government motorcycle type approval from Bangladesh Road Transport Authority (BRTA) after a quality testing by Bangladesh University of Engineering and Technology (BUET). After assembling the motorcycle, the Company sells through dealer network and Company operated showrooms almost all over the country. The Company achieved



**Mizanur Rahman**  
Company Secretary



**Sahir Kumar Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC



**Shanaz Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



"National Productivity and Quality Excellence Award 2020" as a 3<sup>rd</sup> prize in recognition of its contribution to increase productivity and quality in large industry category (Steel & Engineering) of Bangladesh. RAL's product range reflected in the sales in 2022 covers 7 series of motorcycle ranging from 80 cc to 165 cc and about 40 models. The manufacturing and assembling facilities of the Company are imported from China, India and USA. The facilities are divided into several subsections including pressing, welding, painting, engine assembling, motorcycle assembling and R & D. After assembling all the motorcycles all are checked through computerized testing system. The quality of the motorcycles is ensured by separate quality control department. Presently the Company is in the process of expanding Two-wheeler segment for research and development project to develop the model, quality and process efficiency.

Annual production capacity of the Company is 1,00,000 pcs where the Company reported increased utilization of production capacity to 26.5% in 2022. However due to the Covid Pandemic overall business growth of automobiles industry slowed down which also reflected in the production as well as capacity utilization of RAL during the last three years which was from 37.2% in 2019. Although the Capacity utilization still remain low due to high level of production capacity which will eventually facilitates the Company to enjoy economies of scales as well as production flexibility.

Table 02: Break up of Revenue

Particulars	2021-22		2020-21	
	Mil. BDT	%	Mil. BDT	%
50 CC Motorcycle	-		0.1	0.0%
80 CC Motorcycle	409.5	10.8%	436.7	10.5%
100 CC Motorcycle	131.6	3.5%	146.2	3.5%
110 CC Motorcycle	430.2	11.4%	359.2	8.6%
125 CC Motorcycle	333.2	8.8%	239.7	5.8%
150 CC Motorcycle	172.7	4.6%	360.2	8.7%
160 CC Motorcycle	2.0	0.1%	-	
165 CC Motorcycle	309.5	8.2%	177.9	4.3%
200 CC Motorcycle	-		4.2	0.1%
E-EW-Eco	1.8	0.0%	0.4	0.0%
Service & Parts	173.5	4.6%	133.6	3.2%
Credit business income	356.1	9.4%	365.3	8.8%
3-Wheeler	1,463.3	38.7%	1,936.8	46.6%
Total	3,783.5	100.0%	4,160.3	100.0%

The market demand of automobile industry is closely linked to the nation's economy. The growth of automobile industry during the past few years are primarily attributed to the growing disposable income, attractive financing options driving affordability and accessibility, improvement in urban-rural infrastructure, burgeoning shared ride sector etc. 2020 marked the advent of the Covid-19 pandemic and the ensuing spells of country-wide lockdown have adversely affected the sector at a precarious time. The economic impact of the Pandemic was most pronounced on low-income and lower middle-class households who rely majority on 80cc and 100cc motorcycles for their daily commute and transportation of light goods. Once these two categories of automobiles contributed major sales of the Company. Therefore, overall business performance of the Company was significantly affected during the recent period. Later following product diversification, the Company has been trying to overcome the challenges although overall market condition and competition. 3-Wheeler contributed 38.7% of revenue of the Company in 2022. RAL started the construction of the progressive manufacturing plant in its own factory premises with collaboration of Indian automobile conglomerate, Bajaj Auto Limited for mass production of 3W automobiles to grab the large existing market. Going forward the Company is expecting to capture further growth prospects following ease of the Covid Pandemic situation.

The Company usually follows a strategy to maintain on an average of 60 days inventory of different models other than the sample motor-cycle. However, the inventory processing period largely increased during the recent period following the decline in sales due to Covid Pandemic as well as strategy to keep higher inventory to grab the market demand. Raw materials for 2 wheelers largely increased in 2022 which will eventually facilitate the revenue in the upcoming year considering the recent challenging market situation. The Company usually imports almost entire volume of raw materials from China and from Bajaj Auto, India.



The key sales force of the Company is organized by a professional expert through dealer network all over Bangladesh. Additionally, the Company has developed an extensive sales and distribution network comprising 89 dealer showrooms and over 199 sales & service centres for two-wheelers, 60 dealer showrooms and 31 service centres for three-wheeler along with 52 operational showrooms to cover all the major markets of the nation. The Company has 55 own operational showrooms located at different areas including five showrooms in Dhaka and one showroom in Chittagong. The Company also provides post-sales service to customers through 199 service centers spread across the country. Therefore, the customer base as well as market segments of the Company has less concentration risk. The Company usually sells its products on credit basis having set criteria and terms & conditions although contribution of cash sales largely increased during the last two years to secure future collection under the present situation. The company usually borrows funds from financial institutions to meet its import payments, and provide credit limits to the dealer. Before providing credit facility for vehicle to any dealer, the recovery wings assess the credit worthiness of the dealer. There is a separate collection department which usually assesses the credit worthiness of a dealer to set the credit terms. The showroom sales cover both cash and credit sales where the credit terms vary 3 months without any service charge to maximum 1 year having installment system. Recently the Company has taken new credit policy of 6 to 30 months and 3 to 36 months for two-wheeler and three-wheeler respectively which may eventually increase the operating cycles as well as credit risk profile of the Company. Apart from the sales division the Company has a service department to ensure customer satisfaction and customer care division to develop brand image. RAL ensures its service at the doorsteps of its customers throughout the country through its mobile service teams under the supervision of the service department. Besides this, the central service station is located 138/1, Tejgaon I/A, Dhaka-1208 and fourteen service centers located at various sites of the country.

#### ■ FINANCIAL RISK PROFILE

Total revenue of the Company declined to BDT 3,783.5 million in 2022 from BDT 4,144.6 million. The decline in revenue is attributed to the decline in sales of 3-wheeler which contributed 38.7% revenue in 2022 and 46.6% in 2021 following the decline in sales of 150 cc motorcycle which contributed 4.6% revenue in 2022 and 8.7% in 2021. It is understood from the management that the market trend following the Covid Pandemic, increased market competition, changing strategy to increase cash sales to secure collection and registration issue for passenger-carrying three-wheeler segments are the major reasons behind the decline in revenue. Overall profitability position of the Company remained almost stable during the last two years when net profit margin was low compared to previous trend due to increase in financial expense and tax reported in the financial statements.

Table 03: Key Financial Performance Indicators

Period	31/12/2022	30/06/2022	30/06/2021	30/06/2020
Months	6	12	12	12
(Mill. BDT)				
Net Revenue	1,347.2	3,783.5	4,144.6	3,394.5
EBITDA	79.8	736.1	823.1	492.1
Net Profit after tax	-229.2	28.1	122.3	69.6
Equity Capital	5,009.5	5,352.2	5,451.6	5,435.3
Total Borrowed Fund	6,721.0	7,304.3	4,439.0	4,026.3
Total Long Term Borrowed Fund	2,287.3	2,079.7	291.4	50.8
Fund Flow from Operation (FFO)	-229.2	113.8	197.7	147.3
Cash Flow from Operation (CFO)	239.4	59.0	509.4	-1,902.9
Ratios				
EBITDA Margin (%)	8.2	19.5	19.9	14.5
Gross Profit Margin (%)	26.7	29.3	32.0	26.0
Net Profit Margin (%)	-17.0	0.7	3.0	2.1
Return on Average Asset (%)	-1.7	0.2	1.2	0.8
Return on Average Equity (%)	-4.4	0.5	2.2	1.3
Current Ratio (x)	1.2	1.3	1.5	1.5
Quick Ratio (x)	1.0	1.0	1.2	1.2
Average Inventory Processing Period (Days)	n.a.	197	189	167
Average Receivable Collection Period (Days)	n.a.	337	294	298



Average Payable Payment Period (Days)	n.a.	8	3	4
Operating Cycle (Days)	n.a.	534	483	465
Cash Conversion Cycle (Days)	n.a.	526	480	461
Borrowed Fund to Equity (x)	1.6	1.5	0.9	0.8
Borrowed Fund/EBITDA (x)	61.0	9.9	5.4	8.2
FFO/Borrowed Fund (%)	-3.4	1.6	4.5	3.7
CFO/Borrowed Fund (%)	3.6	0.8	11.5	-47.3
EBIT to Interest expense (x)	0.3	1.2	1.3	1.3

Liquidity position of the Company affected at the end of 2020 due to the Covid Pandemic which still remain tight reflected in the long operating cycle. Operating cycle of the Company also largely increased due to delay in receivable collection. The Company offers installment-based credit facilities (6-36 months) to customer which is naturally resulted in high receivable collection period during the recent period. It is understood from the management due to Covid Pandemic collection from credit sales was affected which increased to 337 days receivable collection in 2022. However, the quality of receivable slightly improved reflected in aging of accounts receivables. 66.3% is upto 60 days in 2022 which was 43.3% in 2021. The contribution of retail customer receivables and aging of receivable gave some comfort to mitigate the risk from increasing trend of receivable.

Total equity of the Company stood at BDT 5,352.2 million in 2022 which marginally declined from BDT 5,451.6 million in 2021 following the cash dividend. Total equity comprises BDT 1,135.4 million paid up capital, BDT 2,030.5 million share premiums, BDT 900.2 million retained earnings and BDT 1,286.1 revaluation surplus. Total borrowed fund increased substantially to support the working capital requirement and implementation of facility expansion for both 2-wheeler and 3-wheeler. Although equity base of the Company is sound the leverage position increased reflected in 1.4x debt ratio. Moreover, borrowed fund to EBITDA ratio of 9.9 put downward pressure on credit risk profile of the Company.

#### OWNERSHIP AND MANAGEMENT

Presently the Board of Runner Automobiles PLC. comprises of nine members including one nominated director nominated by Brummer Frontier PE II (Mauritius) and two independent directors. The authorized share capital of the Company is BDT 2,000.0 million divided into 200,000,000 no. of ordinary shares of BDT 10.0 each. Total paid up capital of the Company was BDT 1,135.4 million in 2022, where sponsors/directors are holding 41.23% shares of the Company.

Table 04: Shareholding Position as of 31 December 2022

Particulars	No. of Shares	%
Sponsors/Directors	46,811,847	41.23%
Local Company/Institutions	40,232,623	35.43%
Non-Resident Bangladeshi	166,659	0.15%
General Public	26,328,803	23.19%
Total	113,539,932	100.00%

Local investors are holding 95.23 million shares (83.87% of total) and foreign investors & Brummer Frontier PE II (Mauritius), are holding remaining 16.13% shares of the Company. In the above table shareholding of Brummer Frontier PE II (Mauritius) PLC, an Institutional shareholder has been considered under the category of Sponsors/Directors as it has nominated directors in the Board of Directors of the Company. The Brummer Frontier PE II (Mauritius) PLC is a private limited company incorporated in June 2013 under Companies Act 2001 of Republic of Mauritius with an aim to provide equity capital to private companies. It is a private equity fund domiciled in Mauritius and dedicated to equity investment in Bangladesh. The Fund's investors include the IFC, CDC (a fund owned by the UK Government), Norfund (a fund owned by the Norwegian Government), FMO (a fund owned by the Netherlands Government) and other international financial institutions.

Mr. Hafizur Rahman Khan, Chairman of Runner Group of Companies is an M.Com from Rajshahi University. Mr. Hafizur Rahman has vast experience of working in various reputed organizations of Bangladesh. In 2000 he established Runner Automobiles PLC, later the business has been expanded with five strategic companies under the

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**Shanat Datta, FCA**  
 Chief Financial Officer,  
 Runner Automobiles PLC.

  
**Mizanur Rahman**  
 Company Secretary

  
**Suhir Kumar Chowdhury**  
 Managing Director & CEO  
 Runner Automobiles PLC





umbrella of Runner Group. He is also a Director of Autism Welfare Trust, member of executive committee of Bangladesh Automobiles Assemblers and Manufacturers Association. He is holding 9.62% shares of the Company.

The management of the Company is headed by Mr. Reazul Haque Chowdhury, Managing Director. The management of the Group is headed by Mr. Hafizur Rahman Khan, Chairman of Runner Group of Companies, also the founder of the company. Mr. Hafizur Rahman Khan is the successful entrepreneur of automobile business organization. The Chairman is supported by the other director of the company. Besides, a group of senior professionals assist the top management. Most of the senior professionals have been working with Runner group for long time. Runner Automobiles PLC. has an in-house management information system for smooth operation of the company as well as for making strategic management decision.



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**Shanat Datta, FCA**  
Chief Financial Officer  
Runner Automobiles PLC



**Mizanur Rahman**  
Company Secretary



**Reazul Haque Chowdhury**  
Managing Director & CEO  
Runner Automobiles PLC

Page 8 of 9



**CREDIT RATING SCALES AND DEFINITIONS - LONG TERM DEBT INSTRUMENTS**

Rating	Definition
<b>AAA</b> Triple A (Extremely Strong Capacity)	Debt instruments rated AAA have extremely strong capacity to meet financial commitments. These are judged to be of the highest quality, with minimal credit risk.
<b>AA<sub>1</sub>, AA<sub>2</sub>, AA<sub>3</sub>*</b> Double A (Very Strong Capacity)	Debt instruments rated AA have very strong capacity to meet financial commitments. These are judged to be of very high quality, subject to very low credit risk.
<b>A<sub>1</sub>, A<sub>2</sub>, A<sub>3</sub></b> Single A (Strong Capacity)	Debt instruments rated A have strong capacity to meet financial commitments, but susceptible to the adverse effects of changes in circumstances and economic conditions. These are judged to be of high quality, subject to low credit risk.
<b>BBB<sub>1</sub>, BBB<sub>2</sub>, BBB<sub>3</sub></b> Triple B (Adequate Capacity)	Debt instruments rated BBB have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. They are subject to moderate credit risk. Such rated projects possess certain speculative characteristics.
<b>BB<sub>1</sub>, BB<sub>2</sub>, BB<sub>3</sub></b> Double B (Inadequate Capacity)	Debt instruments rated BB have inadequate capacity to meet financial commitments. They have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. Such projects have speculative elements, and are subject to substantial credit risk.
<b>B<sub>1</sub>, B<sub>2</sub>, B<sub>3</sub></b> Single B (Weak Capacity)	Debt instruments rated B have weak capacity to meet financial commitments. They have speculative elements and are subject to high credit risk.
<b>CCC<sub>1</sub>, CCC<sub>2</sub>, CCC<sub>3</sub></b> Triple C (Very Weak Capacity)	Debt instruments rated CCC have very weak capacity to meet financial obligations. They have very weak standing and are subject to very high credit risk.
<b>CC</b> Double C (Extremely Weak Capacity)	Debt instruments rated CC have extremely weak capacity to meet financial obligations. They are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
<b>C</b> Single C (Near to Default)	Debt instruments rated C are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. They are typically in default, with little prospect for recovery of principal or interest.
<b>D(Default)</b>	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

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