RUNNER

ANNUAL REPORT 2020-2021

Runner Automobiles Limited

MOBILITY

FOR EVERYONE, EVERYWHERE!

RUNNER

motorcycles

BANGLADESHI
BY BIRTH
BOLT
TURBO
165R

MOBILITY

FOR EVERYONE, EVERYWHERE!

Inevitably, evolution involves stories of challenge, fortitude, agility, adaptability, resilience and change.

Right from our start as a small Company engaged in the assembly of motorcycles for local distribution in the year 2000, to our successful listing on the country's premier stock exchanges through our maiden IPO (Initial Public Offering) in February 2019, we have come a long way in our journey and have evolved today as a pioneering and premier motorcycle brand of Bangladesh.

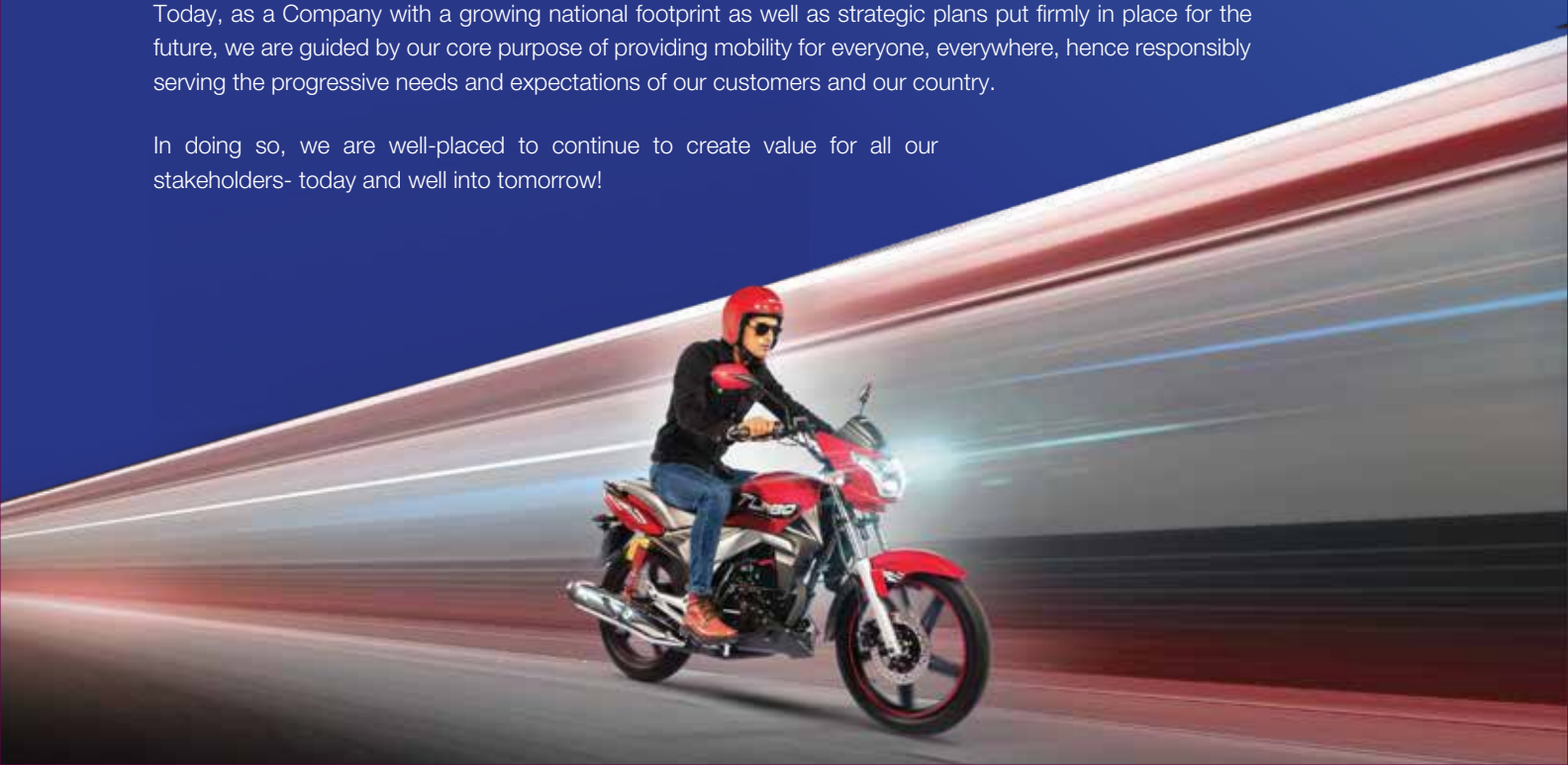
With specialist engineering and technical skills and capabilities backed by an integrated manufacturing setup, we are tremendously proud to be **"Bangladeshi by Birth"**, and our Runner motorcycles brand personifies this spirit of being made in Bangladesh for Bangladesh. Rooted in the country's soil thus, we not only contribute to the nation's socio-economic development through our products that unleash progress via effective mobility, but also by fostering both direct and indirect local employment.

In our relentless efforts to enhance customer convenience through offering a wider and deeper product choice, we also possess an exclusive nationwide distribution agreement with major international brands, including KTM, Aprilia and Vespa, thus bringing premium and high-performance two-wheelers to Bangladesh. This global multi-brand alliance attests to the trust we have been able to forge not only with major motorcycle multinationals, but also with our customers. In addition, our other significant businesses encompass exclusive assembly, sales and servicing of Bajaj 3-wheeler (3W) products in Bangladesh, and also an exclusive agreement with Eicher for their commercial vehicle (CV) sales in the country.

While FY2020-21 continued to remain challenging on the back of the aftershocks of the Covid-19 pandemic, yet, even in this uncharted environment we deployed our valuable learnings of the past and remained supported by the stability of our business foundations that are anchored on our enduring passion for quality, customer innovation, product value, operational excellence and sustainable performance.

Today, as a Company with a growing national footprint as well as strategic plans put firmly in place for the future, we are guided by our core purpose of providing mobility for everyone, everywhere, hence responsibly serving the progressive needs and expectations of our customers and our country.

In doing so, we are well-placed to continue to create value for all our stakeholders- today and well into tomorrow!



AT A GLANCE

The diversified Runner Automotive division comprises the following two major companies:

COMPANY NAME	BUSINESS ENGAGEMENT	TURNOVER 2020-21	TURNOVER (CONSOLIDATED) 2020-21
Runner Automobiles Limited (RAL), Flagship Company	Manufacture of Runner brand of motorcycles and scooters	Tk. 3,795 mn (FY2020: Tk. 3394 mn)	Tk. 10,142 mn (FY2020: Tk. 9,465 mn)
	Assembly, sales, distribution and servicing of: Vespa, Aprilia, KTM motorcycle brands Bajaj RE 3W		
Runner Motors Limited (RML)	Assembly, sales, distribution and servicing of Eicher commercial vehicles	Tk. 6,347 mn (FY2020: Tk. 6070 mn)	

OUR BUSINESS FOUNDATIONS

OUR 9 PILLAR OF SUCCESS

OUR NEW AR 2020-21

As a responsible organization committed to reducing our environmental footprint, we have printed limited hard copy reports. Our stakeholders are encouraged to view this report available on our website: www.runnerautomobiles.com under the 'Investors' tab. The complete annual financial statements, including auditor's report, and all other supplementary presentations are also available on our corporate website.

By scanning this QR code on your smart device we invite you to download a digital copy of this Annual Report

You can also visit our website to download this report

www.runnerautomobiles.com

At Runner Automobiles, we are a Company that is firmly rooted in Bangladesh's soil. From procuring indigenous auto components to fostering localization and value-addition, from ensuring largescale local employment to serving national demand with innovative, affordable and accessible mobility-enhancing products, we remain committed to the growth and development of our nation.

Our identity is rooted in nationalistic credentials, we being the first automotive brand in Bangladesh to export made-in-Bangladesh motorcycles to Nepal, a competitive market where we have carved a unique niche for ourselves. Enthused by this success, we are now focused on taking Bangladesh-made products to the rest of the world, including the African continent.

We are honored to have played our humble role in ensuring national self-reliance on two-wheelers, playing a part in transforming the industry from one that was majorly import-dependent to one that now exports locally-made products.

We are proud of being Bangladeshi by birth!

RUNNER

BANGLADESHI BY BIRTH

Welcome!

Dear Stakeholders,

I am delighted to welcome you to Runner Automobile Limited's annual report for the fiscal year (FY) 2020-21 (1 July 2020 – 30 June 2021).

During the past 12 months, amidst the unprecedented business conditions triggered by the Covid-19 pandemic, we introspected and asked ourselves what we needed to do to stay relevant to all our stakeholders. The catchword was "all". Today, drafting this note, I feel reassured that we did everything possible to meet the needs and expectations of all our stakeholders during these challenging times.

We stood by our people, reinforcing the value of our social contract by securing employment through not effecting even a single retrenchment and by disbursing salaries on time, every time.

We stood by our customers, fortifying the availability of and accessibility to our products, considering their vital contribution to mobility and small-time livelihood.

We stood by our dealers and network partners, bolstering the value of our relationship by providing extensive business support and sharing best practices.

We stood by our vendor-partners, strengthening our interconnectedness through assured procurement, thus ensuring continued indirect employment.

We stood by our community, organizing relief and alleviation efforts to assist vulnerable households to cope better against the pandemic.

We stood by our society, mobilizing equipment and other tools necessary for our medical institutions to stave-off the worst effects of the pandemic.

We stood by our country, supporting sustainable contributions to the exchequer, thus playing our humble role in nation-building.

Thus, in our journey of nurturing shared value, we continued to undertake transformative efforts. We remained committed to our purpose of creating memorable journeys with all our stakeholders, taking everyone along and leaving no one behind.

This report is our attempt to tell our story as an organization committed to nurturing long-term value through offering innovative, effective and dependable mobility solutions.

I extend my sincere thanks to our Chairman Mr. Hafizur Rahman Khan, our Vice Chairman Mr. Md. Mozammel Hossain, Mr. Reazul Haque Chowdhury, our MD & CEO, other members on the Board, and my colleagues on the senior management team for their valuable input and contribution to this report.

For more information about Runner Automobiles, I invite you to visit our corporate website: www.runnerautomobiles.com

Sincerely,
Md. Mizanur Rahman
Company Secretary

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Hafizur Rahman Khan	Chairman
Mr. Md. Mozammel Hossain	Vice Chairman
Mr. Reazul Haque Chowdhury	Managing Director & CEO
Mr. Mohammad Ali Deen	Director
Mr. Md. Jahurul Alam	Director
Mr. Taslim Uddin Ahmed	Director
Mr. Khalid Shahidul Quadir	Director
Mr. Muallem A Choudhury FCA	Director
Mr. Oliver R. Harms	Independent Director
Dr. Muhammad Abdul Mazid	Independent Director

BOARD COMMITTEES

Board Nomination And Remuneration Committee (NRC)

Mr. Dr. Muhammad Abdul Mazid	Chairman
Mr. Md. Mozammel Hossain	Member
Mr. Muallem A Choudhury FCA	Member
Mr. Mohammed Ali Deen	Member
Mr. Taslim Uddin Ahmed	Member
Mr. Md. Mizanur Rahman	Company Secretary

Board Audit Committee

Mr. Oliver R. Harms	Chairman
Dr. Muhammad Abdul Mazid	Member
Mr. Mohammed Ali Deen	Member
Mr. Md. Jahurul Alam	Member
Mr. Md. Mizanur Rahman	Company Secretary

Leadership Team

Mr. Reazul Haque Chowdhury	Managing Director & CEO
Mr. Md. Mizanur Rahman	Company Secretary
Mr. Shanat Datta, FCA	Chief Financial Officer
Mr. Masudul Haque, FCS	Head of Internal Audit and Compliance
Ms. Rudaba Tazin	Director, Admin Division
Mr. Amid Sakif Khan	Director, Marketing
Mr. Md. Masumul Kabir	Director, Credit Sale
Mr. Anwarul Azim	Executive Director, Re-sale
Mr. Hemant Kumar Dawar	General Manager, Factory
Mr. Shourav Ahmed	Head of Sales & Marketing- 3W & 4W
Mr. AKM Mafrul Haq	Head of HR Division
Mr. Md. Rezaul Karim	Head of Sales-2W
Mr. Abdullah Al Ehsan	Head of Customer Care (Service & Spares)
Mr. Shahriar Rahman	Head of Corporate Sales & International Business

CORPORATE INFORMATION

COMPANY SECRETARY

Mr. Md. Mizanur Rahman

CHIEF FINANCIAL OFFICER

Mr. Shanat Datta, FCA

HEAD OF INTERNAL AUDIT & COMPLIANCE

Mr. Masudul Haque, FCS

STOCK INFORMATION

Dhaka Stock Exchange
Chittagong Stock Exchange
Sector: Engineering
Trading Code: RUNNERAUTO
Scrip Code: DSE-13246 & CSE-16039

DATE OF INCORPORATION

July 4, 2000

Statutory Auditors

Hoda Vasi Chowdhury & Co
Chartered Accountants
BTMC Bhaban (8th Level), 7-9 Kawran Bazar C/A, Dhaka-1215
Email: sabbir@hodavasi.com, Website: www.hodavasi.com

Governance Compliance Auditor

Ahmed Mashuque & Co.,
Chartered Accounts
28/A VIP Rd, Dhaka 1205

Valuer

Rahman Rahman Huq
9 Mohakhali C/A (11th & 12th floors)
Bir Uttam AK Khandakar Road, Dhaka
Website: www.kpmg.com/bd

Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB)
D H Tower, Level 15, 6 Panthapath, Dhaka 1215
Website: www.crab.com.bd

ERP System

IFS World
501, Galle Road, Colombo 06
Sri Lanka

Legal Advisor

Barrister Shaikh Mohammad Zakir Hossain
Supreme Law Chambers, Suite No. 1104 (11th Floor); Baitul Khaer
48/A-B Purana Paltan, Dhaka 1000

CORPORATE INFORMATION

TAX ADVISOR

MM Hossain & Co.
Chartered Accountants
Mouchak Tower (4th Floor) 83/B, New Circular Roar,
Malibagh, Dhaka-1217.

BANKS

Eastern Bank Limited
Al-Arafah Islami Bank Limited
Mercantile Bank Limited
Standard Bank Limited
BRAC Bank Limited
BASIC Bank Limited
Trust Bank Limited
Dhaka Bank Limited
Southeast Bank Limited
Community Bank Limited
Modhumati Bank Limited
Bank Asia Limited
Commercial Bank of Ceylon
Pubali Bank Limited
One Bank Limited
Jamuna Bank Limited
Premier Bank Limited
Lankan Alliance Finance Limited
EXIM Bank Limited
AB Bank Limited
Lanka Bangla Limited
NRBC Bank Limited
BD Finance & Investment Limited
Hajj Finance Limited
IDLC Finance Limited
IIDFC
IPDC of Bangladesh Limited
Community Bank Ltd.
Social Islami Bank Ltd.
United Finance Limited
NCC Bank Limited
Social Islami Bank Limited
Meghna Bank Limited
Industrial and Infrastructure Development Finance Company Limited

INSURANCE

Green Delta Insurance Co. Ltd.
Crystal Insurance Co. Ltd.
Rupali Insurance Co. Ltd.
Asia Insurance Ltd.
Paramount Insurance Ltd.
Islami Commercial Insurance Company Ltd.
Islami Insurance Bangladesh Ltd.
South Asia Insurance Company Ltd.

REGISTERED OFFICE

138/1, Tejgaon Industrial Area, Dhaka-1208
Tel: +8870160, Fax: +8870173, Email: ral.cstd@gmail.com

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Our identity and growth strategy

Runner Automobiles Limited (RAL) is Bangladesh's only stock market-listed Company engaged in the pioneering business of two-wheeler (2W) manufacturing. The Company's iconic Runner motorcycles brand has emerged as a beloved household name across the country.

Runner motorcycles are also exported to Nepal and compete with international brands in that country. In addition, the Company's 2W business also comprises exclusive distribution alliances of global motorcycle brands from the house of KTM, Aprilia and Vespa.

The other two significant businesses of RAL comprise an exclusive partnership with Bajaj for three-wheeler (3W) assembly and distribution in Bangladesh, and authorized distributorship of Eicher commercial vehicles in the country (under subsidiary, Runner Motors Limited). Bajaj and Eicher are major India-based automotive companies.

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With a focus on driving all-round excellence, we adhere to a five-pronged strategy to achieve sustainable long-term value for all our stakeholders. These include:

Harness the fundamental strengths of our business

Focus on 2W portfolio premiumization

Expand presence in 3W business through own manufacturing

Accelerate recovery of the commercial vehicles business

Explore synergistic growth opportunities across all businesses

Forward-looking statements

Certain statements in this report may be regarded as forward-looking statements or forecasts, but do not represent earnings forecast or guarantee. Actual results and outcomes may differ materially from those expressed in or implied by these statements. All forward-looking statements are based solely on the views and considerations of the management.

ABOUT OUR REPORT

As a major automotive Company of Bangladesh, Runner Automobiles endorses the principles of transparency and accountability as a basis for constructive engagement with its stakeholders.

Our FY2020-21 annual reporting suite, which includes this annual report, forms an integral part of the Company's primary communication to shareholders, investors, government authorities and regulators, local communities, customers, suppliers and other service providers. Our analysis of the business' performance, transformation, risks, strategy and prospects are together intended to inform all our stakeholders of the Company's performance for the year under report, while also outlining a broad future direction amidst the ongoing Covid-19 pandemic. This report also intends to stimulate meaningful dialogue related to our impact on society. Thus, our FY2020-21 annual report covers relevant financial and non-financial aspects of the operations of the Company, along with an overview of its material subsidiaries, Runner Motors Limited and Freedom Motors Limited.

Materiality determination process

This report is directed at our stakeholders who remain critical to the ongoing success of Runner Automobiles. We believe that it is only with robust partnerships formed and developed over the years that we can continue delivering growth and acceptable returns for our society at large. This report outlines those key stakeholders that play a part in our strategic planning process and have an impact on our decision-making. We have also outlined the progress we have made in responding to their material expectations out of us. Our stakeholder constituency comprises equity and debt investors (banks and other financial institutions), employees, communities, government and regulatory bodies, business partners, customers and suppliers.

As external factors emerge and evolve, the key matters that may interrupt the operations of the Company and the extended Group are carefully assessed through a controlled process. The key material matters are shown below and have been highlighted in varying detail throughout this report.

- Supply chain transformation and commodity inflation
- Uncertain economic outlook and constrained customer spend
- Increasing regulation and cost of doing business
- Operational impacts of Covid-19 induced by any unforeseen disorders
- Managing liquidity during the pandemic
- Cybersecurity threats
- Shortage of skills
- Industry disruptions, including interest around vehicle electrification

Our capitals

Runner Automobiles' impact on and contribution to the six capitals of value creation, described in the International <IR> Framework, are addressed in an integrated manner throughout this report.

Capital	In Runner Automobiles	Discussed under (major chapters)
Manufactured capital	Our machinery and other infrastructure utilised in manufacturing, and our distribution infrastructure	• Chairman's report • MD & CEO's report • Manufactured capital
Financial capital	Shareholders' equity and debt funding	• Chairman's report • Financial performance • Key financial indicators • Financial capital

Human capital	Skills, experience, commitment, loyalty and hard work of our people	• Chairman's report • Vice-Chairman's report • MD & CEO's report • Human capital
Social and relationship capital	Key relationships with our stakeholder groups, including the community, etc.	• Stakeholder initiatives amidst Covid -19 • Social and relationship capital • Stakeholder engagement framework
Intellectual capital	Our brands and trademarks, sectoral experience and IT and network systems	• Chairman's report • Vice -Chairman's report • MD & CEO's report • Intellectual capital
Natural capital	Land, water and energy utilized in the production process, and our efforts in waste recycling and elimination	• MD & CEO's report • Our approach to ESG • Natural capital

Materiality determination process

we can succeed only when our society progresses, and as a large enterprise we realize that we have the voice, reach and influence to create positive and durable change, especially at the grassroots. Thus, in addition to our regular citizenship initiatives during the year, we also stepped-up efforts in alleviating the pandemic's substantial negative impact on society, focusing on creating conducive conditions in preparing for an early bounce-back. We have identified that the United Nations' Sustainable Development Goals (UN SDGs) are a useful marker in enabling us to not only gauge our impact across our chosen areas, but also enable us to strategies on developing new programs that are able to achieve their objectives. We have selected the following nine SDGs (out of the total of 17) where we believe we create the maximum value.

Board responsibility statement

The Board of Runner Automobiles acknowledges its responsibility to ensure the integrity of this annual report. The Board has contributed to the identification of matters that are material to the Company, and these matters have been used to select information to be addressed in the report. The management has prepared and verified the information in the report, ensuring an accurate, balanced and comprehensive overview of the organization. The Board has also broadly reviewed the report and is of the opinion that it is presented in accordance with the International Integrated Reporting Council's (IIRC) Integrated Reporting (<IR>) Framework, addresses all material matters and offers a balanced view of the performance of RAL and the Group and the impact on stakeholders.

This report was approved by the Board for release to shareholders on 27 October 2021.

Request for feedback

Runner Automobiles would like to hear from stakeholders on their views of its FY2020-21 annual report and reporting practice, including the accessibility of the information provided and opportunities to expand on and improve the Company's future reporting.

Please contact

Phone: +880 1730 405 232, Ext-460 | Email: ral.cstd@gmail.com | Web: www.runnerautomobiles.com

OUR VISION AND MISSION

Our vision

We will establish “Runner” as a trusted brand through satisfying customers’ needs by offering desired products and services at an affordable price.

Our mission

Our mission is to establish our brand image by meeting customer requirements through environment-friendly technology and taking care of return on investment of our stakeholders.

- We will realize our mission with effective and efficient human resource utilization and lean manufacturing processes with high productivity.

- We will exceed perceived value of our products amongst our customers and contribute to making the world a better place for all.

OUR VALUES

We define our values with regards to each alphabet of our Company name: RUNNER

R Respect customer needs and expectations

U Unite together as a team to celebrate success

N No wastage is permissible

N Never be complacent

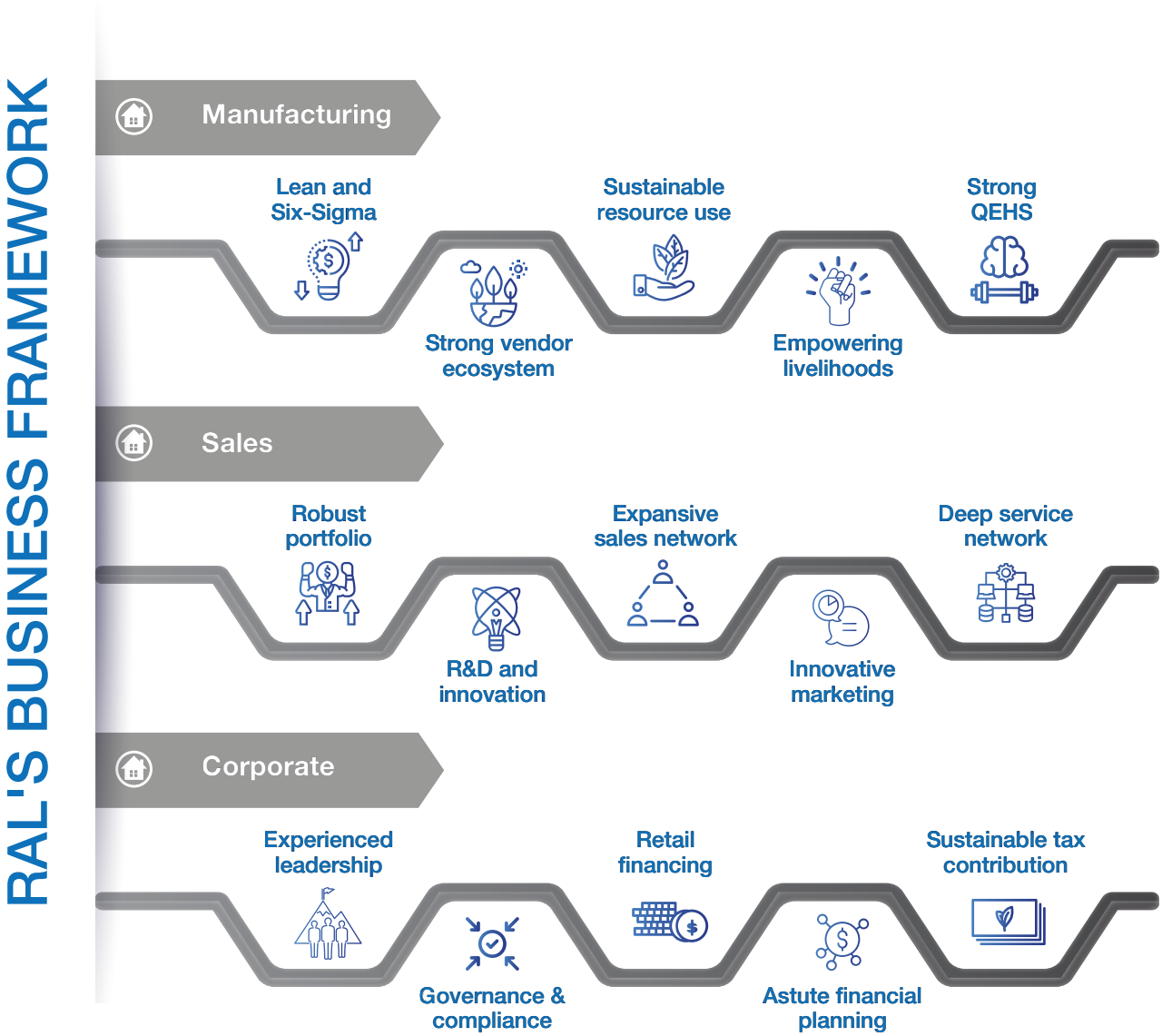
E Enjoy responsibility by taking ownership

R Recognize social and environmental factors that influence the business

OUR BUSINESS FRAMEWORK

At Runner Automobiles, our focused strategy enables us to deliver growth today, while driving the investments required to continue to sustainably expand our business and create value for tomorrow.

Our vision and mission are aligned with our business strategy that enshrines the fact that 2W and 3W manufacturing will remain at the core of our business over the foreseeable future. We believe that long-term sustainability will be anchored on our ambition to achieve business excellence through ultimate customer satisfaction and delight, even as we remain committed to offering the best quality 2W and 3W products at affordable prices. Thus, effective mobility will be at the heart of all that we do, and supporting this endeavor is our business framework that encapsulates the integrated nature of our operating model.



KEY STAKEHOLDER INITIATIVES AMIDST COVID-19

The Covid-19 pandemic stoked challenges, yet it also strengthened our culture of solidarity, interdependence nand responsibility. During the year under report, we operated in a structured manner without compromising on the health and safety of our people involved in the various facets of our business. We have thus adopted several measures of care for our various stakeholders, while also pivoting our business to ensure that it adjusts to the new normal.

For our customers

- Established an online purchase channel for a contact-less experience
- Facilitated customers through doorstep delivery assurance
- Provided assurance via comprehensive safety and hygiene measures practiced at all showrooms
- Ensured thorough sanitization of products, especially before and after test drives

For our people

- Assured full job protection and on-time salary disbursement
- Work from home initiative during the entire period of Covid-19
- Bore full health care expenses for employees infected with Covid
- Extended holistic support during any emergencies, including for hospitalization, quarantine, etc.
- Ensured smooth transition to remote working

For our communities

- Our social outreach programs are rooted in impacting the grass-roots and making a tangible difference
- Focused on community relief through efforts in food distribution, health care support, etc.
- Contributed to the national emergency fund for extending support towards disaster relief
- Prioritized learning and education among marginalized children and youth

For our nation

- Continued to serve national interests through ensuring effective mobility solutions
- Ensured employment protection and local jobs development
- Contributed Tk. 1,192 mn to the exchequer in FY2021, taking the total to Tk. 3,371 mn during the past three years
- Continued govt. liaison for the benefit of the sector and the customer

RUNNER: A BELOVED BRAND OF BANGLADESH

Runner Automobiles Limited (RAL), 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).

Little Marjana is delighted to go to school every day because she enjoys the motorcycle ride in the morning – her father rides a glistening red Runner Bike RT 80!

Earlier, it took Saquib, a modern dairy farmer, almost four hours to supply fresh milk to his customers. Today, thanks to his Runner AD80S - Delux, he’s able to do the job is just an hour!

Nazib is an enterprising young man. He works in the shared ride industry by which he pays for his higher education fees, driving a shiny black Runner Cheeta 100. He dreams of a career in sales and marketing!

With Sibiya starting her professional journey in a financial institution, her father handed her a set of keys as good luck. Keys to a joyous new Runner Skooty 110!

Nusrat runs a successful fashion business and her style statement is her fashionable yellow Vespa scooter parked outside her boutique!

Nahid is a gaming enthusiast and the only other thrill he gets is by donning his leather jacket and going for long drives on the highway on his powerful new Runner Bolt 165 R!

Mohammed welcomes passengers into his Bajaj autorickshaw with a smile, thankful of getting the opportunity to earn a respectable livelihood.

Suzon is a fleet owner and the only brand he trusts is Eicher’s commercial vehicles because of the mileage and easy maintenance promised by the Company that helps take his business ahead.

BRAND STORY OF RUNNER

At Runner, we see mobility as a catalyst of change. In our journey of evolution, we have always viewed a roadblock as an open road, remaining focused on overcoming barriers and transforming challenging steppingstones into creditable milestones. For us, the journey is as important as the destination, and our journey is all about taking everyone along in the direction of shared progress and prosperity.

1st	90%	37%	26%	No.1
Runner Automobiles is the first automotive manufacturer to be listed on Bangladesh's stock markets	Runner's market share in the sub-100cc motorcycle category	Runner's market share in the commercial vehicles industry	Runner's market share in the 3W industry	Runner is market leader in the scooty segment

Our identity

We have built our brand identity around motorcycles, focused on offering effective mobility-related benefits for all. In a fragmented and competitive market, we have been able to successfully establish the "Runner" brand that has become synonymous with motorcycles and mobility.

Our foundations

Right from the beginning, our Company has focused on providing affordable mobility solutions to specific customers segments, mostly comprising low and medium income groups, including small farmers, small business owners and salaried employees.

Our transformation focus

With changing demographics driven by socio-economic prosperity, we have stayed up with the times, expanding our portfolio and widening product choice for our customers. Today, we have a 2W portfolio spanning from 80cc-165cc and straddling various price-points, hence enabling us to meet the needs and expectations of all customer segments across the country.

Our brands

Our major 2W brands include AD 80S, AD 80S Deluxe, Cheeta, F 100- 6A, DY 50, Bullet, Royal +, Knight Rider, Turbo, Turbo 125, Freedom, Kite, Kite+, Skooty 110 and Bolt 165 R and the eWave range under electric scooters.

Our exports

We are the only manufacturer in Bangladesh exporting Bangladesh-made motorcycles to Nepal and Bhutan. We are also exploring export opportunities in other markets, particularly those of Africa and South East Asia.

Our alliances

We have stitched exclusive alliances with some of the major global automotive multinationals, thus enabling us to bring international-quality products to Bangladesh. These include:

- KTM, Vespa and Aprilia comprising high-performance motorcycles and scooters
- Bajaj RE comprising dependable LPG and diesel 3-wheelers (autorickshaws)

Our industrial establishment

The Company has a state-of-the-art manufacturing facility located in Bhaluka, Mymensingh, with a production capacity of 100,000 motorcycle units per year. The plant is equipped with modern R&D facilities that enable effective QA/QC (quality assurance/quality control), thus enhancing customer ownership journey through peace-of-mind.

Our machinery and equipment

Our Bhaluka factory is fully integrated and equipped with modern machinery and production technologies, including:

- Press shop that is equipped with hydraulic and mechanical presses of 20-400 ton capacity range, CNC machinery, CNC pipe bending and tube bending machines, universal testing machine, hydraulic shearing machine, etc.
- Weld shop comprising MIG, TIG, arc, seam and gas welding machine, etc.
- Paint shop that is fully-automated with ABS components and TSA painting and epoxy coating facilities, etc.

- Engine assembly conveyor that includes sub-assembly facility, leakage testing, engine firing and testing, etc.
- Central quality control division, including specific component tests for horn, brakes, rear cushion, front fork, etc.

Our network

We have developed an expansive sales and distribution network comprising 89 dealerships for 2W & 60 dealer points for 3W and 55 Company-owned Company-operated showrooms, which help cover virtually all the major markets of the nation. We also provide post-sales service to customers through 199 service centers spread across the country.

Our financing solutions

RAL is amongst the few 2W companies in Bangladesh to offer installment-based credit facilities (6-24 months) to customers, thereby enhancing affordability and accessibility. By providing economical and favorable financing solutions, the Company has been able to especially support thousands of small and middle-class customers to solve their mobility problems and improve their livelihood.

Our certifications

Runner is an ISO 9001:2015, ISO 14001:2015 and BS OHSAS 18001:2007-certified Company, attesting to its all-round international-standard processes and practices.

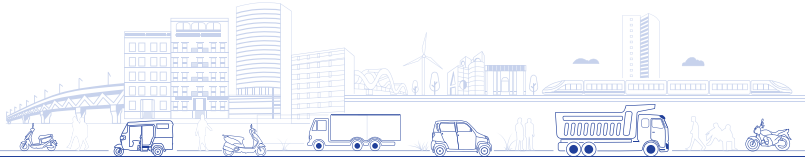
Our employment focus

At Runner, we provide employment to 2,108 permanent employees, hence being one of the largest livelihood generators in the industry. Moreover, our operations also help create 324+ indirect employment opportunities (employees of dealers). In addition, as many as 150 suppliers are also directly and indirectly associated with our business through the supply of auto parts and components.

Our ESG in action

As a large industrial enterprise, we have a versatile all-round impact on the economy, contributing to the development of the nation both directly (VAT, tax contribution, etc.) and indirectly (catalyzing mobility), as well as focusing on aspects of pressing need, including skills development, export diversification, etc. Our impact is articulated below:

- Value addition to the nation: Our contribution to the national exchequer, through VAT and tax stood at Tk. 1,192 mn in 2020-21, up from Tk. 845 mn in the previous fiscal year.
- Skilled employment generation: Some 2,108 workers are employed directly by Runner, with another 324+ employed in our exclusive dealerships. Many of these workers are learning the skills related to light manufacturing, an area of critical importance for Bangladesh both in terms of catering to local demand and also in building a robust and productive skills base for future light manufacturing-based exports.
- Ancillary value creation: RAL extends support to its vendor-partner ecosystem comprising around 150 suppliers through assured supply agreements, in addition to ongoing focus on component localization and value-addition. Employment benefits in this realm are also significant.
- Product innovation: Runner continues to develop its own line of motorcycles beyond its market leading AD80 80cc motorcycles, with the result that today its own portfolio spans over 13 2W products.
- Export diversification: An important macroeconomic consideration for Bangladesh is to continue to diversify its export base, which is largely dominated by RMG today. Runner is playing a role in this respect as it began exporting motorcycles to Nepal and Bhutan.
- Environmental impact: The Company operates within the highest environmental and health and safety standards in line with IFC performance guidelines. Its commitment to quality standards sets a high benchmark in the market.



AN ENRICHING JOURNEY OF 21 YEARS

2000

Initially established as a proprietorship named M/s Runner, the fledgling enterprise was later incorporated as a private company limited by shares.

2002

Started the assembly of 2W in Bangladesh, thus seeding the light engineering sector of the country's automotive industry.

2004

Created an alliance with Eicher India for the exclusive sales, distribution and servicing of Eicher commercial vehicles (CVs) in Bangladesh through subsidiary company, Runner Motors. Out of its 17-year journey, Runner Motors has been the largest overseas dealer of Eicher CVs for the past 15 years.

2011

Commenced 2W manufacturing operations as a natural forward integration to assembly operations at the Bhaluka (Mymensingh) plant, thus harnessing specialist engineering and technical skills for producing Bangladesh-made motorcycles for Bangladesh.

2012

The Company was converted into a public limited Company under the Companies Act, 1994.

2013

Brummer Frontier PE II (Mauritius) became a significant shareholder of the Company, investing Tk. 1,050 mn routed through its Frontier Fund.

2000-2021: 21 years of fostering motorcycling, mobility, motion and movement!

The year 2021 marked the 21st year of Runner. All our stakeholders, including our customers, shareholders, employees, partners, regulators and the community at large have each been an integral part of our journey, being instrumental in enabling us to achieve the prestigious status of being the motorcycle manufacturer and exporter of the country. We have ridden through many industry challenges and ups and downs, yet remaining steadfast in the one thing that matters the most of us- our family spirit of togetherness.

2015

Attesting to the Company's business model and forward outlook, individual and institutional investors, including FMO, poured in another Tk. 326 mn through private placement of ordinary shares.

2017

Signed a milestone agreement with the global automotive major, India's Bajaj, for the exclusive sales, distribution and servicing of Bajaj RE 3W in Bangladesh, comprising passenger and cargo variants powered by both LPG and diesel.

2017

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.

2018

Corroborating to its fast developing engineering skills and modern infrastructure, the Company commenced the assembly of Vespa and Aprilia scooters at its Bhaluka plant.

2019

Achieved successful stock market listing through maiden initial public offering (IPO) through which the Company was able to mobilize Tk. 100 cr. Till date, the Company is the only stock market listed entity in the country's automotive sector.

2020

Stitched an exclusive alliance with Bajaj for the sales, distribution and servicing of high-performance KTM motorcycles in Bangladesh, thus achieving multi-product as well as multi-segment portfolio diversification.

Signed an agreement with Dainese, an Italian company, for sales of exclusive riding gear and accessories in Bangladesh.

2021

Achieved advanced implementation across the 3W manufacturing project at Bhaluka that entails the design and construction of a large and progressive industrial complex envisaged to manufacture the full portfolio of Bajaj 3W in Bangladesh.

Ventured into further exploration of electric vehicles (EVs) and initiatives will be taken post evaluation on electrification of both 2W and 3W.

OUR PRODUCTS

As a Group, we have developed a deep and wide product portfolio, which not only facilitates greater choice for our customers, but also enables us to de-risk from overt dependence on any one segment.

The financial year 2020-21 remained in the shadow of the Covid-19 pandemic, with the onset of the second wave especially denting sales recovery as nationwide lockdowns were reimposed to control virus transmission. Undaunted, we launched 2 2W products during the year, including Runner Bolt 165 R and Runner Skooty 110. These were introduced in response to the market needs for high-performance bikes and growing ridership amongst women preferring personal mobility. For our other businesses, we continued to consolidate the portfolio while effectively reaching out to targeted customer segments.

Something interesting

From about 10 2W products 5 years back, today, RAL has 40+ motorcycles and 5+ scooters in its 2W portfolio!

PRODUCT SEGMENTATION

ENTRY SEGMENT

BIKE RT

AD-BOS Alloy

BASIC SEGMENT

DELUXE AD-BOS

BOI 100

F 100-6A

For more information about our products, we request you to visit our Websites

www.runnerautomobiles.com

MASS SEGMENT

TURBO V2 125

BULLET Version 2

ROYAL V2

For more information about our products, we request you to visit our Websites

www.runnerautomobiles.com

> PREMIUM SEGMENT

KNIGHT RIDER

KNIGHT RIDER V2

HAWK 200

BOLT 165R

For more information about our products, we request you to visit our Websites

www.runnerautomobiles.com

SCOOTER SEGMENT

Kite+

Skooty 110

For more information about our products, we request you to visit our Websites

www.runnerautomobiles.com

eWave
zero pollution

For more information about our products, we request you to visit our Websites

www.runnerautomobiles.com

KTM

For more information about our products, we request you to visit our Websites

www.runnerautomobiles.com

aprilia®

For more information about our products, we request you to visit our Websites

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For more information about our products, we request you to visit our Websites

www.runnerautomobiles.com

Vespa

For more information about our products, we request you to visit our Websites

www.runnerautomobiles.com

BAJAJ | BAJAJ RE THREE WHEELER

For more information about our products, we request you to visit our Websites

www.runnerautomobiles.com

EICHER

For more information about our products, we request you to visit our Websites

www.runnerbd.com/motors

OUR SALES AND SERVICE NETWORK

Customer affordability and accessibility are the major objectives of our business framework. In addition, customer satisfaction through retail and service excellence is a key area of focus in our quest to widen and deepen the appeal of the Runner brand and the other brands in our portfolio.

Keeping in view that Bangladesh is a developing economy, product affordability is key to driving sustainable sales. Thus, we relentlessly focus on enhancing the value proposition of our products to not only ensure effective mobility solutions for all, but also assure affordable total cost of ownership across the lifecycle of the asset.

With an estimated 70% of the vehicles on-road being financed, retail credit is a crucial part of automotive sales. At Runner, recognizing its importance, we have a Group entity engaged in vehicle financing, enabling us to offer a complete package comprising attractive rate of interest as well as longer-tenure EMIs (equated monthly installments). Further, we ensure a welcoming environment at all our showrooms and service centres to make our customers feel comfortable and at ease in making their purchase decisions. Our well-informed staff facilitate this decision-making process.

Something interesting

There is a Runner 2W/3W/CV showroom or service center every 50-km in Bangladesh!

55 Company-owned Company-operated showrooms

89 Dealer showrooms

199 Sales and service centres

OUR COUNTRY-WIDE TWO-WHEELER NETWORK

60 Dealer showrooms

31 Service centres

OUR COUNTRY- WIDE THREE-WHEELER NETWORK (BAJAJ)

33 Dealer offices

17 Dealer and Company-operated showrooms

9 Company-operated service centres

6 Dealer service centres

12 Associate service centres

12 Star mechanic workshops

OUR COMMERCIAL VEHICLES NETWORK (EICHER)

KEY PERFORMANCE HIGHLIGHTS, FY2020-21

Though RAL was able to achieve sound performance for the year, the same also has to be viewed in the context of the pandemic and related disruptions.

MANUFACTURED CAPITAL

The Company's assembly/manufacturing operations utilize modern machinery and equipment to manufacture reliable, efficient and dependable products that enable us to advance our purpose of effective mobility for everyone.

FINANCIAL CAPITAL

The Company's focused growth strategy, along with disciplined financial planning and capital allocation has led to sustained financial returns.

Key financial metrics	FY2019-20	FY2020-21
Net sales (Tk. in mn)	9,465	10,142
Net profit (Tk. in mn)	341	474
Earnings / share (Tk.)	1.97	2.70
Book value / share (Tk.)	10	10
Capital employed (Tk. in mn)	12,025	13,395
Return on capital employed (%)	4%	4%

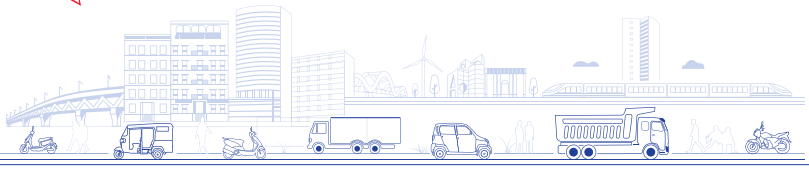
HUMAN CAPITAL

RAL is committed to developing specialist skills and competencies of its employees, while ensuring a healthy, safe and progressive workplace environment. The Company values loyalty, dedication and diversity and offers best-in-class compensation standards.

Key human resource metrics	FY2019-20	FY2020-21
Employees upskilled	990	769
Salary and other benefits (Tk. in mn)	331	342
Total workforce	1,203	1,192
Total women in the workforce (%)	3%	4%
Revenue / employee (Tk. in lakh)	2,75,145	2,78,956

SOCIAL AND RELATIONSHIP CAPITAL

RAL is focused on fostering mutually-respectful win-win relationships with its stakeholders, thus maintaining a conducive environment for business.



Key stakeholder metrics	FY2019-20	FY2020-21
Dealership outlets	172	199
Service outlets	161	231
Sales training upskilling (hours)	260	384

INTELLECTUAL CAPITAL

Through specialist market, process and product knowhow, coupled with an ongoing focus on innovation, the Company is not only able to create competitive differentiation, but is also able to compete in export markets (through 2W sales under Runner).

NATURAL CAPITAL

The Company strives to eliminate the environmental impact of its business through the sustainable use of natural resources and responsible waste, water and emissions management strategies. Our ultimate future aim is to reach a net-zero emissions target.

Key responsibility metrics	FY2019-20	FY2020-21
Co_2 emissions sequestered (in MT)	448	387
Energy utilized per vehicle manufactured (kW)	54.36	49.61
Water recycling efficiency (in %)	43%	41.66

OUR VALUE CHAIN ACTIVITIES AND IMPACTS

As a leading automotive brand of Bangladesh, RAL's business operations have a multiplier effect on the economy – both via driving mobility as well as through direct and indirect employment creation. The Company specifically focuses on local employment and youth upskilling, which are both prioritized focus areas of the nation. Further, the Company also distributes significant share of value it generates to various stakeholders across its value chain.

SUPPLIERS, CAPITAL GOODS MANUFACTURERS, INBOUND LOGISTICS

Our manufacturing / assembling activities have a substantial cross-linkage with industries involved in primary, secondary and tertiary economic activities, creating livelihood opportunities and making the sector a largescale employment generator of Bangladesh. In RAL's focus on component localization and value-addition with domestic procurement has gone up in FY2020-21, reflecting growing local value distribution. RAL is also proud of the rapid strides taken in indigenous production and furthering the Company's identity in championing made in Bangladesh products.

Value chain activities

Raw materials extraction → Raw material processing → Tier-II, III, etc., suppliers → Tier I suppliers → OEM (RAL)

OUTBOUND LOGISTICS (DISTRIBUTION)

Transporters form a critical link in the value chain by providing outbound logistical services, raising demand for commercial transportation vehicles. Thus, outbound logistics generates employment for drivers and their assistants, small hotels and restaurants, transporters and their staff, and loaders and unloaders, etc. Furthermore, this activity also drives toll tax collection used for the development of highways and other infrastructure.

Value chain activities

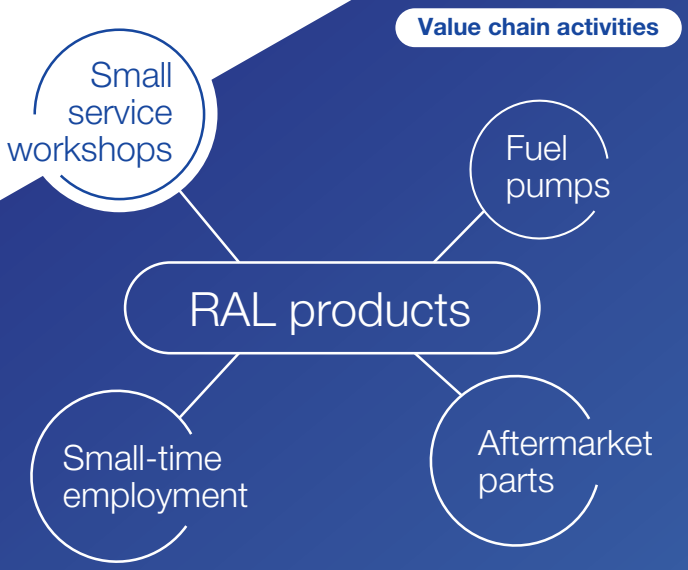
Fleet operators → Small hotels; Staff of fleet operators; Loaders / unloaders

MARKETING AND SALES

Vehicle sales to customers is facilitated by a wide range of skilled manpower, such as sales professionals of the Company, employees of dealerships, insurance providers, financiers, advertisement service providers, and market research services companies, among others. In addition, with online sales becoming a necessity during the pandemic, digital advertising and marketing and e-commerce sectors also received a boost. Besides, considering our large dealership footprint, we also occupy major commercial real estate space, thus benefitting landlords and adjoining micro-communities.

POST-SALE AFTEREFFECTS

Our vehicles generate employment in a unique way. While the shared ride and autorickshaw segments generate employment of at least one driver per vehicle, our CVs also drive requirement for specialist drivers. Furthermore, every vehicle sold needs to be serviced and re-fueled, hence generating a vast range of employment opportunities, especially at the grassroots economy. Our vehicles, especially 2W, also have an important contribution in terms of saving time in congested and traffic-prone areas and facilitating easy and cost-effective ridership.



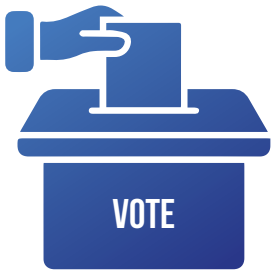
RUNNER

INVITATION FOR
21ST ANNUAL GENERAL MEETING OF
RUNNER AUTOMOBILES LTD.

The online platform allows Shareholders to communicate with us in advance of and during the meeting so that they can ask any relevant questions or provide with comments on the performance or any other issues related to the Company and shareholder interest as well.

VIRTUAL AGM
DIGITAL PLATFORM

Thursday, 23rd December 2021
at 11.30 AM



The Shareholders will be able to cast their vote on the agenda items and the results will be broadcasted in real time at the time of approval on the specific agenda item.

Q&A

The floor is open for all to ask any type of questions regarding the company. During the live Q&A session of the meeting, the Chair or the Management will try to answer the questions as they come in.

QR Code

You can access to YouTube by scanning this QR Code from your Smart device

AGM Help line

Shyamal Kumar Banik
Md. Omar Ali
Phone: +880 1730 405 232
Fax: +8870173
Email: ral.cstd@gmail.com

রানার অটোমোবাইলস্ লিমিটেড

১৩৮/১, তেজগাঁও শিল্প এলাকা, ঢাকা-১২০৮

২১তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এতদ্বারা জানানো যাচ্ছে যে, রানার অটোমোবাইল্স লিমিটেড-এর শেয়ারহোল্ডারগণের ২১তম বার্ষিক সাধারণ সভা নিম্নলিখিত আলোচ্যসূচী সম্পাদনকল্পে আগামী **২৩ ডিসেম্বর ২০২১, রোজ বৃহস্পতিবার , সকাল ১১.৩০ মিঃ** (বাংলাদেশী সময়) ডিজিটাল প্ল্যাটফর্মের লিংক (**https://runnerauto.bdvirtualagm.com**) এর মাধ্যমে অনুষ্ঠিত হবে (বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের অর্ডার নং: এসইসি/এসআরএমআইসি/৯৪-২৩১/৯১, তারিখ: ৩১ মার্চ ২০২১)।

আলোচ্যসূচী ঃ

সাধারণ ঃ-

১. ৩০ জুন ২০২১ তারিখে সমাপ্ত অর্থবছরের নিরীক্ষিত আর্থিক বিবরণী, পরিচালক মন্ডলীর প্রতিবেদন এবং নিরীক্ষকবৃন্দের প্রতিবেদন গ্রহণ, বিবেচনা এবং অনুমোদন।
২. ৩০ জুন ২০২১ তারিখে সমাপ্ত অর্থবছরের লভ্যাংশ অনুমোদন।
৩. পরিচালকবৃন্দের নির্বাচন/পুনঃ নির্বাচন এবং স্বতন্ত্র পরিচালক নিয়োগের অনুমোদন।
৪. ২০২১-২২ অর্থবছরের জন্য বিধিবদ্ধ নিরীক্ষক নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণ।
৫. ২০২১-২২ অর্থবছরের জন্য কমপ্লায়েন্স নিরীক্ষক নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণ।

বিশেষ ঃ-

১. আইপিও ফান্ড ব্যবহারের জন্য ডিসেম্বর ৩১, ২০২২ পর্যন্ত সময় বর্ধিত করণ।
২. " কোম্পানী আইন-১৯৯৪" এর " দ্বিতীয় সংশোধনী-২০২০" অনুযায়ী তালিকাভুক্ত কোম্পানীর নামের শেষে "LTD" এর পরিবর্তে "PLC" শব্দটি অন্তর্ভুক্ত করা।
৩. কোম্পানির সংঘবিধি এর সংশোধন।

তারিখ : ঢাকা

৩০ নভেম্বর ২০২১

বোর্ডের সিদ্ধান্তক্রমে

স্বাঃ/-
মোঃ মিজানুর রহমান
কোম্পানী সচিব

দ্রষ্টব্যঃ

- যে সকল শেয়ারহোল্ডারগণের নাম সেন্ট্রাল ডিপোজিটরি সিস্টেম/কোম্পানি সদস্য বহিতে রের্কড তারিখে (**২১ নভেম্বর ২০২১**) বৈধভাবে লিপিবদ্ধ থাকবেন, উক্ত শেয়ারহোল্ডারগণ বার্ষিক সাধারণ সভায় ডিজিটাল প্ল্যাটফর্মের মাধ্যমে যোগদান/অংশগ্রহণ এবং লভ্যাংশ প্রাপ্তির যোগ্য বলে বিবেচিত হবেন।
- শেয়ারহোল্ডারগণ এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারবেন অথবা তার পক্ষে উপস্থিত থাকতে এবং ভোট দানের জন্য অন্য একজন প্রতিনিধি নিয়োগ করতে পারবেন। প্রক্সি ফর্ম নিয়মানুযায়ী টাকা ২০/- স্ট্যাম্প সহকারে পূরণ করত: কোম্পানীর রেজিস্টার্ড অফিসে ২০ ডিসেম্বর ২০২১, সকাল ১১.৩০মিঃ তারিখের মধ্যে জমা দিতে হবে।
- বার্ষিক সাধারণ সভায় যোগদানের জন্য লিংক: (**https://runnerauto.bdvirtualagm.com**).
  শেয়ারহোল্ডারগণ ১৬ ডিজিট বিও আইডি ব্যবহার করে Laptop, PC, Mobile or Tab এর মাধ্যমে বার্ষিক সাধারণ সভায় যোগদান করতে পারবেন। যেকোন ধরণের দিকনির্দেশনার জন্য শেয়ারহোল্ডারগণ **০১৭৩০৪০৫২৩২** এ যোগাযোগ করতে পারবেন।
- বাংলাদেশ সিকিউরিটিজ এন্ড একচেঞ্জ কমিশনের (বিএসইসি) বিজ্ঞপ্তি নং: বিএসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/২০৮/এডমিন/৮১, তারিখ: ২০ জুন ২০১৮ অনুযায়ী, বার্ষিক প্রতিবেদনের প্রতিলিপি সম্মানীত শেয়ারহোল্ডারদের বিও এ্যাকাউন্টে উল্লেখিত ই-মেইল ঠিকানায় পাঠানো হয়েছে।
- ৩০ জুন ২০২১ তারিখে সমাপ্ত অর্থবছরের বার্ষিক প্রতিবেদন কোম্পানীর ওয়েবসাইটের বিনিয়োগকারী বিভাগে পাওয়া যাবে
  www:runnerautomobiles.com

RUNNER AUTOMOBILES LIMITED

138/1, Tejgaon Industrial Area, Dhaka-1208

NOTICE OF THE 21st ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of **Runner Automobiles Ltd.** will be held virtually by using Digital Platform through the link **https://runnerauto.bdvirtualagm.com** on **Thursday, 23 December 2021 at 11.30 a.m.** (BD Time) (Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/94-231/91 dated 31 March 2021) to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2021 together with the Reports of the Directors' and the Auditors' thereon.
2. To approve Dividend for the financial year ended on 30 June 2021.
3. To elect/ re-elect Directors & to approve the appointment of the Independent Directors.
4. To appoint the Statutory Auditors for the year 2021-22 and fix up their remuneration.
5. To appoint the Compliance Auditors for the year 2021-22 and fix up their remuneration.

Special Business:

1. Time extension up to December 31, 2022 for utilization of IPO Proceeds.
2. Inclusion the word "PLC" instead of "LTD" at the end of company name as per "2nd amendment-2020" of Company Act 1994.
3. Amendment of Articles of Association of the company.

By order of the Board

Dated: Dhaka
30 November 2021

Sd/-
Md. Mizanur Rahman
Company Secretary

Notes:

- The Shareholders whose name would appear in the Central Depository System/ Register of Members of the company on the Record Date i.e. **21 November 2021** shall be eligible to attend/participate in the AGM through Digital Platform and to receive the Dividend.
- A Shareholder entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her behalf. The "Proxy Form", duly filled and stamped with a revenue stamp of Tk. 20 must be submitted at the Registered Office of the Company by **11.30 a.m. of 20 December 2021.**
- Link for joining in AGM through Digital Platform: (Short Link: **https://runnerauto.bdvirtualagm.com**). Shareholders can join virtual AGM from Laptop, PC, Mobile or Tab putting 16-Digit BO ID. For virtual AGM guidance, the concerned shareholders may contact at the number **01730405232.**
- Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 Dated: 20 June 2018, Copy of the Annual Report has been sent to the E-mail address of the Honorable Shareholders mentioned in their respective BO accounts maintained with the Depository.

- Soft copy of the Annual Report for the year ended on 30 June 2021 is available in **Investors Section** of the Company's website at **www:runnerautomobiles.com**

RUNNER
motorcycles

জন্ম থেকেই বাংলাদেশী

AWARDED
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BANGLADESH'S CHOICE
2020-21

Skooty 110

The joy of riding

www.runnerautomobiles.com
RunnerMotorcycles

UPTO 1 LAC TAKA INSURANCE

6 YEARS WARRANTY

9 FREE SERVICES

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HIGHLIGHTS
OF THE YEAR OF 2020-21

Investors — **10%** Cash Dividend

Products — **40+** 2W Models > **5** 3W Models

Sales and Service centre — **99** Showrooms > **192** Workshops > **172** Sales Points

Employees and others — **2,108** Employees > **93** Dealers

Exports — **2** Countries

TAX

BDT. 1,192.00 mn as VAT, Tax, Duties
Contribution to Govt. to the National Exchequer

REFLECTIONS OF **OUR CHAIRMAN**

"A special word of gratitude must be directed to RAL's employees. They have shown the will, determination and incredible commitment in their collective efforts to ensure that we continue to meet an indispensable need of society – mobility."

Hafizur Rahman Khan

Bismillahir Rahmanir Rahim!

Hon'ble shareholders,

By the grace of Almighty, we hope you're keeping safe and healthy.

On behalf of the Board of Directors, I am delighted to welcome you all to the 21st Annual General Meeting (AGM) of Runner Automobiles Ltd. and have the pleasure of presenting the Annual Report of your Company for the 12-months ended 30 June 2021.

Reflecting on a roller-coaster year

As we pass two years of this dreaded pandemic, it is prudent to take time to reflect and

assess our relevance and value to society. But before I commence, it is with grief that I share that two of Runner's employees passed away as a result of the Covid-19 pandemic. Our thoughts, condolences and support remain with their families and friends.

Though the pandemic created a humanitarian crisis, not to speak of the untold economic hardship, it will also be remembered as a time when governments, businesses and citizens rallied together behind a common cause to save lives and protect livelihoods. At Runner, we are proud of how the worst of times got the best out of our people as they demonstrated remarkable resilience in adversity, rallying behind one another to see through the difficult times. Hence, a special word of gratitude must be directed to RAL's employees. They have shown the will, determination and incredible commitment in their collective efforts to ensure that we continue to meet an indispensable need of society – mobility.

It is satisfying that Runner's leadership remained completely focused on the Company's longer-term purpose and delivered a remarkable result for 2020-21. RAL's revenues increased to Tk. 10,142 mn for the year, which is a considerable 7% higher than the last year, while net profit stood at Tk. 474 mn, up by 39% over the previous year. This performance expanded our capacity to pay dividend, which has been proposed at 10% for the year.

Building strength and resilience

While it was important to manage the day-to-day business amidst the complexity and uncertainty, it was equally crucial to make progress to ensure our place in the future. Bangladesh's 2-wheeler industry is transforming fast, especially when one considers the rising popularity of motorcycles and scooters in the country. These are not only convenient and cost-friendly, but also most effectively solve the challenge of navigating through dense traffic situations. Further, the emergence of ride-sharing has particularly boosted the 2W industry and has successfully showcased the utility of the product. I am happy that RAL is preparing for the future through portfolio reinforcement, especially manifest in our ability to bring large international brands like KTM, Vespa and Aprilia to the Bangladeshi market.

Further, in a major initiative that will achieve fructification by mid-2022, we will emerge as the first Company to manufacture 3W in Bangladesh. While it is a matter of great pride for us, it will be another major milestone for the country's automobile sector, showcasing our nation's growing prowess in automotive engineering and value-addition.

A heartfelt thanks

Before I close, my sincere gratitude to RAL's executive team for delivering a satisfactory set of results. The business did not only rebound from the 2019-20 financial year, but demonstrated the resilience accruing out of diversification and decentralisation. Our performance for the year bears testament that we have a formula that works and remains relevant, even after more than 20 years of operations.

Thank you for being a part of our journey.

Hafizur Rahman Khan
Chairman

FROM THE DESK OF
OUR VICE-CHAIRMAN

"This was a defining year in which strong relationships with all stakeholders was fundamental to ensuring business resiliency. My thanks go to all our stakeholders, especially our leadership team for their proactive and focused actions and unshakeable commitment over the course of the year."

Md. Mozammel Hossain

Dear stakeholders,

It is an honour to welcome you to the 21st Annual General Meeting (AGM) of Runner Automobiles Ltd.

The financial year 2020-21 was undoubtedly a challenging one, with Covid-19 continuing to cast its long shadow. Yet, it has been inspiring to see how our colleagues continue to rally together. Our site remained largely operational amidst the standstill imposed to curtail the second wave even as we adhered to all safety protocols, while also getting products safely across to our dealerships and customers. Further, we also ensured zero retrenchment and unchanged salary structures with zero cuts.

Preparing for a rebound

Laid bare by the pandemic and accompanying shutdowns, it is true that mobility is crucial to our lives. As a society, we need mobility for business and for social purposes, for leisure, for meeting friends and relatives and for exploring new places. Our business is built on mobility, with our products empowering our customers with the freedom of movement. Our offering is also rooted in a mobility-led economic thrust, which is so vital for Bangladesh to recapture lost growth and reclaim its status as one of the fastest-growing economies of the world.

Thus in fiscal year 2020-21, we continued to focus on repivoting our strategy, shaping our business for accelerated growth. We launched two major 2W products during the year, in fact opening up exciting new categories in the high-performance motorcycle and scooter segments. We also launched a number of revamped products that comprised improvements in product stylization and functionality.

In our 3W business, we also witnessed some sales improvement, which reflects the resilience of our business in the face of major headwinds in terms of industry contraction by as much as 23% during the year. Moreover, our non-Runner 2W portfolio comprising motorcycles and scooters from KTM, Vespa and Aprilia also performed well during the year, which indicates rising acceptance to international products stewarded by our Company.

Managing our risks with foresight and prudence

I believe that while Runner's diversified, decentralised, asset-light and everyday essential products business model is in itself effective risk management, we are obviously impacted by numerous exogenous factors that affect our various divisions in different ways. These include the ongoing impacts of the Covid-19 pandemic, the continued strain on the economic environment, increased requirements for hygiene and wellness, as well as the disruption in supplies. The diminished construction, infrastructure, manufacturing and industrial activity as well as an overall low business confidence led to reduced consumer spending on vehicles.

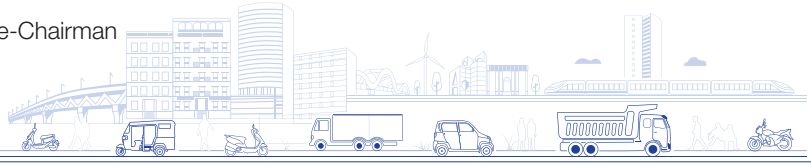
However, with Group management focused on managing risks creditably well, and market sentiment returning to a level of normality, combined with the full extent of strategic interventions across our businesses, there is a degree of comfort that Runner's growth momentum is set to continue.

Moving into 2021-22

Going forward, vaccination will be progressively expanded and this will be one of the reasons of economic buoyance, though one has to keep a sharp lookout on inflation and rising commodity prices. Our focus is on ensuring that our colleagues and partners are safe, and on serving our customers by keeping our operations running, while mitigating supply chain challenges and introducing new products and solutions.

We look forward to working with all our stakeholders in 2021-22 and beyond. On behalf of Runner, I wish you all of you good health, safety and a brighter tomorrow.

Md. Mozammel Hossain
Vice-Chairman



PERFORMANCE REVIEW
BY OUR MD & CEO

"We are proud of our identity as a homegrown Bangladeshi brand and are focused on unlocking value for our shareholders and other stakeholders in realizing our purpose of providing effective mobility for all, everywhere."

Dear shareholders,

This past year will always be remembered as a time when Covid-19 continued to cast its long shadow, causing major losses and upheavals to our personal lives while disrupting normal business operations worldwide and in Bangladesh. Our experience at Runner Automobiles was no different, and tragically, the pandemic took the ultimate toll on two of our people who passed away due to Covid-19-related illnesses. My condolences go out to their bereaved families. Other colleagues were ill for weeks and all of us had our personal and professional lives severely disrupted by the regulations and protocols implemented to mitigate the worst impacts of the pandemic. Following a second wave of infections around the world and in Bangladesh in early 2021, it seems inevitable that these disruptions will continue for some time to come.

We have taken number of strategic moves and made changes in our ways of working to ensure business continuity while ensuring the safety & wellbeing of our people. Thanks to our dynamic and committed team in Runner for demonstrating indomitable spirit at this difficult phase and delivered good results.

Bangladeshi by birth: Embedding innovation and sustainability in our business

Bangladesh's automotive industry is directly correlated to the economy and with the GDP growth decelerating on account of the pandemic, the industry was also impacted to some extent. We believe that precautionary spending behaviour has set in among households and businesses and if left alone will inadvertently pull down the macro economy recovery. Although market sentiment is generally sluggish because of the uncertainty of the economic glide path, Bangladesh has been performing considerably better than many developing countries in staving off the worst, thanks to its strong fundamentals and govt. stimulus in prioritizing the welfare of the people and businesses.

Amid the lingering pandemic, one can categorize the year in four broad phases: Gradual resumption of business after the first lockdown, tentative recovery that was driven primarily by pent-up demand, second round of lockdown imposed in early 2021, and resumption of economic activity after the lockdown was lifted. Thus, it was an uneven year and yet we strived to smoothen out the bends on our journey to deliver a strong and satisfactory performance for the year.

Our revenue was up 7% to Tk. 1,042 mn, our operating profit was up 25% to Tk. 1,152 mn and our net profit was up by 39% to Tk. 474 mn. What gives me added satisfaction is that we were able to protect our market share, which is not only a result of timely and concerted business actions, but also because our "Runner" brand has achieved an iconic status in the country. It has been successful in earning the trust of customers, which is not easy in a highly competitive and price-sensitive market. Yet, our affordability and accessibility propositions, rooted in product quality, innovation and Customer sustainability have strongly resonated with the market.

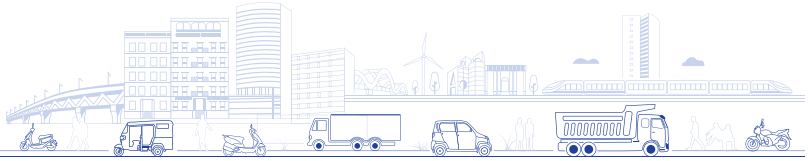
Over the past years, the Company has laid the foundations for the future growth of its 2W, 3W and commercial vehicle business, while also making strategic investments to diversify and broad base its income. The implementation of the various action plans will continue to drive sustainable growth and expansion in the coming years.

Enhancing product value to drive market momentum

With the global pandemic impacting the economies of developing countries like Bangladesh, the motorcycle industry was no exception and has faced several challenges during the period. As indicated earlier, in order to fend off anxiety of catching the virus, the usage of public transport has gone down, while the tendency to use private transport has increased in general.

Thus, Runner was proactive from the very beginning to promote 2W as one of the safest and most cost-efficient private transportation solutions. We emphasized on the affordability and easy EMI facility to support the customer decision-making towards private transport choices.

As traditional BTL Customer communication options were limited due to lockdown & other restrictions, we swerved our marketing campaigns towards digital platforms, especially Facebook, YouTube and Google Display Network, among others. In addition, the



launch of our new corporate website with online ordering option and e-commerce-driven campaigns helped to reach our target customers.

Focusing on product segmentation to foster a differentiated strategy

The need of Bangladeshi customers is at the core of our product development strategy. As a means to create a well-structured approach to the market and improve our understanding of specific customer needs and expectations, we have segmented our product portfolio under five distinct categories: entry, basic, mass, premium and scooter segments.

Under the entry and basic segments, we offer the most affordable, yet highly trusted models. The AD 80S Deluxe is the no. 180cc motorcycle in Bangladesh for its rich and longstanding heritage of performance and affordability.

In the mass and scooter segments, we offered the best-priced models with the latest technologies to our customers. Our products in this category came with the latest SAFEtech technologies and were positioned as products of choice for mobility towards safe resumption of business and other activities in the journey towards a better future. By launching the most reasonably priced scooter in the market, Runner Skooty 110, the product created a new benchmark in this segment and emerged as amongst the highest selling scooters in the country, especially finding favour among women customers, many of whom were first-time riders.

In the premium segment, Runner launched its top-of-the-line industry-leading and technology-driven motorcycle, Bolt 165R during the year. Bolt 165R has received excellent response and quickly gained popularity due to its exclusive design, 165cc powerful race-tuned engine, advanced braking system, LED lights, inverted suspensions and digital speedometer.

Our Customer centric innovation process will further strengthen in the days to come to cater the changing needs of Bangladeshi Customers.

Sustainable Mobility Solutions for Rural Bangladesh

A safe and sustainable rural transportation system is critical to attain our Honourable Prime Minister's vision of " My Village My Town". We believe that an environment friendly and safe 3-Wheeler could bring in positive changes in rural economic development of the Country.

Runner is in the process of establishing Bangladesh's first 3W manufacturing plant in collaboration with the global brand, Bajaj, in Bangladesh. With the plant coming onstream by mid-2022, the Company's presence in the 3W market will be further bolstered through its own manufacturing facility, thus enhancing prospects of product quality, availability and affordability.

Own manufacturing represents a very crucial step towards expanding the automobile manufacturing capabilities in Bangladesh and developing local expertise, including amongst vendors, with a thrust on localization and value-addition. This initiative is closely aligned with the govt.'s vision of prioritizing the light engineering sector of the country, with the deepened partnership with Bajaj symbolizing the maturing domestic automotive industry through such a first-of-its-kind international technology transfer. Bajaj is the global market leader in 3W with proven technology and we are delighted to partner with them in this exciting new journey.

World Class Manufacturing capabilities at Runner

We are looking at the progressive manufacturing of international brands of Vespa, Aprilia and KTM in the future at our own plant that is already equipped with advanced technology. We believe our decades-long specialist knowledge & experience of 2W engineering and manufacturing will place us well in this endeavour. This is also a testimony of our manufacturing capabilities and excellence.

Further, we are also making progress at our subsidiary company, Runner Motors. In technical support from its parent, Volvo Eicher Commercial Vehicles Ltd of India, it is looking at establishing a completely knocked down (CKD) assembling plant to assemble Eicher branded trucks in Bangladesh.

As a frontrunner, Runner is now a “Superbrand”

It is a matter of great pride for me to inform that Runner is now a “Superbrand”. It is the first brand in the country’s automotive sector to achieve this exalted status, which is a culmination of many things. In addition to our products being strongly trusted by our customers, we offer many other ancillary solutions around mobility, which only adds further shine to the Runner brand. Amongst other things, this includes the Runner Driving Training Centre that offers free training to aspiring new bike riders, thus contributing to road safety and public welfare.

We have also achieved the ISO certification on QMS 9001:2015, EMS 14001:2015 and OHSAS 18001:2007 as recognition for our superior management practices and responsible superintendence of environmental issues and occupational health and safety matters. For us, worker safety comes above everything else and we are stepping up implementation of major management techniques of Lean and Six-Sigma at our plant that will further improve our safety and efficiency standards.

Acknowledgements

I thank our valued customers who remain at the core of our brand and business. They prefer Runner out of the many choices they have, which tells us of the value that our products delivering to them. Further, it also indicates that our “made in Bangladesh” products have struck a patriotic chord and we will do everything possible to serve local requirements with locally-made products that are at par with international standards. Our collaborations with international brands like Eicher, Bajaj, KTM, Vespa & Aprilia will further strengthen our capabilities and quality standards.

I also express my appreciation to the Board members for their sound guidance and advice. From a diversity perspective, our Board brings a wealth of benefits that contribute to a Company that is relevant, innovative and future-fit. A special thanks to our shareholders for their commitment and support; we are confident that we can continue serving your interest in the best possible way.

Most importantly, our results are not only an indication of the Company’s operational strengths, but a reflection of the dedication and commitment of the Runner family including our dealers and suppliers. Keeping our people safe from the most adverse effects of the pandemic was a priority and being able to do so was by far our biggest achievement of this past year.

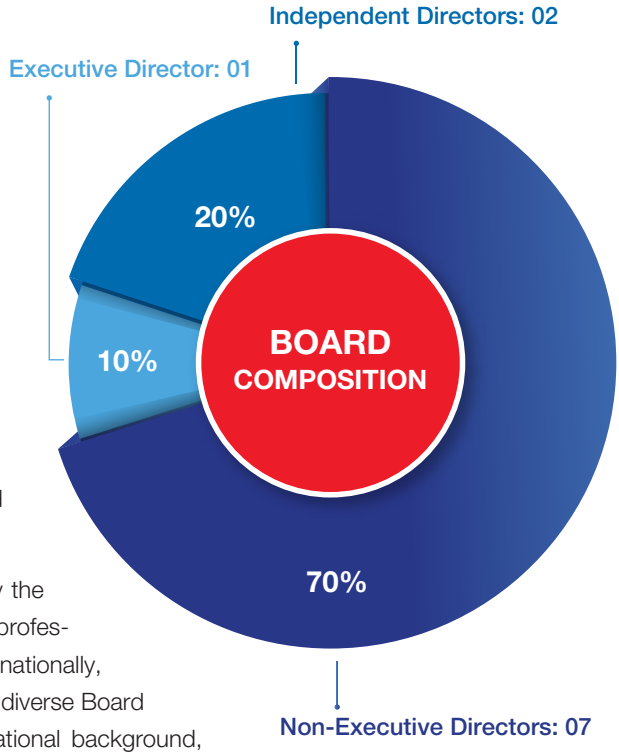
In concluding my statement, I offer my sincere thanks to each and every one of our stakeholders for their valuable contributions right through the year.

Reazul Haque Chowdhury
Managing Director and CEO

COMPOSITION OF THE BOARD

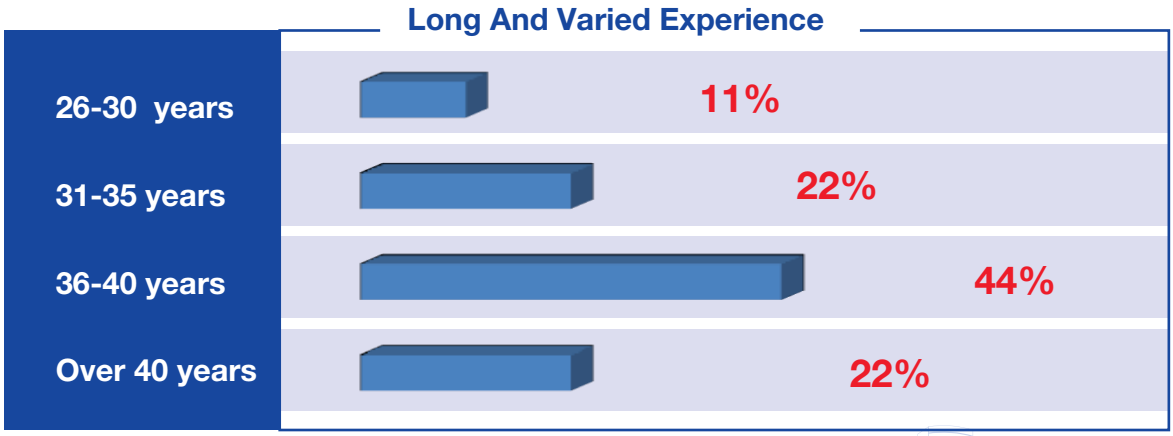
Building strategic momentum.

The Board of Directors of Runner Automobiles has been instrumental in setting the strategic direction and blueprint for future growth for the Company and the extended Group. With a view to fully harness the value of our Board's composition, collective discussions and deliberations are prioritized to arrive at consensus-based outcomes. We strive to have an appropriate balance of diversity to ensure robust governance, keen commercial decision-making and strong technical inputs. The Board regards diversity of perspectives at Board-level as essential to provide effective oversight over the setting and execution of strategy and the creation and preservation of value for stakeholders. We seek to promote diverse mindsets and opinions. Our Board review takes tenure and succession, skills, Board evaluation outcomes and regulatory requirements into account.



Furthermore, the overall effectiveness of our Board is enhanced by the diversity and sheer breadth of talent of our members who combine professional and academic skills and rich experience, both locally and internationally, to enable the Company to achieve its goals and targets. We have a diverse Board ranging broadly in age, ethnicity, country of origin, culture, educational background, skills, experience and knowledge. This provides a fertile environment for discussion, input, challenge and well-considered outcomes. Particularly, the Board is committed to ensuring that the Company meets its ESG obligations, while also better preparing the Company for the transforming business environment in the post-Covid era.

Collectively, the Board possesses sufficient financial acumen and knowledge. It is unified in terms of discharging its responsibilities to shareholders of the Company for its long-term success and the Company's strategic direction, values and governance. Amongst the 10 Directors on the Board, seven are Non-Executive Directors, two are Non-Executive Independent Directors of which one is an ex-official of Bangladesh government, and one is a foreign corporate leader.



BOARD OF DIRECTORS

FROM LEFT TO RIGHT

Sitting Position

Mr. Reazul Haque Chowdhury	Managing Director & CEO
Mr. Taslim Uddin Ahmed	Director
Mr. Hafizur Rahman Khan	Chairman
Md. Mozammel Hossain	Vice Chairman
Mr. Muallem A Choudhury FCA	Director

Standing Position

Md. Mohammad Ali Deen	Director
Dr. Muhammad Abdul Mazid	Independent Director
Mr. Khalid Shahidul Quadir	Director
Md. Jahurul Alam	Director
Mr. Oliver R. Harms	Independent Director

RUNNER

BOARD PROFILE

Hafizur Rahman Khan
Chairman

Mr. Hafizur Rahman Khan, born in 1955, is the Chairman of Runner Automobiles Limited. He completed his B. Com (Hons), M. Com (Management) from University of Rajshahi. After completion of his education, 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 Operation. Subsequently, he established Runner Automobiles Limited 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 (4w & 3w), Oil & Gas, Lubricants & Energy, Real Estate, Automated Bricks Manufacturing, Footwear etc. He is one of the most experienced industrialists in the automobiles sector. Hafizur Rahman Khan has been selected as Commercially Important Person (CIP) for the period of 2013 and 2014. As a recognition of outstanding contribution to industrial development, he received Bangladesh President's Award in 2016 and his company Runner Group was awarded as the Enterprise of the Year in 18th Bangladesh Business Award organized by DHL-Daily Star.

Md. Mozammel Hossain
Vice Chairman

Mr. Md. Mozammel Hossain, born in 1955, is the Vice Chairman of Runner Automobiles Limited. He completed B. Com (Hons), M. Com (Marketing) from the University of Dhaka. Upon completion of education, he started his career in Singer Bangladesh Limited as a District Manager. After that he joined HS Enterprise Limited, here he held the position of General Manager (Marketing). He is actively involved in Runner Automobiles Limited since inception. He is one of the most experienced industrialists in the automobile and electronics sector.

Reazul Haque Chowdhury
Managing Director & CEO

Mr. Reazul Haque Chowdhury joined as the Managing Director & Chief Executive Officer on November 11, 2018. He is a business leader with wide experience in General Management, Sales, Brand Marketing, Trade Marketing and Shopper Marketing in leading multinational companies in Bangladesh, Sri Lanka, Thailand, Philippines and Indo-China. He has a proven track record of business turnaround across geographies in South Asia and South East Asia. Mr. Reazul Haque Chowdhury has started his career in British American Tobacco and worked for 10 years in different roles in Sales and Marketing functions. He had a very successful stint of 6 years in Unilever Bangladesh Limited as Customer Management Director from 2002 to 2008. He has worked in Reckitt Benckiser as Managing Director from 2008 to 2016 in Sri Lanka, Bangladesh and Thailand Cluster. Prior to this move to RAL, Mr. Chowdhury was General Manager, South Asia (Bangladesh, India and Pakistan) in Avery Dennison RBIS. He is also Independent Director of Unilever Consumer Care Limited, Hemas Consumer Brands Pvt. Ltd., Singer Bangladesh Ltd. and also Non-Executive Director & Advisor in Evercare Bangladesh

Md. Jahurul Alam
Director

Mr. Md. Jahurul Alam, born in 1948, is a Director of Runner Automobiles Limited. He is a post 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 Limited and has been contributing to the committee from his vast financial knowledge and experience in Automobiles sector. Besides business activities, he is involved with social works.

Mr. Mohammad Ali Deen
Director

Mr. Mohammad Ali Deen, born in 1956, is a shareholder Director of Runner Automobiles Limited and also a Member of Audit Committee & NRC of the company. He achieved his Bachelor of Science in 1978. Mr. Mohammad Ali Deen has 39 years of entrepreneurship experiences in various business areas in Bangladesh. He is the Chairman of Deen Impex Ltd. and Chairman of Ultimate Property Development Ltd. In addition, 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). In addition to his involvements with various business associations, Mr. Deen is actively engaged with different sports, educational and socio-cultural activities. He is the First Vice President of Bangladesh Tennis Federation and the Senior Vice President of Bangladesh Tennis Player's Forum. Mr. Deen is also the Vice President of Naogaon Tennis Club and Executive Member of Bangladesh Olympic Association. He is the EC Member of Dhaka Club Ltd. He is serving as a Member of Board of Trustees of Varendra University, Rajshahi and General Secretary of Bangladesh Automobiles Assemblers and Manufacturing Association (BAAMA). Mr. Deen is greatly honored to be a "Freedom Fighter" as he has a great contribution in the liberation war of Bangladesh.

Taslim Uddin Ahmed
Director

Mr. Taslim Uddin Ahmed, born in 1950 is greatly honored as the "Freedom Fighter" for the contribution in Liberation War of Bangladesh in 1971. He is a graduate in Accounting 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. Mr. Taslim started business in Automobiles sector in 1982 and successfully continuing in the same sector. He has more than 47 years' entrepreneurship experience including 2 wheelers sales and marketing. Mr. Taslim was the Chairman of Town Merchant Association of Dinajpur from 1983 to 2017. He is the founder Chairman of Baitul Falah Jame Mosjid in Dinajpur. He served as the Vice President of Dinajpur Chambers and Commerce and Industry (DCCI) from the year 1982-1993. He is the life member of Dinajpur Eye Hospital from 1982 and life member of Red Crescent Society from 1988. He was the member of the Governing Body of Diabetics Hospital, Dinajpur from 1987-1992. Mr. Taslim was the member of Federal Chambers of Commerce and Industry from 2011 to 2013. He is the life member of Station Club of Dinajpur. Besides business, he is involved with social activities especially for the development of deprived part of the society. His involvement as the Director in Runner Automobiles added a great significance which elevated company's business growth undoubtedly.

Khaled Shahidul Quadir
Director

Mr. Khalid Shahidul Quadir, is serving as Director of Runner Automobiles Limited. He has over 20 year experience of private equity, entrepreneurship and banking. He co-founded Gonofone, a New York based company, which was the founding partner of Grameenphone, the largest mobile phone operator in Bangladesh and founded and managed a Bangladesh wireless broadband operator. Prior to that, he spent 12 years working in private equity and banking in the United States. In 2007, he joined Brummer & Partners as the Managing Partner of Brummer & Partners (Bangladesh) Limited.

Muallem A Choudhury FCA
Director

Mr. Muallem A Choudhury is a Chartered Accountant by profession. He completed his chartered accountancy articleship from member firm of KPMG i.e. KPMG Rahman 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) – a large conglomerate with multi-national heritage with interests in pharmaceuticals, FMCG products, agri business and retail chain. 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.

Oliver R. Harms

Independent Director &
Chairman of Audit Committee

Independent Director Oliver Harms was born in 1968 in Germany. He holds a bachelor degree in economics and Chinese language and a master degree in finance. He speaks German, English, Chinese and French. Before joining Runner Automobiles Ltd. As an independent director, he gained 25 years of experience in international finance and banking, thereof 16 years in Asia. He worked for Commerzbank AG (Frankfurt and Shanghai), The European Investment Bank (Luxemburg), Volkswagen Financial Services (Germany) and DEG – The German Investment and Development Co. Ltd. (Cologne and Beijing). In his capacity as DEG's Country Director China & Mongolia where he was in charge of DEG's investment portfolio, he took board seats in manufacturing companies for 12 years. His board experience includes, among others, the automotive, financial and agricultural sectors. He joined Runner in November 2018.

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). 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. Furthermore, 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 Councilor 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). He started his profession from the Bangladesh Bank. Dr. Mazid has proved his proficiency in writing as well He authored 32 books on literature and Socio-economic- cultural –diplomacy.

Mr. Mazid joined as Independent Director in Runner Family in 2020, who is the Chairman of Nomination and Remuneration Committee (NRC).

RUNNER
motorcycles

জন্ম থেকেই বাংলাদেশী

AWARDED
Superbrands
BANGLADESH'S CHOICE
2020-21

www.runnerautomobiles.com
RunnerMotorcycles

UPTO 1 LAC TAKA INSURANCE
6 YEARS WARRANTY
9 FREE SERVICES

CALL US
16273

LEADERSHIP TEAM

FROM LEFT TO RIGHT

Sitting Position

Mr. Shanat Datta, FCA	Chief Financial Officer
Md. Rezaul Karim	Head of Sales-2W
Mr. Masudul Haque, FCS	Head of internal Audit and Compliance
Shahriar Rahman	Head of Corporate Sales & International Business
Md. Mizanur Rahman	Company Secretary

Sitting (2nd row from front)

Abdullah Al Ehsan	Head of Customer Care (Service & Spares)
Mr. Amid Sakif Khan	Director, Marketing
Mr. AKM Mafrul Haq	Head of HR Division
Mr. Shourav Ahmed	Head of Sales & Marketing- 3W & 4W

Sitting (1st row from front)

Md. Masumul Kabir	Director, Credit Sale
Ms. Rudaba Tazin	Director, Admin Division
Mr. Reazul Haque Chowdhury	Managing Director & CEO
M. Anwarul Azim	Executive Director, Re-sale

RUNNER

OUR **LEADERSHIP** TEAM

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. Thereafter, he joined HS Enterprise as internal audit manager and worked from 1996-99. Finally, he joined Runner Automobiles 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 in Hoda Vasi Chowdhury & Co., an affiliate firm of PricewaterhouseCoopers (PwC). Thereafter, he joined Runner Automobiles in 2015. At the Company, he is entrusted with the responsibility of financial management, accounting and reporting, including the development of a coherent financial and operational strategy and ongoing development and monitoring of control systems to preserve Company assets and maximize shareholders' equity. Mr. Datta was born in 1987 in Tangail.

Masudul Haque MBA, LLB, FCS, GRCP, GRCA

Head of Internal Audit and Compliance

Mr. Masudul Haque is an experienced professionals with more than 10 years of specialized work experience in areas of corporate governance, Internal control and compliance and risk management. He joined Runner as Head of Internal Audit and Compliance and continue to serve the organization as Internal Audit Leader.

Under his leadership, Internal Audit function plays an important role in providing risk-based assurance, advisory and insights to management of Runner.

He has completed his professional qualification Chartered Secretaries from ICSB in 2014. He has also completed BBA and MBA from the University of Chittagong, LLB from National University & ITP from the National Board of Revenue and PGDHRM from Institute of Personnel Management. In the year of 2012 complete the CA Article-ship course from Hoda Vasi Chowdhury & Co, an independent correspondent firm to Deloitte UK.

Mr. Masudul has served a wide range of leading companies in Bangladesh. Before joining Runner Automobiles Limited, he served number of Leading nationals and Multinational company in leading role of Internal control and compliance.

Mr. Haque is a fellow member of the Institute of Chartered Secretaries of Bangladesh (ICSB) and a member of The Institute of Internal Auditors (IIA), USA and IIA Bangladesh, and also member of Information Systems Audit and Control Association (ISACA), USA and member of ISACA Dhaka, Bangladesh Chapter and Certified Governance Risk and Compliance Professional and Certified Governance Risk and Compliance Auditor and member of Open Compliance and Ethics Group (OCEG), USA.

At present he serves as a member of Review committee for CSB National Award for Corporate Governance Excellence Award & Dhaka Regional Chapter (DRC) under ICSB and as a member of CPE Sub Committee of the Institute of Internal Auditors (IIA), IIA Bangladesh.

Rudaba Tazin

Director, Admin Division

Being a Management & Head of Admin with hands-on experience in general management, organization development and human resource management, Ms. Rudaba Tazin has been leading the Company's Admin Division and plays the roles of strategy articulation, organization design, process development, talent acquisition and development, performance management and employee engagement and mobilization ensuring quality, environment and occupational health and safety. 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 obtained her academic degrees from BRAC University, Bangladesh, and University of Greenwich, London. She has also obtained an MBA in International Business from the University of Greenwich, London.

Amid Sakif Khan

Director, Marketing

Mr. Amid Sakif Khan holds a BBA (Bachelor of Business Administration) degree, having majored in marketing from BRAC University. He was awarded the Grade 1st 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. Furthermore, he also serves as Director of Rajshahi Kings, a local cricket franchisee.

Md. Masumul Kabir

Director, Credit Sales

Mr. Md. Masumul Kabir is a Director and Head of Credit Sales and Recovery 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 was born and raised in Rajshahi and obtained his B.A. (Hons) and Masters in General History from Rajshahi University, Bangladesh.

M. Anwarul Azim

Executive Director, Re-sales

Mr. M. Anwarul Azim completed his post-graduation from Business Faculty, University of Dhaka. He started his professional career in 1990, starting 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. Since then, 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. Recently, Mr. Azim was engaged in strengthening the Administration Department of Runner to address the challenges of growth and progression.

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 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. He was born on November 26, 1973 in Haryana, India in an aristocratic family.

Mr. Shourav Ahmed, an MBA with a major in marketing, possesses more than a decade of experience in sales, marketing, business development, event management and channel and key account sales. As a veteran in retail sales, he has rich experience in product marketing and managing critical client accounts via adopting a multistakeholder approach. He is a hard-core automobiles professional, having diversified work experience in various automotive segments, including 2W, 3W, 4W and bus and trucks. Before joining Runner Automobiles in October, 2016, he served at Rangs Motors as its operations head. He has developed robust relationships with network partners not only in Bangladesh, but also in India, Nepal, Bhutan and Africa. Mr. Ahmed was born in 1979 in Jashore district.

Shourav Ahmed

Head of Sales and Marketing - 3W and 4W

AKM Mafrul Haq

General Manager, HR Division

Having diversified exposure of more than a decade in national and multinational organizations, Mr. AKM Mafrul Haq took over the Company's HR division as General Manager in January 2021. Since his journey with Runner, he has been playing the roles of HR strategy articulation, learning and development, process development, talent management, performance management and employee engagement. Even in his short tenure at Runner so far, he has achieved sound progress in establishing a robust learning and development and productivity-focused culture, taking HR business partnering to a new level under his dynamic, engagement-centric and people-friendly leadership. Mr. Haq obtained his BBA and MBA degrees from the University of Chittagong.

Md. Rezaul Karim

Head of Sales 2W

Md. Rezaul Karim, Head of Sales 2W Runner Automobiles Ltd. has more than decade of experience on Business development, Sales, Marketing & Channel development. He is a basic guy of Automobile Industry. 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 Ltd, he served as Head of Sales of Uttara Motors Ltd (Bajaj 2w) & Business Head of H Power Motorcycle. He has vast experience in multiple business units handling. Mr. Karim has proven competencies in strategic planning & process development.

Abdullah Al Ehsan

Head of Customer Care (Service & Spares)

Mr. Abdullah Al Ehsan, the Head of Customer Care of RUNNER Automobiles Limited, 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 was born in 1978 in Rajshahi district. He has completed his MBA from IBA, Rajshahi University. He also completed B.Sc in Mechanical Engineering from Rajshahi University Engineering & Technology in Mechanical Engineering. Mr. Ehsan is very passionate in automobiles. He worked in a wide range of renowned companies in Bangladesh. Before joining Runner Automobiles Limited 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. Prior to that he was also act as Head of Service in Niloy Motors Ltd. (Hero Motorcycles). Mr Ehsan also worked in manufacturing sector at Rahimafrooz Globatt Ltd as Head of Department in Export Battery Manufacturing plant of Rahimafrooz. Mr. Ehsan has proven competencies in strategic planning, process improvement and technical expertise.

Shahriar Rahman

Head of Corporate Sales & International Business (2W)

Shahriar Rahman, Head of Corporate Sales & International Business of 2W Runner Automobiles Ltd. has more than decade of experience on Corporate Business development, Corporate Branding, Strategic Relationship development. He had started his journey as a telecommunication and fiber optic industry professionals and over the last 2.5 years he evolved with the Automobile Industry in a rapid manner. He started his career at Grameenphone in 2008. Mr. Shahriar was born in 1984 at Dhaka District. He completed his BBA from Business Studies Faculties, United International University of Dhaka. Before joining Runner Automobiles Ltd, he served as Head of Medium Enterprise Business of Robi Axiata Ltd & Telecommunication Business Head of Summit Communications Ltd. He has vast experience in multiple business units handling.

RUNNER motorcycles

জন্ম থেকেই বাংলাদেশী

AWARDED Superbrands BANGLADESH'S CHOICE 2020-21

Zice+

Let's Fly...anytime, anywhere

www.runnerautomobiles.com

RunnerMotorcycles

UPTO 1 LAC TAKA INSURANCE

6 YEARS WARRANTY

9 FREE SERVICES

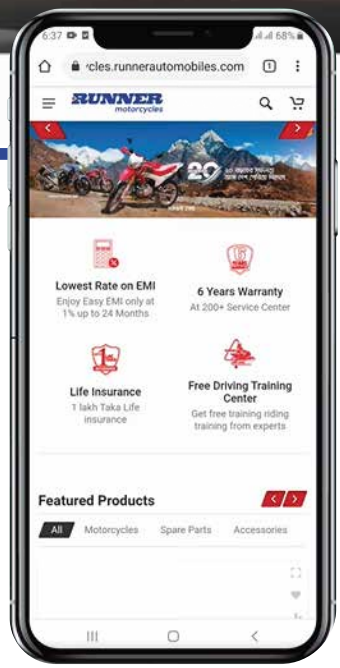
CALL US 16273

KEY MARKETING INITIATIVES

LAUNCH OF BOLT 165R

In August 2021, a digital launch event was held on social media to announce the launch of Bolt 165 R. This dynamic race-tuned 165cc engine motorcycle received tremendous PR coverage and created a high-decibel buzz in the industry. It was launched all over the country across all Runner motorcycle outlets.

Website and e-commerce launch



Runner launched its new website with a user-friendly interface, modern new looks and adaptive design for mobile-friendly viewing. The website showcases all motorcycle brands under the Runner umbrella, including Runner, KTM, Vespa, Aprilia, Motogears and also Bajaj 3W portfolio. Boasting of a fully dynamic front-end and back-end support with advanced content management system (CMS), a new addition to the website comprised the e-commerce platform that has been built for easy and convenient online purchases. Customers can access all information related to motorcycles, including:

- Features and specifications of all products
- Online payments for purchase
- Online order tracking after sign-up and log-in
- Easy order of spare parts and accessories with doorstep delivery
- Real-time EMI calculator for all products
- Locating nation-wide dealer and Company showrooms

The home delivery aspect of Runner 2W products by ordering through e-commerce was an instant hit in the market due to customers tendency to avoid public places amidst the pandemic.

Covid-19 awareness

To encourage Covid-19 related awareness, Runner continuously motivated its stakeholders to stay safe through awareness -building via posts and also initiated a music video with renowned singers to promote staying at home. The Company also donated masks and implemented all sanitization protocols in the factory, head office and across all its showrooms.

Dealership promotion

To encourage entrepreneurs to become business partners of Runner, an online video commercial (OVC) was launched focusing on how a Runner dealership can help an entrepreneur drive their business towards long-term profitability.

Women's Day OVC

Superbrands communications

Runner achieved the prestigious Superbrands Award in 2020-21 as the first Bangladeshi motorcycle brand. This was celebrated by publishing newspaper inserts, digital communication, internal office and factory branding and sticker placement on all motorcycles. Moreover, a consumer promotion offer was also developed to celebrate the momentous occasion with customers. Runner also received tremendous PR coverage after receiving the award and participated in TV shows to talk about the recognition.gineering.

BTL activation

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RUNNER motorcycles

জন্ম থেকেই বাংলাদেশী

AWARDED Superbrands BANGLADESH'S CHOICE 2020-21

KNIGHT RIDER V2

POWER PLAY

www.runnerautomobiles.com

RunnerMotorcycles

UPTO 1 LAC TAKA INSURANCE

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OUR BUSINESS MODEL

Our emphasis on value creation is integral to our purpose of developing effective mobility solutions and evolving our products to the highest standards of quality, craftsmanship and customer delight.

In meeting our purpose, we have created a business model that enables us to foster an integrated approach to value creation. We do so by taking stock of the external environment, including market risks and opportunities, and our relationship with our stakeholders, assessing our material matters and formulating sustainable business frameworks. Hence, our business model is designed to respond to our stakeholders' most critical and material aspects, thus marking a new chapter in our journey of transformation and long-term value creation.

KEY INPUTS

Our capitals

Manufactured capital
- Bhaluka manufacturing facility spread over 38-acres with state-of-the-art production assets
- 55 Company-owned Company-operated showrooms and 1 service centers spread across Bangladesh

Financial capital
- Optimal liquidity management
- Cash / liquid balances of Tk. 448 mn
- Net gearing ratio of 4%

Human capital
- 2,108 total employee count across our businesses as at 30 June 2021

Social and relationship capital
- Strong and effective relationships with key stakeholders
- Focus on need-based, high-impact citizenship programs

Intellectual capital
- Formidable market experience of over two decades
- Robust digital assets, including own e-comm channel

Natural capital
- Eliminate environmental impact by embedding sustainability in our value chain
- Making progress across our ESG mattes

KEY

Value creation

Manufactured capital
- The Bhaluka plant pegged at a significant portion of manufactured value
- Achieved volume sales of 19,717 2W in FY2020-21
- Achieved volume sales of 5,321 3W in FY2020-21

Financial capital
- Shareholders' fund of Tk. 5,452 mn
- 3-year dividend payout of Tk. 222 mn

Human capital
- Enhanced talent management via dedicated learning and development programs
- Tk. 342 mn disbursed as salary in FY2020-21

Social and relationship capital
- Robust employee and community support extended for relief towards Covid-related challenges
- Continued engagement with all stakeholders to foster a mutually-beneficial business environment

Intellectual capital
- Robust e-comm website comprising product showcase with specifications, features and supporting images and videos
- Adaptive website design for mobile use

Natural capital
- Focus on modern manufacturing practices that optimizenatural resource consumption and minimizes waste
- Ensured employee/worker awareness around resource savings and preservation

Competitive drivers

Main activities

Active production management
Focus on the effective utilization of our manufacturing assets for maximizing cost and production efficiency

Integrated development
Effectively design and develop products that meet buyer needs and expectations.
Strong financial discipline
Continuous focus on debt optimization.

Sustainable talent management
Focus on effective people management to coach and prepare talent for the future and optimize efficiency across operations.

Responsible procurement
Focus on sustainable procurement practices that meet quality / compliance standards as well as work on component localization and value-addition.

Digital innovation
Use of digitalization and innovative technology that improve customer experience on our portals, broaden sales channels and enable cost optimization.

Multi-stakeholder approach
Enhancement of our policies and operating procedures to meet compliance requirements and stakeholder expectations.

Corporate sustainability model
Strengthen efforts on the governance of sustainability practices across our value chain through prudent implementation of sustainability strategies.

Key market trends

- Shifting customer preferences
- Urbanization
- Digitalization
- Covid-safe workplace
- Vehicle electrification
- ESG compliance

Major material matters

- Covid-19 impacts
- Employee health and safety
- Addressing new opportunities
- Responding to technological shifts
- Strategy execution
- Cost-efficiency measures
- Governance and compliance
- Financial performance

HOW WE CREATE VALUE

Runner's emphasis on delivering sustainable profitable growth has translated into a 12% and 76% revenue and net profit CAGR (compounded annual growth rate) over the last 3 years.

We aspire to tread the path of value-based growth by ensuring business sustainability and creating competitive differentiation, thus ensuring sustainable benefit accrual to all our stakeholders by partnering in their growth expectations through continuous engagement. With our continued focus on exploring and harnessing new growth opportunities across all our business segments, we remain on the path of fasttracking value creation for all our shareholders. This emphasis has been articulated below, segregated as per our six capitals.

Unleashing value through our capitals

Capitals	Harnessing our capitals to create value
Manufactured capital	Our manufacturing plant and other infrastructural capacity is used to transform various auto components into finished products comprising 2W and 3W. Our growing capabilities in Six Sigma and Lean manufacturing practices enable us to enhance productivity, optimize costs, maximize efficiency and reduce wastages.
Financial capital	Our revenue stream majorly comprises product sales and other income. We use our revenues to sustain our business, including expending for manufacturing products, marketing and brand-building, network expansion, salary payments, etc. The net profit accrued out of meeting all our costs and tax payments is used for dividend disbursements with surplus used for plough-backs into business for funding future growth requirements. In effect, we judiciously use our financial capital to create short, medium and long-term value for all our stakeholders.
Human capital	Our human capital comprises our most valuable asset. Their commitment, skills, professionalism and enthusiasm enable us to achieve our business objectives and targets. Hence, we strive to foster a conducive workplace environment with an organizational culture rooted in teamwork, collaboration and respect. Our talent value proposition rests on continuously challenging, enriching and fulfilling the aspirations of our members so that they can realize their true potential and professional aspirations.
Social and relationship capital	We live by our purpose of providing 'mobility for everyone' everywhere, and continuously strive to make a positive impact on all our stakeholders. We remain committed towards driving an inclusive agenda that takes everyone along on the path of shared development and prosperity. In formulating long-term decisions, we keep the interests of all our stakeholders in mind, with particular regards to ESG matters.
Intellectual capital	Through innovation and R&D we remain focused on developing brands and new products that win the trust of our customers. Further, we also place emphasis on building our digital media assets to stay relevant to the times. In addition, we also invest in new production technologies to create safer, smarter and simpler processes on our shop floor.
Natural capital	Natural resources are indispensable assets to our business. We aspire to offer safe and regulatory-compliant products, while at the same time promote environmental stewardship by adopting an approach encompassing responsible consumption and a circular economy rooted in waste recycling and reuse.

MANUFACTURED CAPITAL

Our manufactured capital majorly comprises our integrated production assets at our Bhaluka industrial facility. It also comprises our warehouses that are crucial for safe product stocking, storage and dispatch.

Principal objectives

- Enhance component localization or indigenization and value-addition
- Maximise asset utilization through re-consumption and re-utilization of waste
- Optimise production efficiencies and costs
- Lower consumption of key resources, such as steel, energy, water, etc.
- Ensure ongoing supervision and stock-taking for alignment with performance targets

Statement on manufacturing excellence

"Through our longstanding presence, we have demonstrated avant-garde manufacturing excellence not only in the automobile sector of Bangladesh, but also in international markets. It is a matter of pride for us to have set industry benchmarks in 2W and 3W manufacturing that ultimately benefits the customer. Further, we draw immense satisfaction from the fact that through pioneering domestic manufacturing we have been able to contribute to import substitution, while ensuring self-reliance. Mobility is a fundamental part of the socio-economy and we continue to remain committed to unlocking effective mobility solutions for our customers. Furthermore, component localization is an essential pillar of our strategy and we continue to work with our vendor-partners in achieving this, hence ensuring accelerated local value creation."

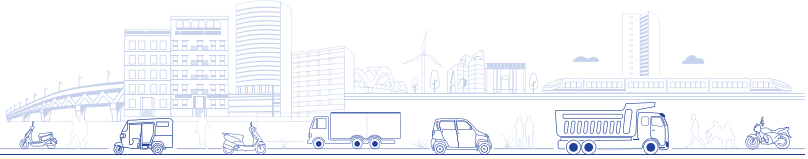
Hemant Kumar Dawar, General Manager

Our integrated assets – from components to complete products

Our integrated manufacturing facility comprises various sections. Among these is the press and machine shop that is equipped with modern and well-organized hydraulic and mechanical presses where we produce parts, like frame panels, fuel tanks, swing arm, main stand, child parts of fuel tank, etc. Our welding shop is equipped with MG, TIG, spot and gas welding machines manned by trained and skilled workers imparting the required shape to the fuel tank, frame assembly, swing arm, central stand, etc. In addition, our paint shop is engaged in the painting of metal and plastic components, which is certified by the Department of Environmental Regulations. Moreover, our engine assembly section has dedicated conveyers with 23 workstations along with numerous sub-assembly feeder lines, leakage testing unit, etc. Besides, our vehicle assembly section comprises two assembly conveyors along with offline sub assembly station for frame subassembly, wheelers, handle bars, fairing, seat, wiring harness, etc. Our centralized quality control unit has two end of line dynamometers to test such product characteristics as maximum speed, braking, wheel alignment and headlights. Similarly, end of line test branches for engine assembly help ascertain enginerelated tests and to observe any abnormal noise. With the vehicle finally passing from chassis dyno, a team of dedicated inspectors check each and every vehicle via on-road test

R&D and innovation

We have a dedicated R&D lab for product design and development and focus on innovation for ultimate customer benefit. Some of the key facilities present here comprise:



- Clay modelling section
- While light scanner
- Design section
- Engine analysis wing
- Electrical and electronics department
- Frame analysis wing

addition to our modern R&D lab, we also possess a QC lab for all electronics and mechanical component testing and analysis. Road simulation tests for determining vehicle performance are also conducted with a with a chassis dyno.

Manufacturing excellence in 2W

Integration

Robust integration facilitates in cost efficiency and quality assurance. At our plant, we manufacture all child parts of sub 100cc segment motorcycles. Further, our integration also facilitates the in-house manufacture of safety components for all models.

Localization

We are committed to component localization. In this regard, we have achieved considerable progress in the local development of ABS (automatic breaking system) components. Furthermore, steel tubes, required for frame and steel components, have also been localized, being developed via local manufacturers.

Product development

New product development is an important part of our manufacturing strategy and we have developed a common platform for all motorcycle and even scooter frames. This enables us to compress time-to-market, while also ensuring that the new vehicle is anchored on a tried and trusted platform. Further, we have also made progress in the assembly line of Vespa, Aprilia and KTM vehicles with paint shop automation, thus securing product looks and aesthetics.

Product testing infrastructure

We possess a well-equipped testing lab for evaluating product standards. Our testing equipment for motorcycles up to 900cc and equipment for testing ABS systems is the only such available facility in the country.

Manufacturing excellence in 3W

Shed and building construction

As part of our focus on indigenization of 3W manufacturing, we have achieved rapid progress in the construction of the main production building. Furthermore, an automated storage and retrieval system for incoming materials will enhance our industrial capacity.

Plant and equipment

Our assembly operations comprise robotic welding shop and robotic paint shop. Furthermore, vehicle and engine assembly shop is another addition, equipped with the

latest processes rooted in Lean manufacturing techniques to facilitate the elimination of waste. Furthermore, our testing facility and infrastructure for finished products of up to 350cc is the only such facility in the country.

Utility

Solar power energy

We are the only industrial facility in the country in our sector to use green energy through our solar power plant that produces 3.5 MW electricity used for meeting in-house requirements. Further, surplus electricity generated is transferred to the national electricity grid.

Safety

Our plant possesses state-of-the-art fire hydrant systems and thunder lightning arrester for safeguarding our people and our assets in case of any extraneous events.

Recycling

Our plant also possesses a modern ETP (effluent treatment plant) that ensures 100% treatment of waste water that is reutilized for gardening/greening purposes, etc.

EV (Electric vehicle development)

2-wheelers

As part of our focus on electric 2W, we are developing various vehicles under these segments. Our three EVs (scooters) have been well-received by the market, which has brightened our future prospects in this segment.

4-wheelers

We are also developing EV 4-wheelers for various segments.

Efficient sourcing

Shrinking lead time

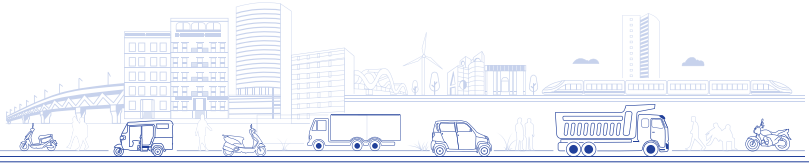
We are placing importance on reducing lead times in our supply chain, while also adopting the concepts of just-in-time inventory management, which will help in the more efficient utilization of working capital, while also ensuring time savings.

New suppliers development

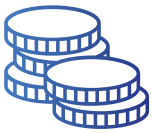
Developing new suppliers as a means of diversification and de-risking is an important manufacturing objective. We focus on developing alternate foreign and local suppliers that help meet our purpose of enhancing product quality and reducing costs, thus taking forward our objectives in value engineering.

Managing during COVID-19

— Enabled maintenance work during the shutdown to enhance asset efficiency levels
— Used the downtime provided by the lockdowns to build staff skills through virtual technical trainings
— Facilitated quick and COVID-safe resumption once the curbs were lifted



FINANCIAL CAPITAL



Our financial capital comprises the pool of funds available to us for deployment, which includes debt, retained earnings and equity funding. How we allocate and utilize our financial capital is fundamental to our ability to create sustained value for our stakeholders.

Principal objectives

- Access cost-effective funding, either through debt or equity
- Maintain sound credit metrics
- Lower total cost of capital
- Fund new capex (3W manufacturing) through the most optimal investment mix

Message from our CFO

"Our financial strategy during the year was anchored on planning, forecasting and taking prudent decisions rooted in *long-term thinking. We drew on moratorium benefits as stipulated by regulations, yet ensured adequate liquidity buffers to be able to meet our interest obligations at all times. Another lever that we harnessed was overall cost curtailment, without touching salary costs, to ensure that our business was aligned with the times. These initiatives enabled the Company to report profits for the year 2020-21, despite the year being of three quarters because of the coronavirus-induced shutdowns, etc. Further, our new 3W manufacturing project, which is expected to be operationalized by 2022, will be a significant game-changer as it will help us integrate forward into product development and value-addition, while also bringing recognition to the automotive industry of the country."*

Shanat Datta, FCA

Principal objectives

- Interest coverage ratio of 1.51 times
- Healthy liquidity levels
- Debt cost of 7% (avge.)

Managing during COVID-19

- Ensuring liquidity for enhancing organizational sustainability
- Facilitating business continuity in the new operating context
- Enhancing stakeholder engagement
- Focusing on investment mobilization for new 3W capex

HUMAN CAPITAL

Our human capital is composed by our people who are the heart of our Company. Their knowledge, skills, perseverance, enthusiasm, passion, hard work and commitment to our purpose ensure that we remain growth-oriented and sustainable for the long-term.

Principal objectives

- Talent futurization to ensure relevance for the future
- Investing in our people through training, skills building and capacity development
- Fostering a diverse, inclusive and meritocratic culture
- Developing high-performance leaders of tomorrow
- Offering a fulfilling, rewarding and responsible work environment

Employee support amidst the COVID-19 pandemic

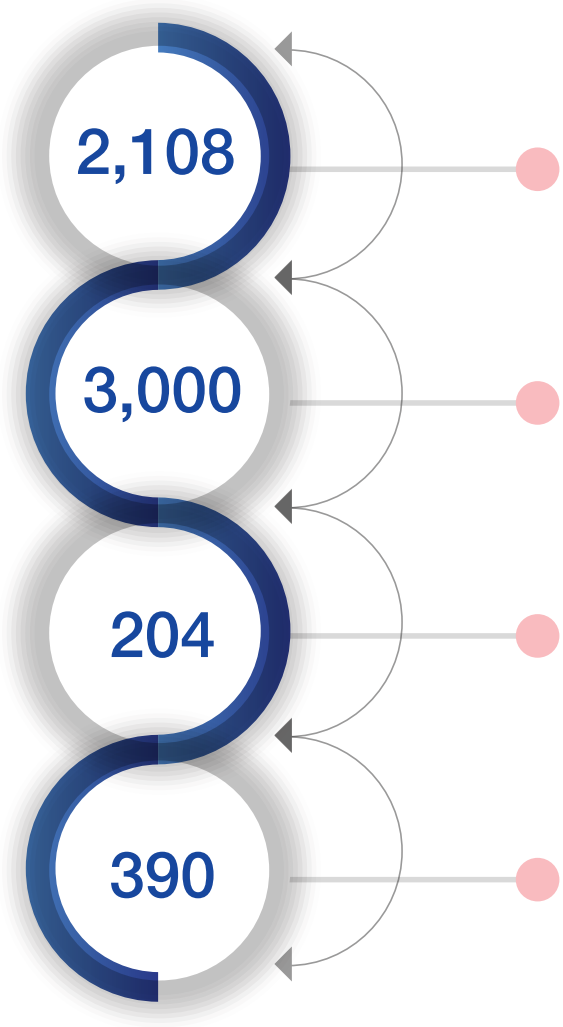
Our people are our torchbearers of hope and it is their skills, professionalism, commitment to work and devotion to look after each other that comprises our most valuable asset. Our top priority at the outset of the pandemic was to protect the health, safety and wellbeing of our employees. Key actions included:

- Covid-secure measures were put in place at all offices and workplaces, including additional hand sanitizer stations and screens between desks and in reception areas
- The business enabled and supported remote working, which ensured continuity of customer service
- Financial support packages were put in place for employees to enable them to tide over any emergency financial challenges
- We enhanced two-way engagement with employees through communication channels, including regular virtual conferences
- We held virtual learning and development (L&D) sessions as well as conducted awareness programs for enabling our people to cope better, especially during the days of the lockdowns
- We announced no salary deductions or retrenchment, thereby reinforcing our relationships with our employees
- We remained focused on creating awareness around vaccination, with the result that nearly 99% of our staff has been vaccinated with the first dose (as on 30 June 2021)

Human resources overview at Runner

Our human resources have taken the collective pledge to accelerate progress of Runner Automobiles and ensure sustainable value creation for all stakeholders. We are confident of achieving our long-term objectives on the back of our employees' dedication, commitment, intellect and relentless efforts. Our dedicated HR development team plays a key pivotal role in developing, reinforcing and fostering the unique culture of collaboration, teamwork and mutual support across the organization. This team is also instrumental in ensuring organizational value reinforcement and fostering continual learning and evolution.

Key stats



Our total employee count as on 30 June 2021

Person-hours of training provided in 2020-21

Employees recruited in 2020-21

Employees were awarded for their performance and other efforts in 2020-21

Principal objectives

While fostering a meritocratic and inclusive culture, Runner empowers its people irrespective of their cast, ethnicity, religiosity or gender. We provide equal opportunity for all. For instance, we celebrate Women's Day every year to as a means to encourage and show appreciation to our female employees. The year 2020-21 was no different as even amidst the pandemic we celebrated it with the same spirit as earlier years. We organized an online motivational program with two influential women guests for all our female colleagues. Our Chairman and Managing Director & CEO also participated in the session, reflecting the importance we place on diversity and women empowerment. The session was aptly titled, #ChooseToChallenge.

Employee engagement, care and empathy initiatives

We continually engage with our human resources and show solidarity through genuine care and empathy. This was truly reflected in the fact that we protected all jobs at the Group, while also keeping salaries untouched even amidst the challenging conditions of the pandemic.

Covid-care

As a key employee-centric initiative, we provide group life insurance for all employees. During the pandemic, we stood hand-in-hand with our employees, not only extending unconditional financial support and that too not just limited to our employees, but also their family members. We also offered non-financial facilitation, through organizing emergency health care support, including hospitalization and access to two doctors on a 24/7 basis. We also conducted counselling sessions as a means to raise awareness about good practices and help distinguish facts from fake news or tips.

Importantly, we assumed full financial responsibility of diagnosis to treatment for employees. We also ensured salary credit every month on time, every time. We also continued with zero salary cuts or downsizing. We also allowed our employees to work-from-home with full salary.

In effect, while cutting down on employees as a means to shed costs was prevalent elsewhere, at Runner, none of our employees lost their job on account of the Covid crisis. We also made our employees more aware about the pandemic through conducting sessions with health care professionals, while also ensured their physical safety and wellbeing through making provisions for masks, hand sanitizers, arrangement of oximeters, installation of thermal scanners at entrance points across our offices, etc.

Staff transportation services

We provide effective transport facilities via 7 dedicated Company-owned buses for employees of working in our corporate office and our Bhaluka factory to ease every day commute and ensure they arrive at work fresh and with peace-of-mind.

Day care facilities

As a progressive organization, Runner offers dedicated and well-equipped day care center services christened “Color Pencil” to ensure that children of employees are taken good care of during office hours. Such facilities also ensure peace-of-mind of our employees.

Others

As a means to ensure regular two-way communication, meetings are gatherings are organized for all employees through Townhalls, virtual platforms and also via competitive events like badminton tournaments, corporate football and cricket tournaments, etc.

We Mourn

Mahbubur Rashid
Coordinator, IT
Runner Group Affairs
We lost him on December 23, 2020

Md. Anwar Hossain
Asst. Manager, Credit Sales
Runner Automobiles Limited
We lost him on July 12, 2021

About 150 employees were affected by COVID-19 during 2020-21 and the Company provide necessary equipment, treatment and other support. It is with grief we announce the sad demise of two of our beloved colleagues due to COVID-19, Mr. Mahbubur Rashid and Mr. Md. Anwar Hossain. On behalf of the entire Runner family, we pray to Allah (SWT) to grant them Jannatul Ferdous and hope that Allah gives the bereaved family members the strength to bear the loss in this time of grief and sorrow.

SOCIAL AND RELATIONSHIP CAPITAL

Our manufacturing site is entrenched in the community. As a result, we see our social and relationship capital as the link between our presence and the broader society.

Principal objectives

- We seek to engage positively and have a constructive and meaningful impact on our social landscape
- We implement informed and targeted initiatives to maximize value among intended beneficiaries
- We focus on shared partnerships for amplifying community reach and impact
- We align our citizenship initiatives and assess impact in consideration of the US SDGs

Managing during COVID-19

- We focused on accelerating our involvement and engagement in the communities around our plant's vicinity to extend help and support during the COVID-19 emergency
- We donated an oxygen plant to a local hospital for facilitating relief among COVID patients
- We mobilized several food and dry ration drives to support vulnerable communities who faced loss of livelihoods

Our focus areas

We strongly believe in sustainable and inclusive growth alongside business progress. This belief is embedded in our purpose and we put this into practice in responsible ways. Our Corporate Social Responsibility (CSR) philosophy also stems from the core ethos of making a difference through a variety of social outreach programs and initiatives. Based on this belief, we always work for the society and environment and try to achieve better sustainability outcomes for all. During FY2020-21, our focus was on healthcare and contributing to the nation's response to the pandemic.

Our CSR focus areas

- Community sustenance
- Healthcare
- Education
- National emergency & disaster relief
- Sports
- Maximizing impact through partnerships

Community sustenance

Our community sustenance initiatives are designed to sustain harmonious relationships with the local communities in and around our operations, while uplifting their lives and livelihoods in a sustainable and responsible manner. We understand the needs of the people who live in adjoining areas around our plant and we extend a helping hand whenever needed. Specifically, amid the COVID-19 pandemic, we organized food relief programs to ensure basis sustenance for low-income families and as a safety measure also distributed PPE and hand sanitizers to frontline workers and other community members, especially in the northern part of the country.

Health care

We focus on the health, safety and wellbeing of all our people, especially those working on the shopfloor and mandate the use of personal protective equipment during work. We also provide equipment, such as gloves, helmets, safety harnesses, etc., so that our people can remain safe and protected at all times. Moreover, we also build awareness around proper and safe working practices to avert any accidents or disasters.

Education

Education is the cornerstone of social and societal progress. With this belief, we are focusing on imparting quality education through fun-based learning to underprivileged children in schools around the country.

National emergency and disaster relief

As a Company fostering nationalistic interests, Runner extended support to alleviate the challenges of the pandemic, especially amongst the grassroots of the society. Thus, we made both direct and indirect contributions during the national emergency declared on account of the pandemic. Besides, we also make contributions to assist in mitigating the impact of natural disasters via offering humanitarian relief.

Sports

In Runner, we believe that sports have the power to bring people together and unite the world by transcending language, cultural and regional barriers. We walk together with our sports partners to build a better future for everyone, empowering individuals, businesses and societies to realize their dreams. Together with our partners, we are making progress today towards a more optimistic tomorrow.

Maximizing impact through partnerships

With a view to maximize our social impact and create durable and long-lasting value, we intend to collaborate with like-minded organizations sharing our common causes of community sustenance, health care, education, etc.

INTELLECTUAL CAPITAL

Our intellectual capital refers to the knowledge and capability intrinsic to our organization. It comprises the DNA of our Company and how we do business.

Principal objectives

- Formulate strong, relevant and future-facing business strategies and follow it up with execution agility and excellence
- Challenge our intellectual capital to explore new ideas that can emerge as a business for tomorrow

Our focus areas

- We integrate sustainable thinking in everything we do
- We deeply consider ESG factors and our future sustainability in our decision-making processes
- We strive to implement transparent governance practices to ensure safeguards for protecting stakeholder interests
- We believe technology and innovation are major drivers of long-term value creation and to remain competitive, we encourage the experimentation, creativity and flexibility that promote innovative thinking

Progress achieved, 2020-21

- We launched 2 new 2W products, including Bolt 165 R and Skooty 110, comprising the highest engine displacement motorcycle in the country and our first scooter offering, respectively
- We launched 3 facelifts across our popular Runner brands that received strong market response, reflecting our ability to offer products that resonate with customer needs and expectations
- We are perhaps the only domestic 2W manufacturing company to have forged an international alliance with global 2W majors, which testifies their trust in the strength and solidity of our business model
- We have also won the trust and conviction of Bajaj Auto, one of the largest automotive companies of the world, for a technology transfer in Bangladesh for 3W manufacturing, which is a turning point for Bangladesh's automotive industry that also reflects the shifting terrain from assembly to manufacturing

NATURAL CAPITAL

Our natural capital comprises all our renewable environmental resources and processes that support the identity of our Company as a sustainable business.

Principal objectives

- Preserve our natural resources to improve our sustainability credentials
- Contribute to climate improvement through our knowhow, processes and products
- Minimize our carbon footprint and target net-zero across our operations

Environment management approach

To reduce our environmental footprint, Runner has constituted a dedicated Environmental Management System (EMS) team. Standard policy and procedures have been formulated that addresses the holistic management of:

- Energy conservation
- Solid waste management
- Effluent water through treatment and reuse
- Air pollution
- Noise pollution
- Carbon emissions
- Chemicals management

These focus areas enable us to augment our natural capital by addressing key environmental challenges, such as climate mitigation, pollution reduction, etc. These are prioritized to ensure environmental responsibilities and continual improvement to reduce environmental impacts.

OUR APPROACH TO ESG

As an organization, we are on a journey towards meaningful and complete ESG (environmental, social, governance) integration within our business operations and within our existing and future plans and investments. While we were busy in navigating the turmoil due to Covid-19, we were also cognizant that FY2020-21 was a year of opportunity to rethink business-as-usual strategies, internally introspect and create a long-term ESG roadmap.

As the impact of climate change and inequality become more and more evident, the need for all stakeholders to ensure common cause, understanding and purpose, and to avoid damaging the environmental and social status for future generations, has become a critically important imperative. Our long-term ESG strategy involves strengthening our internal policies on governance structure and climate action, as well as contribute to the United Nations' Sustainable Development Goals (UN SDGs). We recognize that people are the enabler of our business and a critical resource in fulfilling our ESG objectives and they have to be nurtured and supported in the journey.

Our sustainability strategy is focused on areas where we can make the biggest difference, which will ultimately ensure the continued generation of long-term value for shareholders and for all other members of stakeholder society and for the planet we share. Our commitment to ESG is rooted in the following:

- **To conduct profitable business in a responsible and accountable manner**
- **To foster the spirit of Runner family at all times and ensure our connect with society**
- **To minimize our carbon imprint and thus play our role in climate mitigation**
- **To drive positive change through partnerships and meaningful citizenship programs**

To achieve these commitments, we are aligning to certain objectives, which include nurturing people and business diversity, unlocking value through innovation and efficiencies, represent responsibly-manufactured products, maintain financial strength through growth focus and prudent capital allocation, and improve our governance model. Major progress achieved in our ESG journey include the following:

Environmental

- **We are committed to reducing our environmental/carbon footprint while working towards our ultimate vision of net-zero emissions**
- **We are anchoring our identity and reputation more firmly on clean and sustainable manufacturing**
- **We have made consistent investments in modern machinery and technology, including robotics, at our manufacturing facility that has enabled us to reduce pollution and ensure improved alignment with environmental norms**
- **3.5 MW of renewable solar power that enables us to meet a majority of our energy requirements at the Bhaluka plant**
- **We also divert solar energy to the state grid in cases where excess energy is available, thus contributing to the green energy objectives of the state grid**
- **We focus on wastage elimination and have structured processes for waste reuse and reutilization in ensuring resource circularity**

Social

- We are reinforcing the value of our "social contract" comprising the bonds we have been able to forge with our employees
- We assured employment security and did not affect any cuts in salary nor enforced retrenchment
- We showed solidarity with the community around our operations during Covid-19 through a number of citizenship programs, including food donation drives
- We extended healthcare support to needy communities
- Continued with a number of community development programs, both individually as well as in collaboration with NGOs, in areas such as education and youth skills development for maximizing grassroots impact

Governance

- We are committed to embracing ethical business practices
- We strengthened business ethics and compliance culture via regular training and through ensuring alignment with best practices in business conduct
- We safeguarded the business from bribery, corruption and fraudulent activities through ongoing vigilance
- We encouraged whistle-blowing to safeguard the business from any malpractices, thus protecting our brand and reputation at all times
- We ensured full transparency in material information disclosures among our shareholders

Employment	Local employment creation, especially in backward areas
Trade and commerce	Facilitating progress, prosperity and livelihood transformation via trade and commerce
Climate protection mission	Ensuring climate protection and minimizing our carbon footprint
Building local capabilities	Focusing on local capacity development, including entrepreneurship,
Responsible nation-building	Making sustainable exchequer contributions

SUSTAINABILITY- IMPACT THROUGH THE SDGS

At Runner, contributing to the SDGs is a key part of our business framework and a natural corollary of our focus on driving sustainability for creating a positive impact.

Runner and the SDGs

The 17 United Nations Sustainable Development Goals (UN SDGs) 2030 have been conceived to address social and economic development challenges on a global scale. Also known as the "Global Goals", the SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The UN and its partners in Bangladesh are working towards achieving the SDGs to address the major

developmental challenges faced by the people of Bangladesh. In line with the 2030 Agenda for Sustainable Development and UN Development System Reform (UNDS), the UN agencies in Bangladesh have been working together in a transformed way to support the govt. to implement the SDGs and to enhance the development impact. The report 'Sustainable Development Goals (SDGs): Bangladesh Progress Report 2020' published by the Bangladesh Planning Commission indicates that Bangladesh has completed the preparatory works of SDGs mainstreaming, implementation, making action plans and preparing monitoring and evaluation frameworks. The govt. has taken initiatives aiming at all the goals of the SDGs through designated ministry/divisions in implementing the SDGs, aligning with the development aspiration of the respective ministries. Some of the major progress achieved by the country in its SDGs journey includes a steady decline in national poverty (measured as a proportion of population living below the national upper poverty line/lower poverty line) to 20.5 per cent in 2019, remarkable progress achieved in the under 5 mortality rate during the 1995-2019 period from 125 to 40, upward shift in the average annual growth rate of real GDP per capita to 6.91% in FY2018-19 from 5.1% in the baseline FY2014-15, among others.

At Runner, through our business, we also contribute to some of the SDGs, as articulated below.

Responsible mobility solutions that create customer value:

We engage in regulatory-compliant and responsibly-manufactured products in close collaboration with our customers.

SDGs impacted

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We engage in regulatory-compliant and responsibly-manufactured products in close collaboration with our customers.

SDGs impacted

OUR APPROACH TO QUALITY, HEALTH, ENVIRONMENT AND SAFETY

Quality Environment Health & Safety (QEHS) policy

At Runner Automobiles, we are committed to achieve business excellence through ultimate customer satisfaction, preventing environmental pollution, injury and ill-health, and ensuring a healthy work atmosphere by:

- **Developing, establishing, maintaining and improving organizational quality, environment, health and safety performance continually**
- **Observance of all applicable legal and other requirements concerning environmental, occupational health and safety**

Our QEHS framework

Q

- Documented policy and procedures
- Functional SOP of all process in place (controlled document)
- Technical specification of all incoming and in-process components
- Calibrated machine and equipment at the manufacturing plant
- Structured objectives, targets and programs
- Technical data sheet for raw materials
- Structured customer complaint procedures
- Engaged and skilled workforce
- Internal audit of functional process

E

- Management of environmental risk
- Compliance with environmental regulations
- Compliance with stakeholder requirements
- Identification of various environmental aspects with commensurate controlled measures
- Solid waste management
- Effluent treatment plant (ETP)
- Optimizing paper, energy and water consumption

HS

- Recorded HIRA (Hazard Identification and Risk Assessment)
- Safety audit/inspection
- Thorough electrical assessment of manufacturing plant
- Fire safety systems with trained emergency response team (ERT)
- Incident reporting system
- Regular safety awareness sessions, briefings, trainings and mock drills
- Worker feedback through safety committee meetings/safety suggestion box
- EHS induction to new recruits
- Safety instructions, labels and signs
- Dedicated physician for corporate office and factory

Our Quality Management System

At Runner, Quality Management System (QMS) is a system that enables us to document the policies, business processes and procedures necessary for us to create and deliver products to our customers, therefore enhancing customer satisfaction and delight through high product quality and the overall purchase experience.

In recent years, we have continued to utilize our QMS to ensure continuous improvements by incorporating the process of ongoing monitoring, review and revision of procedures and policies through the use of the Plan – Do – Check – Act (PDCA) model for ensuring continuous improvement

ISO CERTIFICATION

Runner Automobiles is an ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified organization, which attests to the robust quality assurance systems it has adopted across its business- from manufacturing to marketing and sales. What this means for our customers is a high-quality, performance-oriented, dependable and reliable product made to the best possible standards.

Runner Automobiles has embraced Quality Management System (QMS), Environment Management System (EMS) and Occupational Health & Safety Management System since 2013 and achieved certification from Bureau Veritas (Bangladesh) Ltd in April 2016 on:

ISO 9001:2015 (Quality Management System)

ISO 14001:2015 (Environment Management System)

ISO 45001:2018 (Occupational Health & Safety Management System)

RUNNER
Live your dream... Lead your life!

QUALITY, ENVIRONMENT, HEALTH & SAFETY POLICY

"We, Runner Automobiles Limited, are committed to achieve business excellence by providing seamless customer experience, preventing environmental pollution, injury & ill-health and ensuring healthy work atmosphere by

Developing, establishing, maintaining and improving organizational Quality, Environment and Health & Safety performance continually.

Observance of all applicable legal & other requirements concerning Environmental, Occupational Health & Safety."

গুণগত মান, পরিবেশ, স্বাস্থ্য ও নিরাপত্তা নীতি

"আমরা, রানার অটোমোবাইলস্ লিমিটেড, ক্রেতার সর্বোচ্চ সন্তুষ্টি অর্জন, পরিবেশ দূষণ ও পেশাগত স্বাস্থ্যঝুঁকি প্রতিরোধ এবং সুষ্ঠু কর্মপরিবেশ নিশ্চিত করার মাধ্যমে ব্যবসায়িক উৎকর্ষতা অর্জনের লক্ষ্যে নিম্নলিখিত বিষয়াবলী পূরণে অঙ্গীকারাবদ্ধঃ

প্রতিষ্ঠানের সার্বিক মান, পরিবেশ, স্বাস্থ্য ও পেশাগত নিরাপত্তা ব্যবস্থা প্রতিষ্ঠা, বাস্তবায়ন, রক্ষণাবেক্ষণ এবং ক্রমান্বয়ে উন্নতি সাধন করবো।

পরিবেশ, স্বাস্থ্য ও পেশাগত নিরাপত্তা সম্পর্কিত প্রযোজ্য সকল আইন ও অন্যান্য বাধ্যবাধকতা মেনে চলবো।"

Managing Director & CEO
Runner Automobiles Ltd.

BUREAU VERITAS
Certification

RUNNER AUTOMOBILES LIMITED

RUNNER

HEAD OFFICE: 138/1, TEJGAON INDUSTRIAL AREA, DHAKA – 1208, BANGLADESH.

This is a multi-site certificate, additional site details are listed in the appendix to this certificate

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organization has been audited and found to be in accordance with the requirements of the Management System standards detailed below.

Standards

ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018

Scope of certification

SALES, MARKETING AND AFTER SALES SERVICE OF MOTORCYCLES MANUFACTURE & ASSEMBLY OF MOTORCYCLES

Original cycle start date For QMS & EMS:	06 April 2016
Original cycle start date For OHSMS:	03 April 2019
Expiry date of previous cycle For QMS & EMS:	05 April 2019
Expiry date of previous cycle For OHSMS:	Not Applicable
Recertification Audit date:	20 February 2019
Recertification cycle start date:	03 April 2019

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **05 April 2022**

Certificate No. **IND19.9134/U** Version : 1 Revision date: **03 April 2019**

Signed on behalf of BVCH SAS – UK Branch
Jagdheesh N. MANIAN
Head – CERTIFICATION, South Asia
Commodities, Industry & Facilities Division

UKAS
0008

Certification body address: 5th Floor, 66 Prescot Street, London, E1 8HG, United Kingdom.

Local office: Bureau Veritas (India) Private Limited (Certification Business), 72 Business Park, Mural Industrial Area, MIDC Cross Road 'C', Andheri (East), Mumbai – 400 093. India.

Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organization. To check this certificate validity please call +91 22 6274 2000.

Pg 1 of 2

RUNNER

BAJAJ | LOVED IN 70 COUNTRIES

মেইনটেনেন্স খরচের ভাবনা বাদ

BAJAJ RE-LPG তে বাজিমাত

প্রতিটি গাড়ির সাথে বুঝে নিন *

ফ্রি ইঞ্জিন ওয়েল ও অয়েল ফিল্টার

★ শর্ত প্রযোজ্য

আজই যোগাযোগ করুন আপনার নিকস্থ রানার বাজাজ শো-রুমে অথবা কল করুন- ১৬২৭৩

FUEL OF THE FUTURE

BAJAJ RE

STATEMENT OF CORPORATE GOVERNANCE

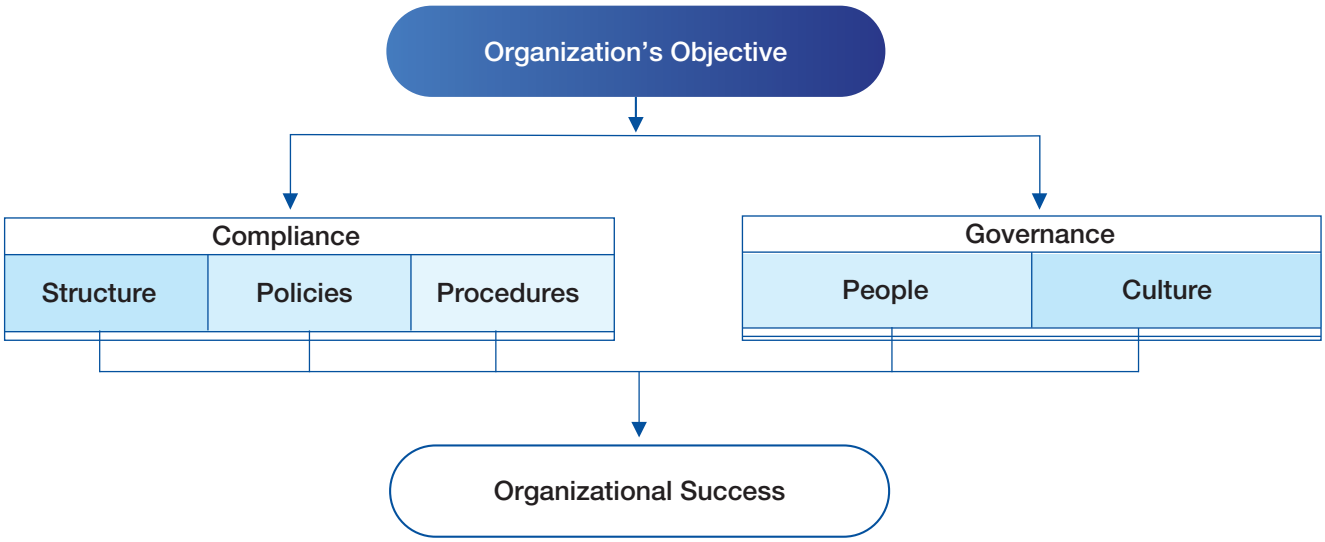
1. Overview

Well established governance framework of Runner Automobiles Ltd. (RAL) represents our commitment to ntegrity while ensuring flexibility that allows fast decision making and effective management and is not limited to adherence of the statutory and regulatory requirements.

Corporate governance represents a strategy for companies to ensure a framework of control for its administrative and management practices. This is achieved through procedures that are aligned with recognized standards that respond to the interests of shareholders and other stakeholders. Our board believes proper governance ensures fairness, transparency and accountability and safeguards the interests of all stakeholders, especially the minority shareholders. Empirical research also suggests that corporations that adhere to good governance practices are not only more sustainable but also tend to generate higher profitability.

Runner believes in simplifying effective, entrepreneurial and prudent management which contains checks and balances to support true consideration of risk management throughout the organization.

Corporate governance driver



The core areas of RAL emphasize its effective corporate governance strategy as demonstrated in the diagram. The company's corporate governance model is rigorously aligned with its well-designed vision, mission, values and objectives. The Company's Board of Directors are responsible for proper governance, which includes setting out the Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the company and reporting to shareholders on their stewardship. The Board is collectively accountable to the Company's shareholders for good governance to facilitate efficient and effective management towards delivering long-term shareholders' value within appropriately established risk parameters. The sustenance of effective corporate governance remains a key priority of the members of Board of Runner Automobiles Ltd. To exercise clarity about the Directors' responsibilities towards shareholders, corporate governance must be dynamic and remain focused on the Company's business objectives and create a culture of openness, transparency and accountability. Keeping this in mind, clear structures and ownership supported by well understood policies and procedures to guide the activities of the Company's management have been instituted and institutionalized.

Our corporate Governance Culture is anchored on

- Competent Leadership
- Strong risk management culture
- Effective internal controls
- Accountability towards Shareholders

RAL is committed to continually review all its corporate governance policies and guidelines to ensure transparency in its practices and the delivery of the highest ethical standards and quality information to its stakeholders on an ongoing basis. This ensures long-term performance and sustainability, protects and enhances the interests of the shareholders and other stakeholders. RAL ensures that its corporate governance practices must comply with all the aspects of the Corporate Governance Code (CGC) notification No. BSEC/CMRRCD/2006-158/207/ Admin/80, dated June 3, 2018, and notification No. BSEC/CMRRCD/2006- 158/208/Admin/81, dated June 20, 2018, on financial reporting and disclosure issued by Bangladesh Securities and Exchange Commission (BSEC). In addition to establishing the highest standards of corporate governance, Runner also embraces best governance practices across all its activities. The independent role of the Board of Directors,separate and independent role of the Chairman and Chief Executive Officer, distinct roles of the Company Secretary, Chief Financial Officer and different Board Committees enable RAL to achieve excellence in corporate governance.

As a listed Company, RAL must comply with the BSEC's revised CGC, which requires the Company to provide a statement in the Annual Report disclosing the extent to which it has complied with the BSEC Corporate Governance Code. The status of compliance shall be certified by a practicing Professional Accountant/Secretary. The tables summarizing RAL's compliances are provided in Annexure-III and Annexure-IV and a certificate on compliance with the Corporate Governance Code (CGC) certified by practicing professional chartered secretaries in practice is enclosed on page no. … of this Annual Report.

VALUE CREATION THROUGH CORPORATE GOVERNANCE FRAMEWORK

INPUT

- Financial Capital
- Human Capital
- Manufactured Capital
- Intellectual Capital
- Social & Relationship Capital
- Natural Capital

GOVERNANCE PILLARS

Key Risk Mitigators

- Business Principles
- CG Philosophies
- Code of Conduct
- Strategic Planning
- CSR & ESG Initiatives
- Internal Control System
- Business Continuity Plan
- Risk Management
- Company Policies
- All Regulations

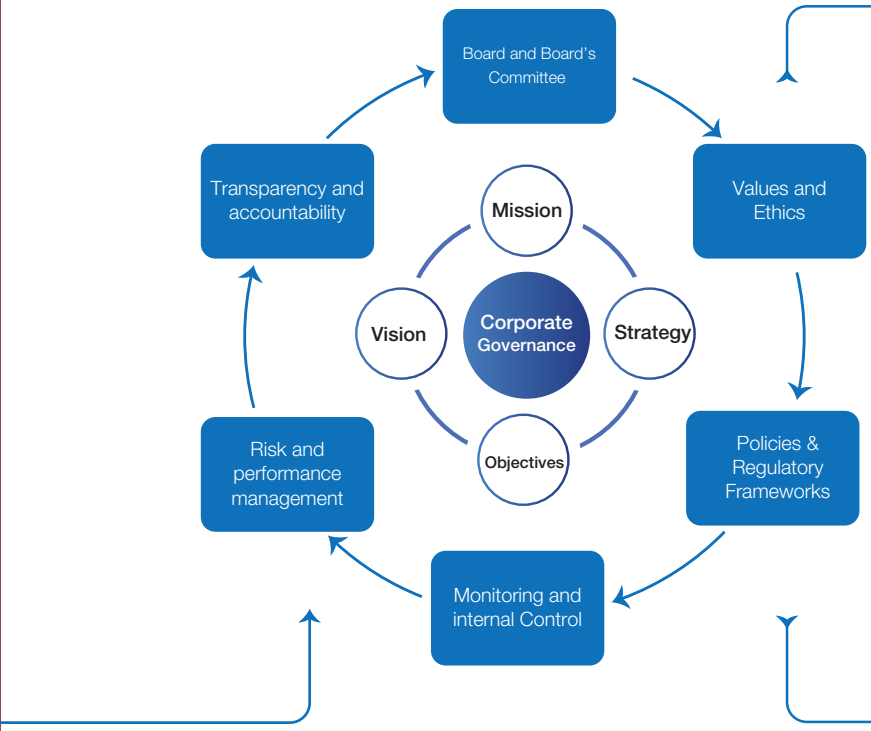
Strategic Risk	Operational Risk
Compliance and Governance Risk	Environment Risk

Value creation objectives upheld	References of Corporate Governance framework
Ensuring long-term growth and sustainable standing	RAL's vision, Mission and Values
	Board of Directors
	Audit Committee
	Internal Control and Risk Management
	Environmental and Social Obligation
Ensuring engaged and informed shareholders	Communication and relationship with Shareholders
	Relationship with Investors

Developing an engaged, agile and innovative talent pool

Ensuring engaged and informed shareholders

SIX CORE AREAS OF CORPORATE GOVERNANCE STRATEGY



OUTCOMES

Company Performance
- Return on Assets (RoA)a
- Earnings Per Share
- Shareholders' Reserve

Cost & Expenses Control
- Cost of Goods Sold
- Overhead
- Wastage

Efficiency Drive
- Raw material
  Finished Goods
- Employees Performance
- Machine Output

Capacity Improvement
- R & D
- Sustain Market Demand

Credit Risk	Liquidity Risk	Interest Rate Risk
Social Risk	Market Risk	Technology Risk

Value creation objectives upheld	References of Corporate Governance framework
Developing an engaged, agiled and innovative talent pool	Human Capital
	Board of directors
	Audit Committee
	Internal Control and Risk Management
	Environmental and Social Obligation
Ensuring engaged and informed shareholders	Communication and relationship with Shareholders
	Relationship with Investors

2.1 Corporate governance Framework

RAL's corporate governance framework has been developed and enhanced based on the basic principles and best practices outlined in the following guidelines:

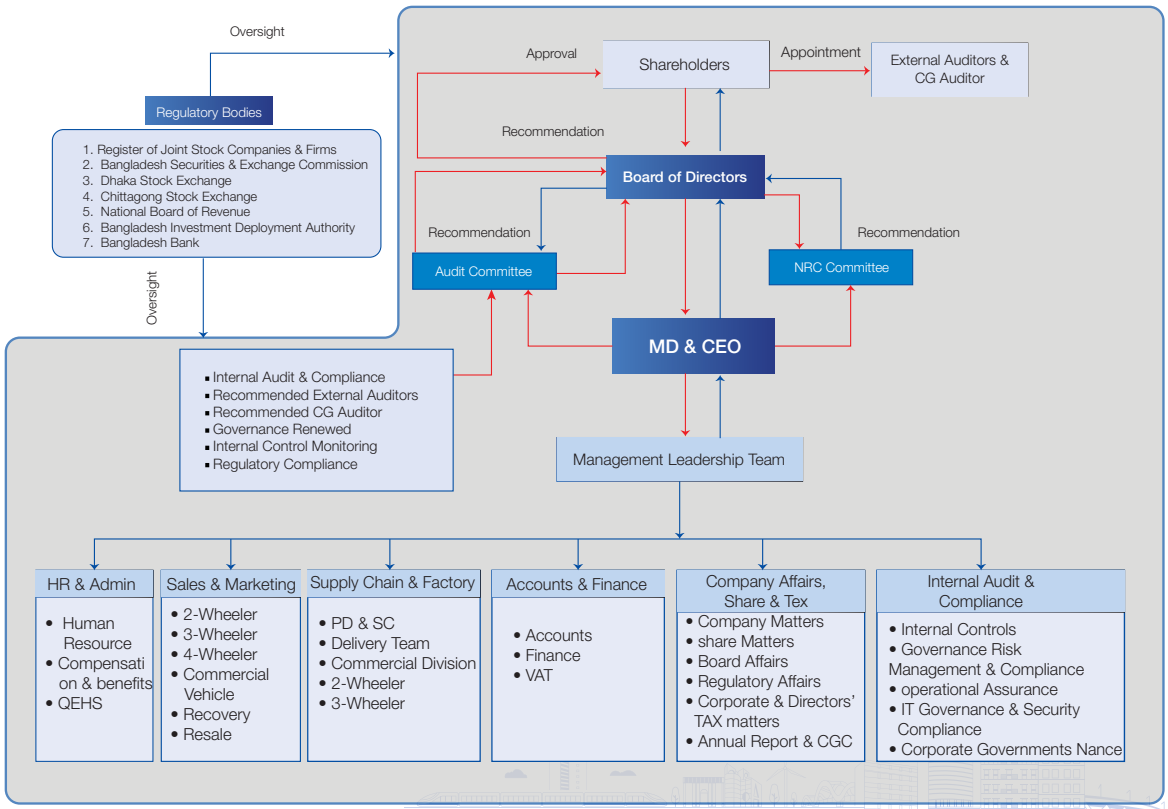
- Codes of corporate governance as outlined by the Bangladesh Securities & Exchange Commission (BSEC);
- The Companies Act, 1994 along with the amendment of the Companies Act dated 26th November 2020 and other applicable corporate regulations of Bangladesh;
- The Memorandum and Articles of Association of the Company;
- Listing Regulation of Dhaka Stock Exchange and Chittagong Stock Exchange Listing Regulations;
- Standard of Business Conduct, policies and guidelines of the Company;
- Statement of Risk Management and internal controls of the Company;
- The Delegation of Authorities of the Company; and
- Local and global best practices.

To achieve the Company's business objectives, our corporate governance framework ensures sustainablebusiness growth that is achieved in a responsible, ethical and accountable manner. To comply with the laws, rules, regulations, CGC, Memorandum & Articles of Association, policies and procedures, the Company continually exercises effective control processes, transparent disclosures, well-defined shareholders' rights and Board commitments.

2.2 Corporate Compliance

Corporate compliance to various laws, rules and regulations is one of the core fundamentals for good governance. Compliance helps build trust among the Board members, shareholders, customers, creditors and other stakeholders, including regulators. Moreover, the Company takes up many tasks for organizing awareness sessions on existing and proposed laws for enforcing compliance throughout the organization. Generally, Runner Automobile strives to remain a fully compliant Company, both in letter and in spirit.

CORPORATE GOVERNANCE STRUCTURE



3.0 Composition of the Board and Committees

The Board of Runner Automobiles considers that its constitution should comprise Directors with an appropriate mix of skill, experience and personal attributes that allow the Directors individually and the Board collectively to discharge their responsibilities and duties under the law efficiently and effectively, understand the business of the Company and assess the performance of the management.

The composition of the Board embraces diversity. The Directors possess a wide range of local and international experience, expertise and specialized skills to assist in decision-making and leading the Company for the benefit of its shareholders

Name of the Director	Status	Audit Committee	Remuneration and Nomination Committee
Mr. Hafizur Rahman Khan	Chairman	-	-
Md. Mozammel Hossain	Vice Chairman	-	Member
Mr. Reazul Haque Chowdhury	MD & CEO	-	-
Mr. Khalid Shahidul Quadir	Director	-	-
Mr. Muallem A Choudhury FCA	Director	-	Member
Mr. Taslim Uddin Ahmed	Director	-	Member
Mr. Mohammad Ali Deen	Director	Member	Member
Mr. Md. Jahurul Alam	Director	Member	-
Dr Muhammad Abdul Mazid	Independent Director	Member	Chairman
Mr. Oliver R. Harms	Independent Director	Chairman	-

3.1 Policy of RAL on appointment of Directors

The Board of Directors of RAL are comprised of-

- Non-Executive Directors - who are promoter or nominated from the senior management of the Sponsor/Directorship holding institutes.
- Non-executive Independent Directors- recommendation received from various sources for highly capable and seasoned professionals, who fulfilled all the required criteria for appointment set by Corporate Governance Code set by BSEC.

3.1.1 Retirement and re-election of Directors

TAs per Company ACT and RAL's Articles of Association, one-third of the Directors, are required to retire from the Board every year in Annual General Meeting (AGM), comprising those who have been in office the longest since their last election. A retiring Director shall be eligible for re-election.

However, as per the governance code of BSEC, independent directors are appointed for a tenure of 3 (three) years with renewal option for another term of 3 (three) years.

Independent directors are appointed by the board and be approved by the shareholders in the AGM. The following non-executive directors will retire from the board in the upcoming 21st AGM:

Mr. Khalid Shahidul Quadir	Director
Mr. Muallem A Choudhury FCA	Director
Mr. Taslim Uddin Ahmed	Director

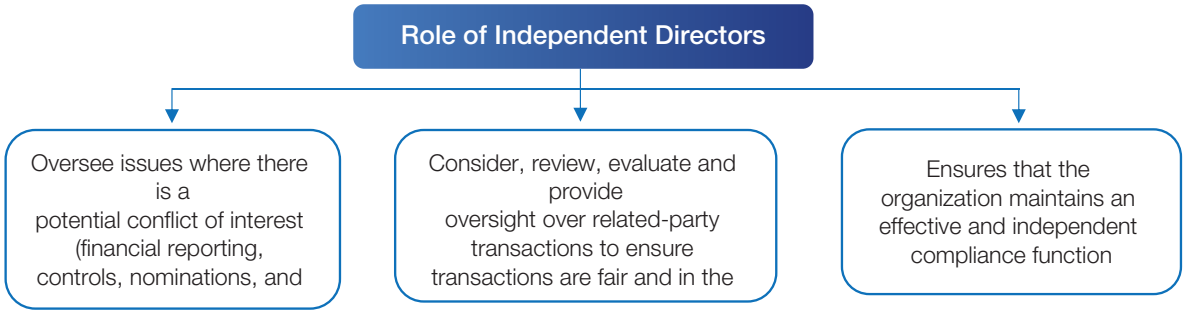
3.2 Ensuring compliance with all regulations from regulatory bodies in terms of composition of the Board by ensuring adequate number of Non-Executive Directors and their independence:

RAL is very much aware of ensuring compliance with all regulations from regulatory bodies in terms of composition of the Board by ensuring adequate number of Non-Executive Directors and their independence.

RAL maintains strict compliance with the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC). The minimum requirement of non-executive directors is maintained as well. The minimum requirement of independent directors set by the revised Corporate Governance Code of BSEC is also met. Directors possess a wide range of skills and experience over an array of professions, businesses and services.

3.2.1 Role of Independent Directors:

Independent Directors bring invaluable independent judgment to the Board. In addition to performing the roles of Directors, the Independent Directors perform other roles as well.



3.3 Independence of non-executive directors from day-to-day operations

All the Non-Executive Directors are nominated by their respective institutions except for the Independent Directors. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensures that the Company's activities are always conducted with adherence to stringent and the highest possible ethical standards and in the best interests of all stakeholders.

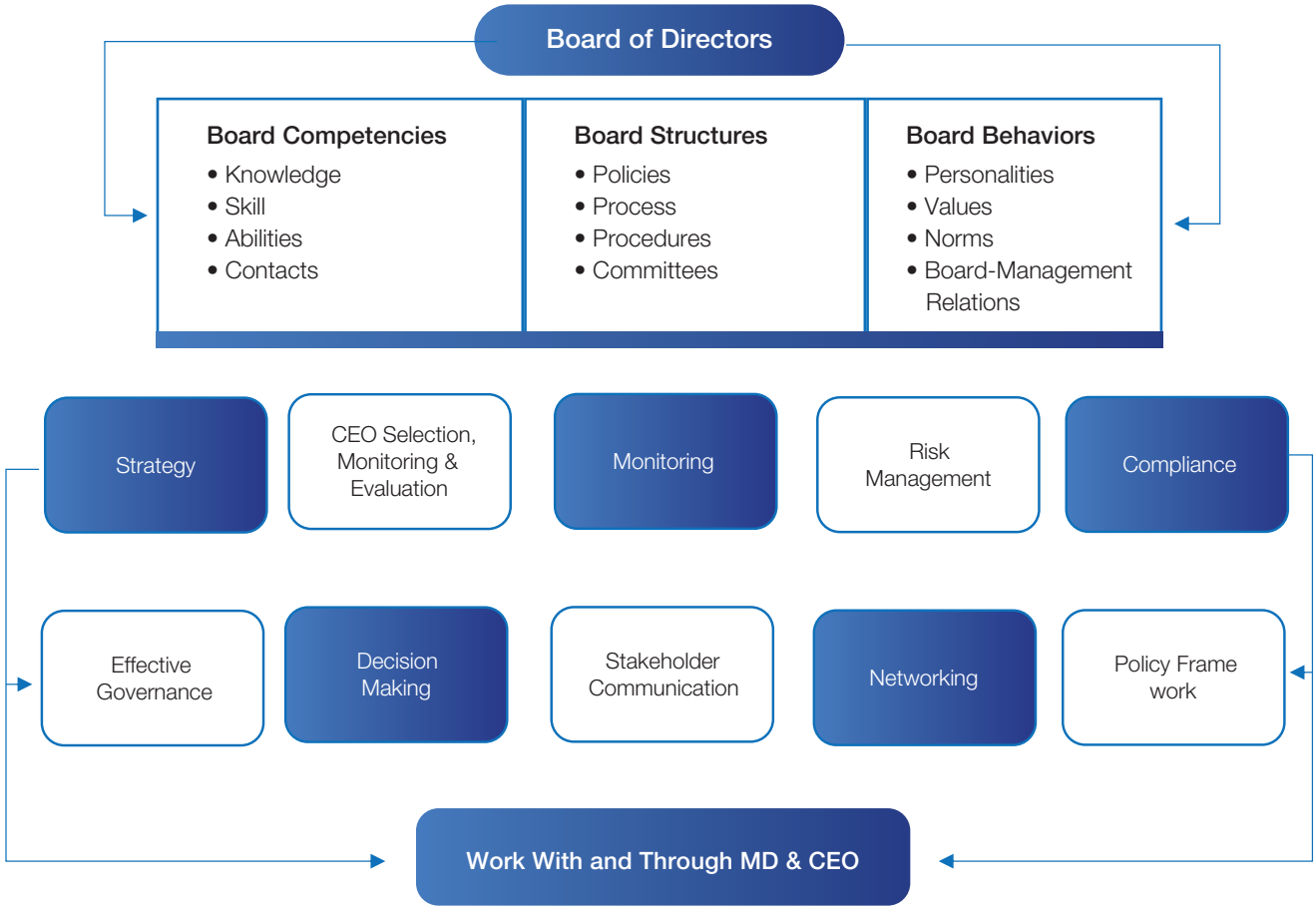
None of the directors of the Board, are involved in the day-to-day operations of the Company; rather, they provide their valuable insights and guidance to the management in the meeting of the Board and its committees

3.4 Diversity of the Board

Our Board comprises of experts from various fields that provide a well-rounded view to the company that helps in effective strategic management and implementation. The following table and diagrams depict the areas of expertise and the composition of the tenure of service of our board members

Role and responsibilities of the Board

The Board is committed to the Company to achieve superior financial performance and long-term prosperity, while meeting stakeholders' expectations of sound corporate governance practices. The Board determines the corporate governance arrangements for the Company. As with all its business activities, the Board is proactive with regards to corporate governance and puts in place those arrangements that it considers in the best interest of the Company and its shareholders and consistent with its responsibilities to other stakeholders. A high performing board works effectively with the CEO & Managing Director to fulfill its roles to induce the best performance for the organization and to deliver the optimum value to its stakeholders. This is illustrated in the model below



The functions of the board may be segregated into four categories as specified below

The board, executive and other functionaries have distinctly demarcated roles in achieving corporate goals, improved performance and enhanced shareholders value. It firmly believes that the success of the Company hinges on the credible corporate governance practices embraced by it. Taking this into consideration, the Board of Directors set out its strategic focus and supervises the business and the related affairs of the Company. The Board also formulates the strategic objectives and policy framework for the Company. In discharging the above responsibilities, the Board caries out the following functions as per the charter of the Board.

Responsibilities Reserved to Board	Stakeholders
• Review of the size and composition of the Board • Appointment of members to board • Review the Board's performance	Director
• Approval of business strategy • Approval and monitoring of major financial and strategic commitments • Determination of capital structure and dividend policy • Approval and monitoring of financial reporting • Oversight of risk management, internal controls and compliance systems • Recommendations regarding external auditors, their terms of appointment and determination of remuneration • Approval of annual budget • Regular review of financial performance • Ensuring adequacy of technology and information systems for effective operations and sustainable competitiveness	Shareholders
• Review of the size and composition of the Board • Appointment of members to board • Review the Board's performance	Customers
• Reinforcement of the corporate culture and core values and ensuring that the Company remains an employer of choice • Review and approval of the CEO and Management performance • Oversight of succession planning for the CEO, Management team and such other Executives as the Board may deem fit	Employee
• Oversight of the management of social, economic and environmental concerns consistent with the injury-free vision Board may deem fit. • Reinforcement of reputation, brand and community relations	Community

3.5 Chairman of the Board

The Chairman of the Board is elected by the directors. The Board considers that the Chairman is independent.

3.6 Roles and Responsibilities of the Chairman

- The Chairman's primary role is to ensure that the Board is effective in its task of setting and implementing the Company's direction and strategy. The Chairman is appointed by the Board. The principal features of the role of the Chairman comprise the following:
- Defined by the Board as per BSEC's notifications on Codes of Corporate Governance.
- The Board functions as per the Memorandum & Articles of Association of the Company, along with other applicable laws which must be ensured by the Chairman.
- The Chairman presides over the meetings of the Board and Company (AGM & EGM) and ensures good corporate governance in the conduct of the Board and the Company.
- Representing the Company (whilst in consultation with the Board and Managing Director), the Chairman maintains liaison with relevant stakeholders representing the Company as a responsible corporate citizen.
- Ensure an effective relationship among Directors, acting as the principal conduit for communication and issues relating to business strategy, planned acquisitions and corporate governance;
- The Chairman may assume any responsibility if the Board assigns it within the purview of the relevant rules, regulations, acts and articles.

3.7 Independent Directors

In compliance with BSEC Codes of Corporate Governance, RAL's Board also includes two Independent Directors who are highly knowledgeable professionals and elite dignitaries of the society. One of them is the former secretary to the Government and the other is the Professor of Accounting and Information System (AIS), University of Dhaka (Qualified Fellow Cost & Management Accountant). The Independent Directors are appointed by the Board of Directors and approved by the shareholders at the annual meeting. The Audit Committee and the Nomination & Remuneration Committee (NRC) of the Company are headed by Independent Directors.

3.8 Managing Director

The Board has appointed a Managing Director (MD) for the Company who is an Executive Director subject to the general supervision of the Board and in terms of the Articles of Association, the Managing Director is in charge of the overall operational control of the Company and is responsible for the day-to-day activities of the Company. He provides strategic direction, lays down basic policy guidelines and ensures implementation of decisions of the Board and its various committees. Thus, the Managing Director functions under the direction, superintendence and control of the Board of Directors of the Company. The Top Management Leadership Team consist of all the functional heads who are reporting to and headed by the Managing Director.

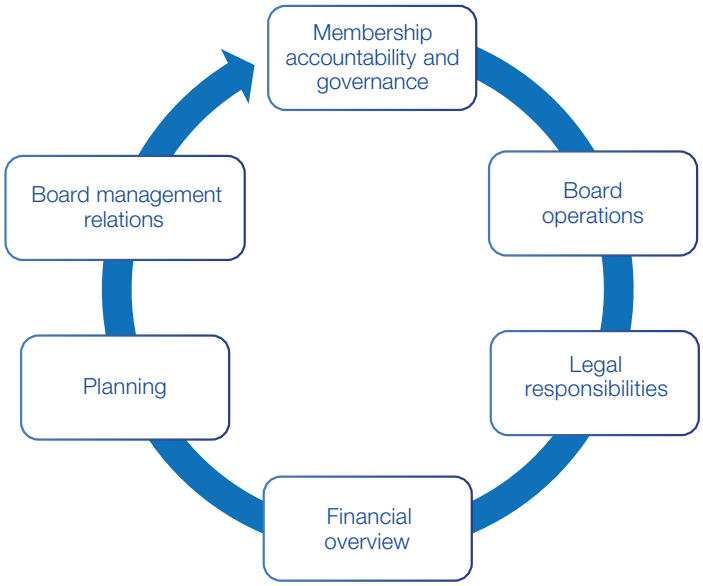
Primary Roles and Responsibilities of the Managing Director

- The Managing Director is responsible for driving business operations, leading the development and execution of the Company's long-term strategies with a view to creating shareholder value.
- The Managing Director's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short-term plans.
- The Managing Director acts as a direct liaison between the Board and the Management of the Company, and communicates to the Board on behalf of the Management.
- The Managing Director also communicates on behalf of the Company to the employees, Government authorities, other stakeholders and the public at large. He also communicates with shareholders and BSEC, along with Stock Exchanges, through the Company Secretary

3.9 Board Performance Evaluation

Appraising a board's performance can clarify the individual and collective roles and responsibilities of its directors, and better knowledge of what is expected of them can help boards become more effective. Any discussion of performance appraisals must necessarily cover two broad areas—the what and the how. In the case of a board, what should be appraised is its ability first to define its responsibilities and establish annual objectives in the context of those general responsibilities, and then its record in achieving those objectives. An appraisal must also look at the resources and capabilities the board needs and has available to perform its job. The how part of board appraisal is, of course, the process the board uses to evaluate its own performance.

The following criteria are considered for the evaluation



3.10 Board Meetings 2020-21

The Companies Act, 1994, requires that the Board shall meet at least once in every three months and minimum four times in a year. The RAL Board, accordingly, met 4 (four) times in 2020-21. The notice of each meeting is served in writing well ahead of the meeting. Such notice contains agenda, being the detailed statement of business to be transacted at each meeting, along with all papers and documents to be deliberated at the meeting. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that may require the attention of the Directors. The Board generally has in-person meetings. However, in view of the prevailing pandemic crisis, all of the Board meetings were also held through the virtual platform during 2020-21. The Board and Board Committee members attendance for the year 2020-21 are as follows:

Directors	Board	Audit Committee	NRC Committee
Mr. Hafizur Rahman Khan	4/4	-	3/3
Md. Mozammel Hossain	4/4	-	4/4
Mr. Reazul Haque Chowdhury	4/4	-	-
Mr. Khalid Shahidul Quadir	4/4	-	-
Mr. Muallem A Choudhury FCA	4/4	-	1/1
Mr. Taslim Uddin Ahmed	4/4	-	4/4
Mr. Mohammad Ali Deen	4/4	4/4	4/4
Md. Jahurul Alam	4/4	4/4	-
Mr. Faruq Ahmed Siddique (Retired)	2/2	1/1	1/1
Mr. Oliver R Harms	4/4	4/4	-
Dr. Muhammad Abdul Mazid	2/2	2/2	3/3

3.11 Board Committees

For better, quicker and more structured flow of information and thereby exercising effective governance, the Board has also constituted two (2) sub-committees, Audit Committee and Nomination & Remuneration Committee and has delegated certain responsibilities to the committees to assist the Board in the discharge of its responsibilities. The role of Board Committees is to review and assess the respective areas and thereon to advise and make recommendations to the Board. Each committee operates in accordance with the respective Terms of Reference (ToR) approved by the Board. The Board reviews the ToR of the committees time to time. The Board also appoints Chairman and members of each committee. As mentioned, the Board Committees are:

- Audit Committee
- Nomination & Remuneration Committee

These committees are responsible for assisting the Board in some of the Board's responsibilities. The committees rigorously follow the Board-approved Terms of Reference (ToR). The ToR elaborates the roles, operating procedures and authorities which are reviewed frequently by the Board.

3.11.1 Audit Committee

As per conditions of the BSEC CGC, the Board has constituted an Audit Committee for the Company. The Audit Committee is one of the prime sub-committees of the Board constituted to assist the Board in discharging its governance responsibilities. In the year 2020-21, the Committee comprised of 2 Independent Director and 2 Non-Executive Directors. The Board has appointed an Independent Director as Chairman of the Committee under the referred guidelines.

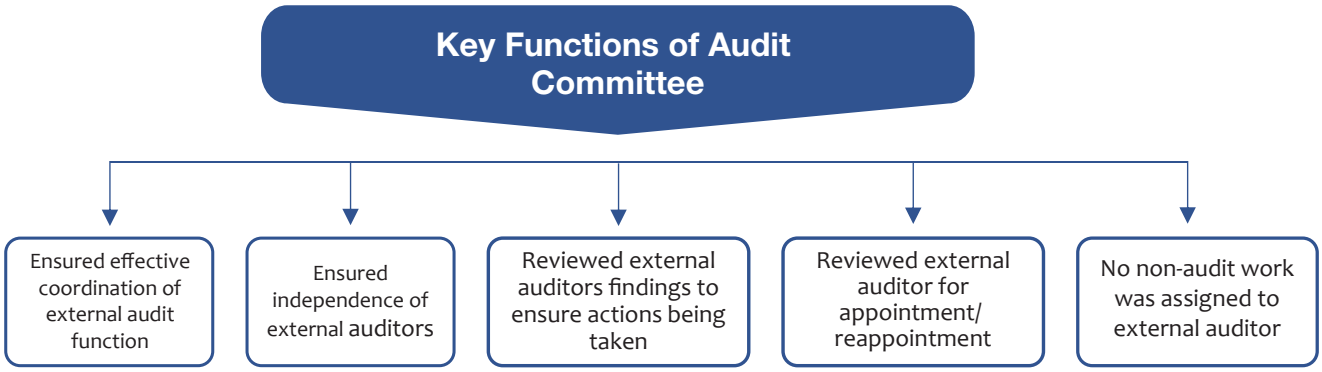
3.11.2 Holding of the Audit Committee meeting during 2020-21

Director	Meeting Attendance	%
Mr. Mohammad Ali Deen	4/4	100%
Mr. Md. Jahurul Alam	4/4	100%
Mr. Faruq Ahmed Siddique (Retired)	1/1	100 %
Mr. Oliver R Harms	4/4	100%
Dr Muhammad Abdul Mazid	2/2	100%

As per its Terms of Reference and the BSEC Corporate Governance Code dated 03 June 2018, the Audit Committee is required to hold at least four (4) meetings in a year. During the year ended 30 June 2021, the Committee held Four (4) meetings. The details of the meetings held and members' attendance in the meetings are disclosed in the Directors' Report.

3.11.3 Responsibilities of the Audit Committee include the following:

- To ensure compliance with accounting policies, standards and principles and monitoring the integrity of the financial reporting process
- To mitigate risks and monitor the internal controls and business risk management process
- To oversee the selection and performance of external auditors, which ensures that the statutory auditors are notinvolved in the Company, which is also restricted under regulatory guidelines
- To monitor and review the effectiveness of the internal audit function
- To engage in other matters as per the terms of reference of the Audit Committee



3.11.4 Reporting of the Audit Committee

The Audit Committee reports directly to the Board of Directors and under certain circumstances, can also report to the BSEC. Reporting to the Board of Directors the Audit Committee shall immediately report to the Board of Directors in the following cases:

- On conflict of interest;
- Suspected and presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities-related laws, rules and regulations and
- Any other matter which should be disclosed to the Board of Directors immediately No such issues arose at RAL during the year ended 30 June 2020-21

3.12 Nomination & Remuneration Committee (NRC)

Directors	Meeting Attendance	%
Mr. Hafizur Rahman Khan	3/3	100%
Md. Mozammel Hossain	4/4	100%
Mr. Muallem A Choudhury FCA	1/1	100%
Mr. Taslim Uddin Ahmed	4/4	100%
Mr. Mohammad Ali Deen	4/4	100%
Mr. Faruq Ahmed Siddique (Retired)	1/1	100%
Dr Muhammad Abdul Mazid	3/3	100%

A Nomination & Remuneration Committee (NRC) has been constituted under regulatory guidelines. The Committee, headed by an Independent Director, makes recommendations to the Board in terms of employment of the members of the Executive Committee, managers and employees and decides their specific remuneration. This Committee met 4 times in 2020-21. The Head of Human Resources attended the meeting of the NRC as invitees, and the Company Secretary performed the functions of the Secretary of the Committee. The overall remuneration policy is designed to ensure that the reward and remuneration packages of the Company remains competitive so that high-quality human resources with proven track record and experience are recruited, motivated and retained.

3.12.1 Succession policy

One of the important tasks of the Nomination & Remuneration Committee is to chart succession planning for top-level executives of the Company. The NRC works with the Board on leadership succession planning to ensure orderly succession for positions in the senior level management. This is required to maintain an appropriate balance of skills and expertise within the Company.

3.12.2 Remuneration policy for top Executives and Directors:

The Nomination & Remuneration Committee (NRC) of the Company is also responsible for formulating a sound policy of remuneration and benefits for the senior-most executives of the Company. The primary objective of the policy is to ensure that reward and compensation for top level executives should constitute an appropriate balance of the two and sufficient to attract, motivate and retain the right employees in the Company so as to deliver sustainable value for shareholders and which is also deemed fit for Runner. Further, executive remunerations apart, the policy also includes the details of each Director to receive a reasonable remuneration for attending every meeting of the Board and Committee that may include travelling expenses to and from and any other allowances per day for the number of meeting days. Such amount should also be determined by shareholders at annual meetings. A further focus on the issue is given later in this statement.

3.13 Appraisal of the Board's performance

Appraisal of the Board's performance is conducted as per regulatory requirements. The outcome of the Board's decisions has always had a positive impact on the Company, reflecting that the Board has performed its duties accordingly.

3.14 Training and Development of the Board

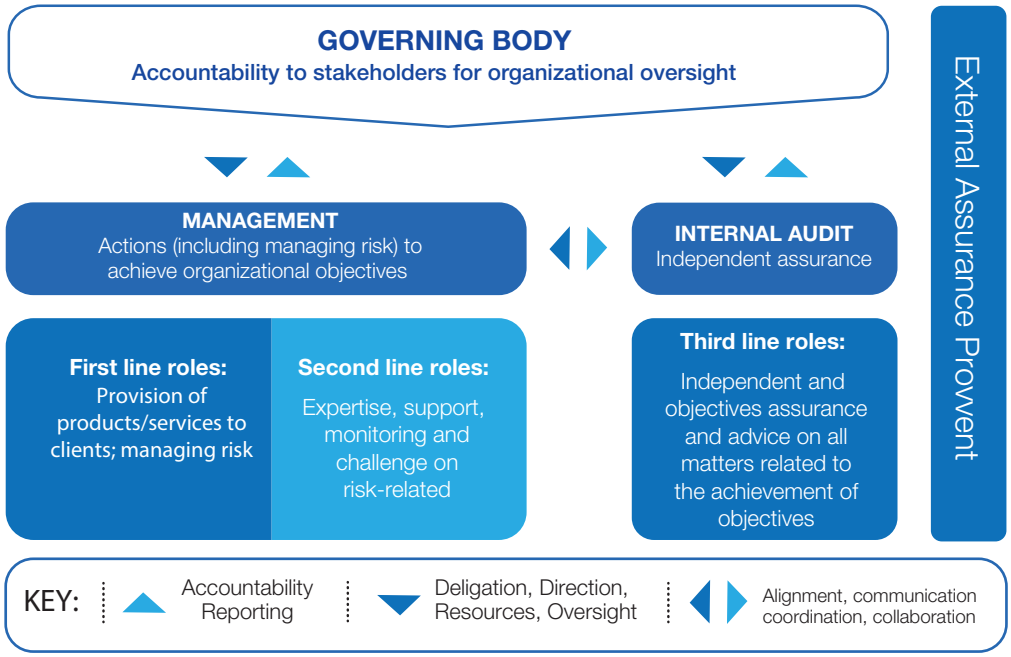
Each and every Directors are expected to make important contributions based on industry knowledge, understanding of the Business model of the company and the key challenges faced by the company. The Chairman ensures that all Directors receive a complete formal induction on joining the Board which includes:

- A detailed overview of the company and its subsidiaries, its strategies, operational structure and core business activities,
- General and statutory duties and responsibilities of a director;
- Detailed induction program on risk profile and risk appetite of the Company;
- Directors are provided with the Code of Conduct for the Board members on general aspects of their Directorship and industry-specific matters.
- In case of any new rules, regulations or changes in existing regulations the Board is immediately informed of.
- In order to assist them, the Board is always kept updated on any development and changes in the business environ ment, risk and industry outlook.

3.15 Effective Internal Control Processes

The Board disseminates responsibilities for ensuring effective control processes in the organization through the Board committees and also a top Management Leadership Team that plays a significant role in managing the business as per the norms of corporate governance, while also ensuring that adequate internal controls are in place and supported through a robust risk management framework. The Company's internal control assurance framework, which is designed along the "3 lines of defense" model, is outlined below

The IIA's three Line Model

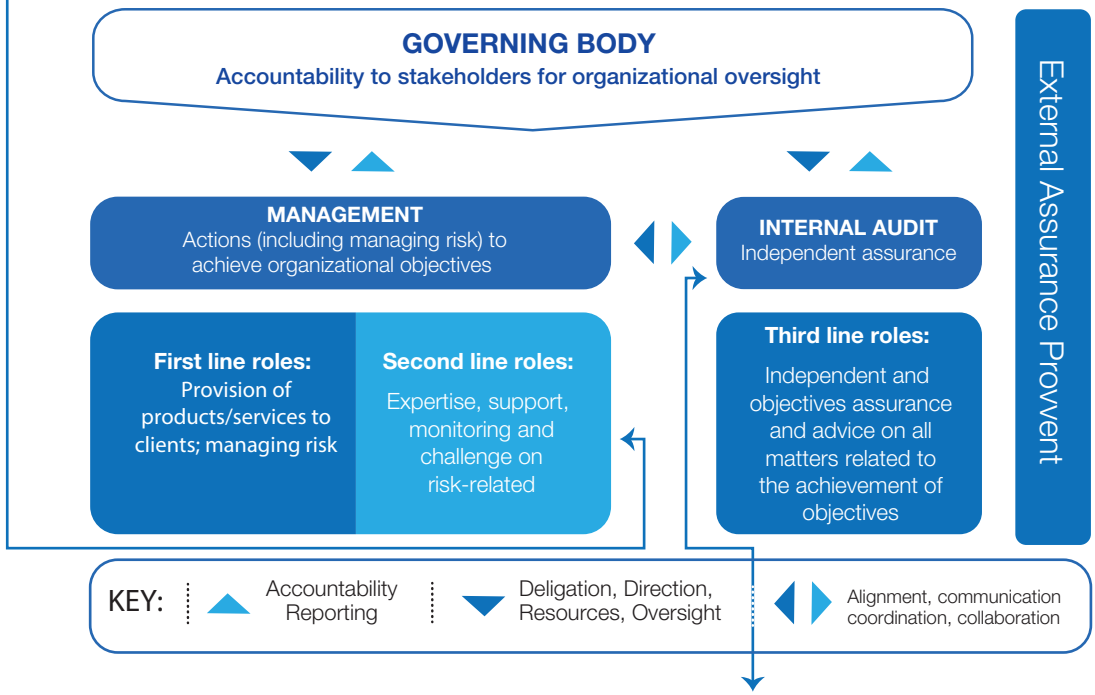


Internal Control Assurance Framework

1st Line Defense		
TEAM	**Control Operating System**	
All Business Units	Delegation of Authority	Record Management & Data Protection Policy
	Sales & Distribution Guidline	Treasury Policy
	Credit Management Policy	Recruitment Policy
	Procurement Policy	Performance Management Policy
	Stock Management & Inventory Policy	Leave & Attendance Policy
	Quality Control Protocol	It General Control
	Distributor Manual	EHS Policy
	Raw Materials Supply Manual	Agreement Policy
	Fixed Asset Policy	Office Security Policy

2ND LINE OF DEFENSE		
Team	Assessment Tools	Frequency
• Centre of excellence • Business Control Team • Compliance • Enviroment, Health & Safety • IDT Security • Security	Risk Management Committe (RMC)	Biannually
	Compliance	AC Approved
	Standard of Business Conduct (SoBC)	Annually
	Immediately Reportable Incidence	Ad-hoc
	Speak Up	Ad-hoc
	Business Partner Reviews	Per Plan

The IIA's three Line Model



3RD LINE OF DEFENSE		
Team	Assessment Tools	Frequency
• Internal Audit	International Audit	Per Global Audit Plan & AC Approval
	Local Audit	AC Approved

4.0 Leadership Team

The Board is duly assisted by the respective functional heads of the Company, i.e. the Leadership Team. The Managing Director leads the Leadership Team. The Leadership Team drives the responsibility of policies and decision implementation of the Board, along with the supervision of operations and development and coordination and execution of corporate business strategies. The Leadership Team engages in a monthly meeting regarding the execution of the Company's strategy and ensures daily operational alignment with the corporate plans. The respective Leadership Team gets invitation to the Board meetings based on the

relevant information or update required by the Board. For details of each Leadership Team member, please see the Leadership Team Profile in this Annual Report

5.0 CS, CFO & HIAC

The key roles and responsibility of Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit & Compliance (HIAC) are highlighted below:

COMPANY SECRETARY (CS)	CHIEF FINANCIAL OFFICER (CFO)	HEAD OF INTERNAL AUDIT & COMPLIANCE (HIAC)
1. Maintain the necessary liaison with the relevant offices of the Government, regulatory authorities and other stakeholders on matters of corporate interest in a transparent manner and act as a bridge between the Board, management and shareholders to facilitate good governance in the Company; 2. Drive policy compliance awareness among Company employees; 3. Perform the duties as per the Power of Attorney of the Company and liaison with external regulators, auditors, lawyers and other relevant authorities for court affairs; 4. Compliance with acts, rules, regul tions, notifications, guidelines, orders/-directives, etc., as issued by the BSEC or Stock Exchange(s) applicable to the conduct of business activities of the Company; 5. Disclosure of the Company's Price Sensitive Information (PSI) and other capital market related issues; 6. Prepare the Company's Annual Report, holding, managing and administering Board and Committee meetings and annual meetings of shareholders; 7. Monitor changes in relevantlegislations and the regulatoryenvironment, and taking appropriate actions;	1. Oversee the overall financial management of the Company; 2. Ensure overall accuracy of budgetary and financial control system and to monitor the performance of the Company, its flow of funds and adherence to the budget; 3. Ensure proper tax management and compliance systems; 4. Ensure national regulatory compliances as well as International Accounting Standards and Bangladesh Accounting Standards and responding to the ever-increasing regulatory developments, including financial reporting, capital requirements, and corporate responsibility; 5. Actively participating in planning and policy-making and fixing business strat gies, including long-term business plans; 6. Liaise with the External Auditor and oversee the audit procedure; 7. Prepare statutory Annual Report and circulate to stakeholders within the specified timeframe; 8. Trigger and promote timely changes in the financial aspects of the Company with a view to facilitating various business improvement initiatives, like cost reduction, procurement	1. Prepare annual audit plans based on the results of risk analysis; 2. Prepare audit programs and approaches that meet the objectives of audit that complies with internal control design and testing; 3. Ensure that a proper internal control system is in place for smooth operations of the Company; 4. Check compliance with internal and external regulations; 5. Coordinate the analysis of risk in different areas of predations; 6. Prepare draft audit report and conduct exit meetings to obtain management concurrence and responses; 7. Prepare final audit reports and circulate the report to the Board and auditor; 8. Conduct special investigation on any allegation of fraud or forgery noticed by the management; 9. Perform other duties and special assignment as assigned by the Managing Director or Audit Committee; 10. Establish an internal accountability and assurance framework, including how internal audit works with other providers of assurance

8. Filing statutory returns to regulatory bodies, such as RJSC, Bangladesh Securities & Exchange Commission (BSEC), Stock Exchanges and Central Depository System, etc.; 9. Engagement with stakeholders for public affairs of the Company; 10. Ensure that appropriate Board procedures are followed, as per Bangladesh Secretarial Standards (BSS), as adopted by ICSB and other guidelines and best practices and advise to the Board on such matters	processes, pricing processes and others; 9. Act as a steward by protecting vital Company assets, complying with financial regulations, maintaining the books correctly and communicating risk and rewards with Board members and investors; 10. CFO acts as a strategist, influencing the Company's future direction and providing financial leadership and alignment of finances with the business to facilitate sustainable business planning and corporate growth	11. Develop annually a risk-based internal audit plan for Audit Committee's review and approval; 12. Provide technical assistance with investigations and special audits and provide subject matter expertise as needed; 13. Identify loopholes and recommend risk aversion measures and cost savings; 14. Maintain a comprehensive system for recording all audit plans, work papers, findings, reports and follow-up audits; 15. Recommend revisions and/or additions to policies and procedures in order to improve operations as well as internal controls.

6.0 Financial Reporting Process

The pillar of a successful information structure for an organization is its financial reporting system. RAL possesses a robust financial reporting procedure, with all financial statements made in accordance with International/Bangladesh Financial Reporting Standards (IFRS/BFRS), the Companies Act, 1994, the Securities and Exchange Rules, 1987, and other applicable financial legislations. It is from the financial reports of enterprise resource planning (ERP) and other integrated system that the financial data is captured. The financial statements are reviewed by the CFO, CEO and Audit Committee on a regular basis.

External Auditors examine the financial reports in accordance with local financial reporting policies and Company procedures. Upon completion of internal scrutiny, financial reports are placed before the Board for final review and approval.

7.0 Internal Control Process

It is at the Board and Management levels that the Company's internal control system gets designed for providing reasonable assurance regarding the achievement of the Company's objectives in respect of effectiveness and efficiency of operations, reliability (Completeness and timeliness) of financial reporting and management information and compliance with applicable laws, regulations and Company policies. The statement of Internal Control further elaborates the internal control processes. Some of the key policies and guidelines that govern the internal control process of the Company include:

a) Standards of Business Conduct

b) Procurement Policy and Guidelines

c) IT Security Policy

d) Finance Policy and Guidelines

e) International Marketing Standards

f) Records Management Policy

g) Agreement Policy

h) Employment Policy & Principles

8.0 Risk Management Committee (RMC)

Risk management is firmly rooted in the Company's management system as the Company firmly trusts that risk management is critical for the Company's sustainability and the enhancement of shareholders' value. The Risk Management Committee consisting of select cross-functional managers, including the internal auditor, who drive effective risk management at the Company. The RMC reviews the business twice a year, and ensures that plans and actions are implemented to mitigate risks. Risk controllers periodically review the departmental risks and reports to the RMC. The Committee endorses key risks of the Company, which are further ratified by the Audit Committee. In order to ensure effective risk management within the

Company, the RMC is responsible for reviewing risks and ensuring effectiveness of the risk management process. The Company maintains a risk register where all the associated risks as well as action plans are recorded.

9.0 Human Capital

The core strength of the Company comprises of its people. Thus, a group of motivated talented employees are the principal asset of the Company. The Company works extensively to provide a unique, diversified culture, which includes performance-based rewards, respect and a growing scope of opportunities for showcasing their talent. For ensuring long-term sustainability, the Company stresses on skill and merit-based recruitment and selection process with competitive remuner tion package, sufficient training and capacity development programs, career growth with succession planning, high-performance culture and satisfying workplace environment, where employees are able to escalate their grievances and also receive counseling.

9.1 Recruitment and Selection

The quality of the talent and talent development are top priorities of the Company. Recruitment and selection are an integral part of such best practices. RAL's recruitment strategy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in the near future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. We are proud to state that favorable job responsibilities are increasingly attracting greater participation from different level of employees in the Runner family. We aim to foster a sense of pride in working for Runner and to be the employer of choice.Further, the Company also offers a wide array of interactive and engaging assessments, assisting in the identification and selection of the most talented applicants through a rigorous multi-layered recruitment process.

9.2 Learning & Development

The Company focuses on providing extensive training to its employees and also offers several opportunities for sustained talent development. The need for work life balance is well-recognized by the Company. Hence, various trainings are provided, including programs targeting appropriate employees at regular intervals. The organization also has a well-equipped technical training center for conducting comprehensive technical trainings.

9.3 Compensation & Benefits

The recruitment strategy of the Company is based on attracting and retaining the most suitable people at all levels of the business. The Company's remuneration policies are competitive and, as such, developed embedding individual qualifications, skills, performance, contribution and responsibility, thereby ensuring a robust differentiation among other companies.

9.4 Rewards and Recognition Program

The Company's rewards and recognition program takes cognizance of employee performance, action, behavior and consistency of efforts. It is based on these criteria that RAL has a competent rewards and recognition program. Short-term business results generating value for the business are rewarded through annual incentive schemes. A reward is also presented for the collective achievement of defined corporate results, to which the individual has made contributions. RAL employs a range of non-cash as well as monetary forms of reward through its various recognition and incentive schemes.

9.5 Ensuring a Sound Workplace

Our people have always been the core strength of the Company. The Company invests time and resources to ensure an amicable and suitable work environment. All employees (both office and factory) must respect the environment. A zero-tolerance policy is maintained across the Company against any sort of discrimination. Further, all employees, irrespective of their gender, are presented with equal opportunities in the spirit of meritocracy, and not subjected to any deprivation of work opportunities. The company nurturing a culture that gradually moving forward the company toward a most Female Friendly Organization.

10.0 Statutory Audit

On the basis of the Audit Committee's suggestion, the Board endorses the appointment of an Auditor upon shareholders' approval at the Annual General Meeting. Appointment of the Statutory Auditor is regulated by the Companies Act, 1994, Securities & Exchange Rules, 1987, and the BSEC Codes of Governance, 2018. Shareholders not only approve th appointment of the Statutory Auditor, but also fix the remuneration of

the Auditor. As per BSEC order, a Statutory Auditor cannot remain in office for more than three consecutive years. RAL maintains thorough independence of the Statutory Auditor. Prior to submission of the financial statements to the Board for approval, the Audit Committee meets with the Statutory Auditor to ensure the independence of the Statutory Auditor.

Further, to ensure adequate regulatory compliance, a Compliance Certificate is obtained from a licensed practicing professional who certify on the basis of his audit that the Company has duly complied with all the regulatory requirements, as stipulated in the CGC of Bangladesh Securities and Exchange Commission (BSEC). Such report is presented to the shareholders and forms a part of the Annual Report of the Company. The appointment of the Compliance Auditor is also subject to approval of shareholders at the Annual General Meeting.

11.0 Transparent Disclosure

Financial statements are prepared in accordance with the various applicable laws and regulations, which include:

- International Accounting Standards (IAS) accepted by ICAB
- International/Bangladesh Financial Reporting Standards (IFRS/BFRS)
- Companies Act, 1994
- Securities and Exchange Rules, 1987
- BSEC directives time to time

The management is responsible for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. Accounting estimates are made, which are rational as per circumstances with use of correct accounting policies and interpretations. The reports are then reviewed accordingly by respective authorities on a regular basis

The external auditor attends the Audit Committee meetings to review the quarterly financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Company policies. The Board reviews the financial statements of the Company at the end of every quarter. The quarterly financial statements, along with notes, are published in two leading daily newspapers, as well as on the Company's website. Further, half yearly and annual financial statements arealso sent to all shareholders in a timely manner. Directors prepare the Directors' Report, which is an essential part of the Annual Report as it discloses the financial performance as well as non-financial information regarding the Company's growth, productivity, responsibilities and other information, in compliance with BSEC notification. The Company also abides by the applicable regulations in respect to Price Sensitive Information (PSI).

12.0 Well-defined Shareholders' Rights

For managing successful and productive relationships with shareholders, it is imperative to reinforce the mportance of maintaining trust, transparency and accountability. The Board ensures, through the Company Secretary, that shareholders of the Company are treated justly, fairly and honorably and their rights are protected in all circumstances. The Company Secretary is the bridge of communication between shareholders and the Board of Directors of the Company, delivering assured services to valued shareholders, while confirming as per applicable laws and Articles of Association of the Company the well-defined rights of shareholders. Shareholders are informed on all material developments/matters in a routine manner on all major issues and changes in business, catering to the continuous requirement of disclosures so that shareholders can make informed decisions.

13.0 Board Commitments

Runner Automobiles Ltd. (RAL) is enlisted on both the Dhaka and Chittagong Stock Exchanges. In 2020-21, the Company contributed the sum of BDT 1,192 million to the National Exchequer. RAL has always cherished and shall continue to value its treasured relationship with the Government of Bangladesh, esteemed shareholders and other stakeholders of the Company by practicing the highest standards of ethics and corporate governance.

14.0 Summary

In conclusion, it must be stated that Runner Automobiles Ltd (RAL) holds the view that effective corporate governance is a continuous process that has been embedded as an integral part of the Company, enabling it to attain its goals and objectives over the short, medium and long-term. Being a fully compliant entity, the Company upholds the spirit of transparency and accountability to the society through the establishment of an effective governance regime. Hence, the Company drives best practices in governance across all functions, helping steward the business professionally, effectively, responsibly, transparently, ethically and in a regulatory-compliant way. Overall, at Runner, we uphold our commitment to good corporate governance and pledge to continue to work in meeting the best interests of our shareholders and all other stakeholders.

DIRECTORS' REPORT TO SHAREHOLDERS

Esteemed shareholders,

The Board of Directors of Runner Automobiles Limited take privilege and pleasure in presenting to you the performance of your Company for the financial year ended 30 June 2021 (FY2020-21), together with the Auditor's Report, Audited Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity, for your valued consideration.

Industry trends and outlook – Recovery on the horizon

Bangladesh's automotive industry is closely linked to the nation's economy, and a higher rate of GDP expansion over the past few years pre-Covid have buoyed the sector, reflected in 5,44,737 2-wheelers (2W) registered with the Bangladesh Road Transport Authority (BRTA) in 2021. The country has witnessed demand increase in 3-wheelers (3W) as well, despite regulations around route permit control and vehicle registrations.

These growth patterns can be attributed to growing disposable incomes driven by rising aspirations, attractive financing options driving affordability and accessibility, improvement in urban-rural infrastructure, major traffic congestions propelling preference for 2W, and a burgeoning shared ride sector. In addition, while the industry has more or less achieved product standardization, especially in the lower engine displacement categories, customer engagement and post-sales service continue to be an important factor influencing decision-making.

A domestic market that has been on the growth path has attracted the attention of global automobile multinationals in Bangladesh, with the result that the country's 2W industry has been mostly dominated by imported brands, primarily from India and China. However, following Runner's footsteps, major 2W brands like Honda, Bajaj, TVS, Suzuki and Yamaha, etc., have recently commenced assembling and progressive manufacturing operations in Bangladesh. This has also spawned a growing domestic auto parts industry, with thrust on indigenization and value-addition.

Impacted by the Covid-19 pandemic, Bangladesh's automobile industry experienced a difficult year in FY2020-21. The challenges were aggravated by the imposition of certain regulations in the Road Transport Act. Yet, the industry gradually achieved recovery with positive growth movement witnessed during the year. The outcome was that the national motorcycle market increased by 19% during the year, with sales amplifying in the second half of the year. These trends are similar to global trends, with the global 2W market exhibiting a growth of 6.87% in 2021. Sales could have trended higher if not for the Covid-19 pandemic-triggered shutdowns and mobility control restrictions that curtailed demand to some extent. Furthermore, pressure on discretionary income and postponement of purchase decisions by price-pressured customers also played a role in capping industry sales during the year.

RAL's 3W business faced a mild decline of 4% in FY2020-21, whereas the industry witnessed a significant 23% de-growth during the year. While this is primarily attributed to the closure of schools and universities, fear perception of catching the virus in a closed environment also drove preference for other more open modes of transport, like cycle rickshaws. Furthermore, the commercial vehicles (CVs) market also suffered a decline of 6%, with the 3-year sales CAGR up to FY2020-21 in the negative territory of 13% due to the slowdown in commercial activities during the peak of the pandemic and also restricted appetite for lease finance. In spite of this, Runner Motors Limited, Runner Automobiles' subsidiary, secured a respectable 9% growth in sales in its operating segment during the year under report.

However, structural long-term drivers continue to remain in place that harbor hope of accelerated sales recovery. For one, reopening of the economy post lockdowns will drive pent-up demand, while gradual reopening of schools and colleges as

the threat of the virus recedes will provide an impetus to the 3W industry. Besides, rising per capita income and growing proportion of disposable income will channel these funds into 2W ownership. The industry is also playing its part in accelerating demand by offering attractive financing schemes, discounts and other consumer programs.

Interestingly, demographic transformation is being reflected in changing market dynamics, with market preference shifting to motorcycles with higher engine displacement, as consumers of this category are less vulnerable to the economic impacts of the pandemic. Concurrently, the reverse is playing out in the lower engine displacement product categories (sub-100 cc) on account of the acute impact of Covid-19 on these buyers. It is expected that this segment of the market, just like elsewhere in the world, will recover more slowly and progressively give way to higher cc motorcycles and hence enable the industry to improve margins on the back of product premiumization.

On the commercial vehicles front, it is expected that industry and consumer demand recovery will get the market back on track, especially with the e-commerce sector gaining a firmer hold, thus driving demand for cross-country transportation of goods and other products, which will enhance fleet utilization. In addition, a low interest rate environment has also created fertile ground for new asset acquisition.

About Runner Automobiles – Regaining strength for all-round business excellence

Overview

At Runner Automobiles, we are Bangladesh's pioneering manufacturer, assembler and exporter of 2-wheelers (2W) with a robust brand portfolio straddling across all product categories. Our brands have been at the vanguard of safety, performance and innovation, thus enabling us to redefine personal mobility solutions for all.

Our purpose is to drive prosperity through offering modern, reliable and cost-efficient transportation solutions. Thus, in order to meet our purpose, we continuously develop our products and services to enhance value for our customers, promote the well-being and safety of our users and support the welfare of our societies.

As a Company rooted in Bangladesh's soil, we believe in indigenization and local capacity development for value retention and accretion within the country. Thus, since the inception of our homegrown manufacturing operations, we have been proactive in the development of an auto parts vendor ecosystem. Resultantly, local vendors have been developed for the supply of many critical components, including motorcycle chains, seats, plastic items, etc.

Thus, with a single-minded pursuit of providing the best and most affordable mobility solutions for all, Runner Automobiles has invested continually in manufacturing technology, quality controls, portfolio enhancement, research and innovation, and distribution and service network expansion over the last two decades to create robust competitive differentiation.

Key businesses

We manufacture our 2-wheeler products in an integrated, state-of-the-art manufacturing facility spread across an expansive 38 acres in Bhaluka, Mymensingh, with an annual capacity of around 100,000 units a year. As a household brand with indisputable market leadership in the sub-100 cc motorcycle segment, Runner has the largest portfolio offering, thus catering to the needs, budgets and expectations of all segments of customers in the country. In addition, Runner is the only Company in the industry in Bangladesh to manufacture and export higher engine displacement motorcycles (500 cc), thus living up to its unique brand moniker of 'Bangladeshi by Birth', while also enhancing the country's global recognition in the light engineering industry. Today, Runner Automobiles is the only Bangladeshi automobile manufacturing Company exporting made-in-Bangladesh motorcycles. With this, the Runner brand has achieved robust brand recall in Nepal, despite competing with major international brands in that country.

While Runner 2W comprises our primary product, we are also engaged in the exclusive assembling and distribution of global brands in Bangladesh, such as Vespa, Aprilia and UM. This portfolio of international brands complements our overall product

repertoire and enables us to offer our customers with a differentiated experience as well as the convenience of a one-stop-shop.

As part of our 3W business, Runner Automobiles is also engaged in the distribution of world-renowned Bajaj 3W models, including Bajaj RE LPG, Diesel, Maxima Passenger and Cargo vehicles in Bangladesh. Attesting to the Company's efforts in building the business from scratch in the country, coupled with its robust distribution setup, it has been able to command a 26% share of the organized 3W market of Bangladesh in just over 2 years. This also reflects the future potential of the business, especially with the Company launching major plans to set up own manufacturing of all Bajaj CNG and LPG 3W at its Bhaluka facility. This milestone initiative in Bangladesh's automobile industry is not only expected to enable the nation to achieve self-reliance in 3W manufacturing, but also facilitate partial import substitution and preservation of precious forex reserves. The greenfield plant is expected to become operational by the first-half of 2022.

As a Company operating in the fast-moving consumer-centric goods industry, it has consistently invested in its distribution network, with the result that today this network is spread in virtually all corners of Bangladesh, thus ensuring easy accessibility for customers. Further, the Company has also concertedly worked towards building stronger relationships with its network partner ecosystem through extending every kind of business support, hence developing a conducive environment for sales momentum. Besides, in areas of under-penetration we regularly organize roadshows to foster brand awareness and visibility, while creating sales opportunity for proximate network partners. Currently, RAL has 89+ active dealers and 199+ sales centers operated by a trained dealer staff, along with 55 own showrooms spread across Bangladesh. The Company also has 60 dealers selling 5 models of its three-wheelers along with exclusive display centers as well, which has been foundational for business growth.

Supporting the operations is an employee count of 1,153 members, whose skills, professionalism, hard work and commitment have been instrumental in the Company's success over the years.

Business performance – Encouraging progress achieved in a challenging environment

Runner Automobiles achieved a 12% growth in revenues in FY 2020-21 on the back of a 14% growth in volumes. The economic impact of the virus was most pronounced on low-income and lower middle-class households who rely majorly on 80cc and 100cc motorcycles for their daily commute and transportation of light goods. Since we have a major presence in this category of the market with exposure to this segment of the population, our performance was significantly impacted. While sales of our 80cc segment increased by 27%, our 100cc motorcycle category faced a steep decline of 25% during the year. This segment contributes a large part to the overall business of the Company. Furthermore, sales and marketing are critical to drive demand and with Covid-related restrictions, these also got impacted, thus curtailing our trade and customer programs.

The Company's turnover for the year ended 30th June 2021 stood at Tk. 3,795 million, against Tk. 3,395 million recorded in the previous year, representing a respectable growth of 12%. On the cost front, cost of goods sold (COGS) for the financial year 2020-21 stood at Tk. 2,818 million, comprising an increase of 12% over the previous year on account of deceleration in the overall business and effectiveness of our cost optimization initiatives. Gross profit margin as a percentage of revenue remained flat at the same levels as the previous year.

Profit after tax (PAT) stood at Tk. 122 million, vs. Tk. 70 million in the previous year, comprising a growth of 75.7%. Thus, increase in net profit also had a positive impact on the net profit margin, which stood at 3% for the year. Earnings per share (EPS) stood at Tk. 1.08, against Tk. 0.61 in the previous year.

With the Company implementing a number of forward-looking initiatives and programs, including in the realm of digital marketing and sales, cost optimization, launch of new models in the higher engine displacement segment, and expansion and consolidation of the sales network, it has thus created a more robust foundation for pick up in momentum in the post Covid-19 era.

Cost of goods sold and profit margin

The overall cost of goods sold increased during the year, mainly due to lower production, higher product ang fright cost and Covid-19-specific expenses incurred to abide by the health guidelines recommended by the government to ensure sustained production. However, despite the increase in cost of goods sold by 12%, the Company managed to enhance year-on-year gross profit by 11%, adopting numerous efficiency measures and cost savings initiatives across various facets of the business.

Utilization of proceeds raised through IPO

The Company raised Tk. 1,000 million from the primary market through an IPO (Initial Public Offering) and, as mentioned in the prospectus, it has committed to invest the fund for enhancing the business, for loan payments and as equity collection cost. The IPO proceeds have been fairly utilized in line with the conditions of the commissions consent letter. As of the reporting date, the Company has utilized committed expenditure of loan payment of Tk. 330 million and IPO issue expenses of Tk. 40 million.

The Company has altered the IPO proceeds utilization strategy from 2W to 3W project and received approval from the respective regulatory authorities. On account of the pandemic, foreign supplier selection and local construction work of our 3W manufacturing project has been delayed. Thus, it is expected that the project may not be completed within the scheduled time period, which is February 2022. In such a case, RAL will apply to the authorities, seeking an extension of the IPO utilization schedule by a few more months. Till date, almost all the orders for machineries and infrastructures have been placed regarding the project.

Statement of utilization of IPO proceeds as of 30 June 2021:

Sl No	Mode of use as per prospectus/revised	Amount as per revised utilization plan	Status of Utilization			
			Total utilized amount	Total utilized %	Total unutilized amount	Total unutilized %
1.	Chassis welding line	122	-	0%	122	100%
2.	Body welding line	71	-	0%	71	100%
3.	Paint booth	277	-	0%	277	100%
4.	Vehicle assembly and testing	160	-	0%	160	100%
5.	Repayment of bank loan	330	330	100%	-	0%
6.	IPO expenses (estimated)	40	40	100%	-	0%
	Total	**1,000**	**370**	**37%**	**630**	**63%**

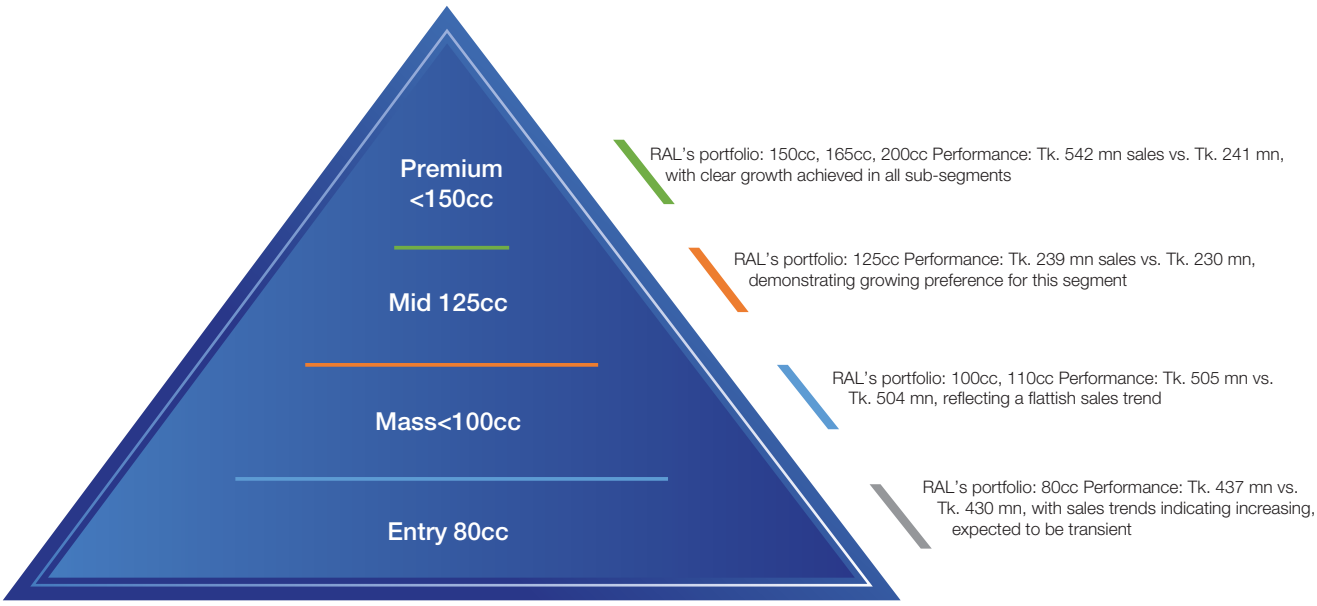
Segment-wise performance

Sales revenues from different segments are appended below:

Amount in Tk. million

Segment particulars	July'20 – June'21	July'19 – June'20
	Sales revenue	Sales revenue
50cc motorcycles	0.082	
80cc motorcycles	437	430
100cc motorcycles	146	232
110cc motorcycles	359	272
125cc motorcycles	239	230
150cc motorcycles	360	241
165cc motorcycles	178	-
200cc motorcycles	4	-
E-EW-Eco	0.38	2
Service and parts	134	92
Three-wheelers	1,937	1,894
Total:	**3,795**	**3,394**

Segment-wise sales breakup pyramid and trends



On a granular segment-wise level, total revenues from two-wheelers increased from Tk. 1,408 million in FY2019-20 to Tk. 1,725 million in FY2020-21, representing a growth of 22.4%. Expansion of revenues also increased the segment's contribution to total revenues from 41% in FY2019-20 to 45% during the year under report. As evident from the sales breakup pyramid, growth in 2W revenues was primarily derived from increased sales of premium category motorcycles, which also have a higher ticket price. Notably, the mass-level category suffered a sharp decline, with sales of 100cc motorcycles facing a major de-growth from Tk. 232 million in FY2019-20 to Tk. 146 million in FY2020-21.

Despite the substantial impact of Covid-19 on the 3W sector, the Company was able to achieve decent growth in revenues from Tk. 1,894 million in FY2019-20 to Tk. 1,937 million in FY2020-21. The segment thus contributed around 51% to total segmental revenues in FY2020-21. The contrarian performance despite the challenges prevalent in the industry points to the robust brand value of Bajaj that the Company has been able to seed in the domestic market, coupled with its well-penetrated distribution and service network.

Operating results

Your Directors are pleased to present the operating results for last 5 (five) years.

(Amount in Tk. million)

Particulars	For the year ended				
	30/06/21	30/06/20	30/06/19	30/06/18	30/06/17
Revenue	**3,795**	**3,394**	**4,865**	**4,202**	**2,410**
Cost of sales	(2,818)	(2,512)	(3,607)	(3,035)	(1,728)
Gross profit	977	882	1,258	1,166	681
Operating expenses	**(600)**	**(548)**	**(723)**	**(642)**	**(327)**
Administrative expenses	(142)	(147)	(153)	(132)	(90)
Selling and distribution expenses	(458)	(401)	(570)	(509)	(236)
Operating profit	**376**	**334**	**535**	**524**	**354**
Finance costs	(345)	(320)	(294)	(259)	(198)
Other income/(expenses)	145	85	152	93	77
Profit before tax and WPPF	**176**	**99**	**393**	**358**	**233**
Provision for contribution to WPPF and welfare fund	(9)	(5)	(18)	(17)	(11)
Profit before tax	**168**	**94**	**375**	**341**	**222**
Income tax expenses	(45)	(25)	(63)	(56)	(31)
Current tax	(28)	(22)	(63)	(57)	(24)
Deferred tax	(37)	(3)	0.16	1	(7)
Net profit for the year	**122**	**69**	**310**	**284**	**190**

Other financial results for last 5 (five) years

Amount in Tk. million

Particulars	As on				
	30/06/21	30/06/20	30/06/19	30/06/18	30/06/17
Non -current assets	4,309	3,662	3,517	3,375	3,227
Current assets	6,095	6,346	4,983	3,516	3,059
Shareholders' equity	5,452	5,435	5,473	4,190	4,005
Non -current liabilities	406	135	133	150	201
Current liabilities	4,546	4,437	2,893	2,551	2,080

The comparative analysis of 5 (five) years cash flow stated in the management discussion Analysis, which are presented in the Annual Report.

Information and performance of subsidiaries

Runner Motors

Runner Motors Limited (RML), a subsidiary of Runner Automobiles, was incorporated on 19th February 2005 as a private limited Company under the Companies Act, 1994. Runner Motors was converted into a Public Limited Company through RJSC issue no # 15350 dated 21/03/2017.

RML commenced operations on 19 February 2005. Eicher Motors Ltd., a prominent Indian company operating in the automotive industry, appointed RML as an exclusive distributor for its globally-renowned Eicher brand of LCV and MCV trucks in Bangladesh. Eicher trucks are manufactured by Volvo Eicher Commercial Vehicles Ltd, which is a joint venture between the Volvo Group and Eicher Motors.

Since incorporation, the Company has been expanding its dealer network, while also focusing on the development of a countrywide service support network. RML imports and markets Eicher (manufactured by VE Commercial Vehicles Ltd., India)-branded trucks, pickups and tractors in Bangladesh. The Company has marketed 22,929 Eicher trucks and pickups in Bangladesh up to June 2021. .

RML's turnover during the year ended 30th June 2021 stood at Tk. 6,347 million, increasing by 5% over the last year's turnover of Tk. 6,070 million. Gross profit margin was 29% for FY2020-21, higher than the previous year's 26.69%. Profit after tax was Tk. 435 million, 43% higher than the previous year's net profit. Net profit margin stood at 7%, vs. 5.02% in the previous year. Earnings per share (EPS) stood at Tk 48.36, vs. Tk 33.83 in the previous year.

Consolidated financial results

For the year ended 30 June 2021, consolidated revenues stood at Tk. 10,142 million, 7% higher than the previous year, despite the impact of Covid-19. Furthermore, through effective management of cost of goods sold and product mix improvement, consolidated gross profit margin rose to 28% in the year under report, up from 26% in FY2019-20.

Upcoming products

RAL conducts ongoing market research to understand the needs of customers in Bangladesh as well as in the countries where it operates. 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 enhancing its market share.

With the 3W manufacturing facility expected to come onstream by mid next year, the Company's focus will remain on sales of its 3W products, which will be based on both LPG and diesel and have multipurpose functionality in terms of being used for both passenger transportation as well as for light cargo operations.

Further, with vehicle electrification gathering steam, the Company is also actively exploring possibilities in the segments of 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 depending upon the outcomes, which have been encouraging so far.

Product revamps and facelifts comprises an essential component of the Company's business strategy and it looks to introduce such products in this realm with a view to not only provide existing customers with relevant upgrade options, but also facilitate new customers to get an entry point into our brands.

In a competitive industry, it is important to lead the market and stay ahead of the curve with customer-centric innovations in products, processes and ways of working. RAL's management team has been relentlessly working on introducing newer models and revamped products (facelifts), while also developing user-friendly digital media assets to cater to the changing needs of its customers.

RAL also signed a distributorship agreement with KTM to strengthen its premium portfolio, in addition to such agreements being in place for Vespa and Aprilia, whose brands have already been launched in the second half of the financial year 2019-20.

Dividend

Taking a holistic view of the Company's FY2020-21 performance and also a view of the future, the Board has recommended 10% cash dividend for the year ended 30th June 2021. With this, the total outgo as dividend stands at Tk. 222 mn since the Company's stock market listing in FY2018-19.

Unclaimed Cash Dividend & Dividend Distribution Policy

In terms of Unclaimed Cash dividend, Runner Automobiles (RAL) is fully complied with the Corporate Governance Code, 2018, Listing Regulations of Dhaka Stock Exchange and Order and Directives by BSEC published from time to time. The gross Unclaimed Cash Dividend amounting BDT 3,86827 for FY2018-19 and BDT 7,65710 for FY2019-20.

Moreover, RAL has a "Dividend Distribution Policy" approved by Board which is composed on page 139 and it also available on our website: www.runnerautomobiles.com.

Contribution to the national exchequer

During the year under review, the Company disbursed Tk. 1,192 million to the national exchequer in the form of income tax, customs duties, supplementary duty, regularity duty and value-added tax.

Extraordinary gain or loss

There was no extraordinary gain or loss that may be deemed to construe as excessive gain or loss occurred during the reporting period, which would require adjustment or disclosure in the financial statements. We operated as a going concern during the year under report.

Significant variance over last year's operating results

No significant variations have occurred between the quarterly and annual financial performance of the Company for the year 2020-21. During the first half of the financial year 2020-21, the Company's performance achieved stability with sound volume and revenue growth. However, govt. lockdown enforcement during the second half of the fiscal year to control the second virus wave dampened performance. Yet, the Company was able to achieve a sound performance for the whole year.

Related party transactions

All transactions with related parties have been made in the normal course of business. Details of related parties and related party transactions have been disclosed in note nos. 11, 23 and 41, 41.1 of the financial statements 2020-21, as per the relevant IFRS requirements.

Remuneration to Directors

No remuneration is given to Directors on the Board, apart from attendance fees in connection with Board and Board sub-committee meetings. During FY2020-21, attendance fees in connection with Board and Board sub-committee meetings stood at Tk. 4,97,440. Our Foreign Director has decided not to receive attendance fees in connection with Board and Board sub-committee meetings.

Directors' declaration on financial statements

The Board is committed to presenting an accurate and fair view of the Company's financial performance and position, as a part of good governance. To that end, the Directors confirm to the best of their knowledge and belief that:

1. The financial statements, prepared by the management of the Company, present its state of affairs, the result of its operations, cash flows and changes in equity fairly;
2. Proper books of account of the Company have been maintained;
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement;
4. International Financial Reporting Standards (IFRSs) have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed;
5. The system of internal control is sound in design and has been effectively implemented and monitored; and
6. There is no doubt upon the Company's ability to continue as a going concern.

Declaration of the CEO and CFO on the financial statements

As required under BSEC's Corporate Governance Code, a declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on financial statements 2020-21 has to be made to the Board. The CEO and CFO have certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct. The signed declaration of CEO and CFO is given on page 142

Minority interest

Runner Automobiles believes that good governance involves open and trust-based cooperation between all stakeholders, including the owners of the Company – shareholders. The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of minority shareholders, while promoting integrity, transparency and accountability. The Board of Directors shall always act in a manner that is in the best interest of the Company.

Management's Discussion and Analysis report

Management's Discussion and Analysis report, signed by the MD & CEO and presenting a detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code, is disclosed in this report on page 132.

Internal control

The Board of Directors assures its shareholders that the Company has a competent internal audit and risk management process to ensure the system of internal control is sound in design and has been implemented and monitored effectively. Although it is possible that all risks pertaining to the automotive sector are not known at present, the Company takes reasonable steps to identify the material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to ensure that the controls in place are adequate and sufficient to address any risks- whether known or unknow.

Going concern

The Company has adequate resources to continue its operation for the foreseeable future and hence, the financial statements have been prepared on a going concern basis. As per the management's assessment, there are no significant doubts about the Company's ability to continue as going concern.

Compliance with laws and regulations

The Company was not engaged in any activity contravening the laws and regulations. All members responsible for ensuring alignment with provisions stipulated in various laws and regulations did so within the specified time.

Environmental protection

The Company is sensitive to the environment and adopts sufficient measures to maintain high environmental standards. Our Bhaluka plant has 60% green area coverage, which ensures sound environmental balance as well as an effective 'carbon sink'. Moreover, RAL is an ISO-certified Company, which endorse its environmental, health and safety practices to the highest standards.

To the best of the Board's knowledge, the Company was not engaged in any activity which might inflict harm to the environment.

Corporate social responsibility

As a good corporate citizen, RAL is fully aware of its social responsibilities. The Board has identified education and sports as major focus areas and has been conducting a number of activities to support these chosen fields. The Company has actively funded a school for autistic children, which is managed by the Autism Welfare Foundation. The Company has also been supporting sports by sponsoring various sporting events in cricket, golf and tennis.

Human resources

At RAL, we prioritize our human resources, aiming to provide our employees with opportunities to enable them to realize their professional aspirations through their work, make social contributions and allow them to exercise their ability to think, create and take action. We are focused on enabling them to realize their self-worth and offer a career choice that is rooted in respect, collaboration and growth. To achieve this goal, a relationship of mutual trust and mutual responsibility between employees and the management is essential. In such a relationship, we place the highest priority on ensuring stable employment for all our employees, even as we proactively strive to improve working conditions by ensuring a safe and cordial workplace environment at all times. This philosophy is shared by all RAL affiliates around our plant.

Health, safety and security

Ensuring the safety and health of our employees has been one of RAL's longstanding focus areas and will continue to be so, going forward. Heightened precautionary measures have been taken to prevent Covid-19 spread amongst employees by reducing their exposure and transmission of the virus. We strongly believe that fostering safe and healthy work environments will lead to productivity improvements necessary for achieving sustainable business growth.

Work-from-home initiatives

In order to keep employees sheltered from the pandemic as well as to align with govt. rules and regulations, RAL introduced work-from-home during the lockdown months. The Company also implemented digital tools to enable people to effectively collaborate and continue to meet their performance targets. After the lockdowns ceased, office-based business operations were resumed by adopting strict hygiene and health precautions while ensuring rigorous awareness across the value chain in order to serve customers in the best possible and safest manner.

In addition, proactive initiatives like health, security and safety advisory, 24/7 doctor consultation and Covid-control guidelines including mandatory use of PPEs were enforced. Furthermore, to ensure business continuity, there was extensive alignment ensured with the authorities so that rules and regulations were adhered to in a bid to rigorously implement Covid-appropriate behavior at all times. Besides, the Company also ensured emergency medical support (hospitalization, ambulance, etc.) for employees. Distribution of face mask packs and appropriate Covid-control measures were also adopted at all Company establishments for safety of employees and customers. While employee safety emerged as our top priority during the pandemic, we ensured financial wellbeing too through preserving the full package salary and other benefits, while also assuring job security to all our employees.

Learning and development

With regards to learning and development, the Company focuses on advancing both managerial as well as technical skills, and promotes a high-performance organizational culture with appraisal rooted in fairness and meritocracy. Based on the need assessment and requirements of the business, the Company implements well-structured individual development plans through various interventions, including training programs, workshops, attachments and seminars. Our HR Department engages in extensive planning for ensuring effective development of people with the right capabilities and competencies through the right recruitment and resource allocation plans, focusing on talent futurization to succeed in tomorrow's workplace environment.

Compliance of BSEC Corporate Governance Code (CGC)

The Company complied with all the requirements of the applicable provisions of the Corporate Governance Code, as issued by BSEC dated 3rd June 2018. The Board appointed compliance auditor for issuance of a certificate on compliance of the conditions of BSEC Corporate Governance Code. Our status on Corporate Governance is Annexed in this report on page 144.

Risks and concerns

Bangladesh's automobile market suffered a decline in FY2020-21 in the backdrop of the unprecedented Covid-19 pandemic that enforced severe mobility and trade restrictions. Thus, RAL's performance was also impacted during the year.

The country's auto market is crowded and highly competitive, as automotive companies vie for market share gains at all costs, leading to even sacrificing cost and profit recovery. Price distortions and deep discounting are common practices and hence more rationality is required for the sustainability of the sector as a whole. Besides, regulatory interventions could also play a role in ensuring higher market stability.

Affordability is key to drive demand, as customers prioritize necessary over discretionary purchases. Thus, the onus is on the industry and participating financial institutions to drive affordability through lowering interest rates, stretching EMI durations, offering product discounts, etc. In this regard, structured bank finance for customers of 2W and 3W and focus on retail loans by banks may fast-track market recovery, but as of now this facility is not widely available, which also opens up the possibility to reach formal financing solutions to the last-mile.

For more information on risks and their mitigation, please read the risk management report appended on page 153 in this report.

Board of Directors

The composition of the Board of Directors who held office during the year is given below:

1. **Mr. Hafizur Rahman Khan, Chairman**
2. **Md. Mozammel Hossain, Vice Chairman**
3. **Mr. Reazul Haque Chowdhury, MD & CEO**
4. **Mr. Khalid Shahidul Quadir, Director**
5. **Mr. Muallem A Choudhury FCA, Director**
6. **Mr. Taslim Uddin Ahmed, Director**
7. **Mr. Mohammad Ali Deen, Director**
8. **Mr. Md. Jahurul Alam, Director**
9. **Dr. Muhammad Abdul Mazid, Independent Director**
10. **Mr. Oliver R. Harms, Independent Director**

Changes in the Board and appointment of new Independent Director

During the period under review, there were several changes in the Board composition.

In December 2020, one of our Independent Directors, Mr. Faruq Ahmad Siddiqi's position felt vacant due to the successful completion of his two (02) consecutive terms. The Company was obligated to fill this vacancy within the regulatory timeline and, accordingly, Dr. Muhammad Abdul Mazid was appointed as Independent Director with effect from 21 December 2020 and, subsequently, the said appointment was approved by shareholders at the 20th Annual General Meeting. On the other hand, Mr. Oliver R. Harms, another Independent Director, resigned voluntarily on 28th July 2021. To fill the vacancy within the regulatory time period, the Board appointed Prof. Md. Maksudur Rahman Sarker, FCMA as Independent Director, with effect from 27th October 2021. The said appointment will be placed for approval to shareholder at the upcoming 21st Annual General Meeting.

The Board of Directors would also like to take this opportunity to deeply thank the two esteemed Board members, Mr. Faruq Ahmad Siddiqi and Mr. Oliver R. Harms, for their invaluable contribution to the Board over the years. They were instrumental in facilitating the Board to discharge its governance responsibilities towards the Company. The Board wishes them the very best for their future.

Directors' appointment and re-appointment

With regards to appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Company Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the 21st Annual General Meeting. They are, however, eligible for re-appointment:

1. **Mr. Khalid Shahidul Quadir**
2. **Mr. Muallem A Choudhury FCA**
3. **Mr. Taslim Uddin Ahmed**

As per the Corporate Governance Code 2018, after the appointment of an Independent Director by the Board, the proposal is placed before shareholders for their approval at the Annual General Meeting. Accordingly, the appointment of Prof. Md. Maksudur Rahman Sarker is to be confirmed at the Company's ensuing 21st Annual General Meeting. A brief profile of the Directors being proposed for re-appointment are given on page 60 & 61 of the annual report, which fulfils condition 1(5)(xxiv) of the Corporate Governance Code of BSEC.

Appointment of statutory auditors and corporate governance compliance auditor

As per the Companies Act, 1994 and the Articles of Association of Runner Automobiles, the statutory auditors of the Company, M/s Hoda Vasi Chowdhury & Co, Chartered Accountants, shall retire at the 21st AGM. As per BSEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27 July 2011, an audit firm cannot be engaged for more than three consecutive years as statutory auditors of the same Company. M/s Hoda Vasi Chowdhury & Co, Chartered Accountants, has been the statutory auditor of the Company since 2019. In compliance with the BSEC order, we are required to appoint a new statutory auditor for the Company. M/s Howladar Yunus & Co., Chartered Accountants, has offered their willingness to be appointed as statutory auditor of Runner Automobiles. On the suggestion of the Audit Committee, the Board recommended their appointment for the year 2022 subject to approval in upcoming 21st AGM by the shareholders.

In compliance with BSEC Corporate Governance Code, the Board has re-appointed M/s Ahmed Mashuque & Co., Chartered Accountants, as Corporate Governance Compliance Auditor of the Company for the year 2022 and the said appointment will be placed for approval by the shareholders during the forthcoming 21st AGM.

Maintaining proper books of accounts

The Company has been keeping the records and maintaining all accounting transactions via proper books of accounts as per all relevant rules, acts and regulations of Bangladesh.

Report on the activities of the Nomination and Remuneration Committee (NRC)

The members of the Nomination and Remuneration Committee (NRC) determine and set the qualification criteria for the selection of the Board of Directors/key executives. The NRC also sets and reviews the remuneration policy for the Board of Directors as well top-level executives of the Company. The Board approved both of these based on the recommendations by the NRC at the Board meeting.

Acknowledgements

In conclusion, the Board of Directors would like to thank all employees of the Company for their commitment, contribution, sincerity and hard work during the year. It has been a difficult period for the business due to the Covid-19 outbreak and the team showed tremendous resilience in managing the business during the turbulent times. The Board is confident that with the indomitable spirit of the team to trump the odds and with a deep passion for excellence, the business will bounce-back soon.

The Board also express their gratitude to valued shareholders and all other stakeholders of the Company for their continued support, active cooperation, assistance and valuable guidance. Your future support will be highly constructive as we focus on building long-term value for all those who are invested in us, work for us and depend upon us.

Sd/-

Hafizur Rahman Khan
Chairman

Sd/-

Mr. Reazul Haque Chowdhury
Managing Director & CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Pursuant to the condition no. 1 (5) (xxv) of the Corporate Governance Code, 2018, issued by Bangladesh Securities and Exchange Commission (BSEC), the Management's Discussion & Analysis (MDA) report for our financial year ended 30 June 2021 has been provided herewith. Our endeavor through this report is to enable our shareholders, stakeholders and others to get an insight into our broader operating conditions and environment within which we achieved our performance for the year under review. Bangladesh's economy is integrated with the global economy and hence an overview of the same has been articulated below.

Global economy

Global economic growth, as indicated in the Gross Domestic Product or GDP, which had recorded an agonizing deceleration of -3.1% in 2020 when the economic and social impact of the Covid-19 pandemic was at its peak, witnessed a sharp swing-back of +5.9% growth in 2021, as per the International Monetary Fund's (IMF's) October 2021 World Economic Outlook (WEO) report. Furthermore, emerging markets and developing economies (EMDEs) also reported a robust turnaround during the period, from -2.1% moderation in 2020 to +6.4% growth in 2021. The growth recovery can be attributed to the sheer resilience demonstrated by EMDEs, indicating their capacity to bounce-back from the major downswing triggered by a once-in-a-century pandemic. Furthermore, gradual unlocking of the economy and lifting of mobility restrictions drove pent-up demand release, which is also ascribed to as a major factor in the reversal of economic growth trajectory within this grouping.

The October 2021 WEO has projected global economic growth slowing down to 4.9% and EMDEs growth to 5.1% in 2022, reflecting forecast downgrades to the advanced economy and low-income developing countries group. These projections factor the tapering of stimulus programs, weakness in labour markets and increase in inflationary pressures, compelling central banks to rein in inflation through enhancements in policy rates, which may reverse the current low interest rate environment. In addition, the projections are tempered by the possibility of renewed virus outbreaks, including Delta and its variants, particularly before immunity-driven vaccination becomes more widespread.

Bangladesh's economy

Prior to the Covid-19 pandemic taking root, Bangladesh had exhibited high GDP growth rates, averaging 7.4% per year during the FY2016-FY2019 period. Furthermore, GDP growth scaled to a historic 8.15% in FY2019, a feat achieved by very few countries of the world. However, just like the rest of the world, Bangladesh was not spared from the deleterious effects of the pandemic. According to the Bangladesh Economic Review 2021 report by the Ministry of Finance, Bangladesh's GDP growth decelerated to 3.51% in FY2020. Growth is estimated to have picked up to 5.47% in FY2021. Though these figures indicate that economic growth has come-off substantially from its previous highs, yet it is creditable by any measure, as most other countries around the globe saw deceleration in their economic growth or even collapsed into a recession.

The key constituents of the national GDP are the agricultural, industry and services sectors. While the services sector is the largest segment of the economy, it is followed by industry and agriculture. Growth patterns and contribution of each of these constituents is indicated below:

Constituent	Growth in FY2020	Growth in FY2021	Contribution in FY2020	Contribution in FY2021
Services sector	4.16%	5.61%	51.48%	51.53%
Industry sector	3.25%	6.12%	34.74%	34.99%
Agriculture sector	4.59%	3.45%	13.74%	13.47%

Source: BBS provisional estimates

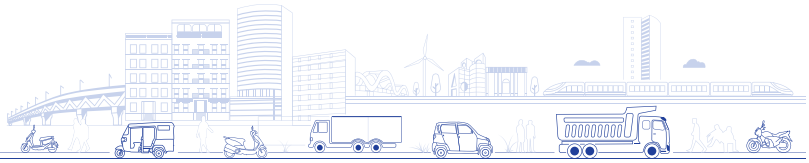
The developmental transformation of Bangladesh is gaining pace, with positive changes identified in the consumer prosperity profile reflected in the per capita GDP and GNI (Gross National Income) data. While per capita GDP rose to US$ 2,097 in FY2021, up by US$ 167 from the previous fiscal year, per capita GNI stood at US$ 2,227, up by US$ 203 from the previous financial year.

Furthermore, to address the crisis resulting from the outbreak of Covid-19 and help alleviate its adverse effects on the economy, the govt. guided the formulation of 23 stimulus packages in FY2021, with the quantum of fiscal and stimulus packages till April 2021 standing at Tk. 1,28,441 crore, comprising about 4.2% of the GDP. This compares with 21 stimulus packages in FY2020 comprising Tk. 1,20,153 crore.

It is expected that concerted govt. actions, coupled with sheer economic resilience, Bangladesh's GDP growth will gather momentum and revert to levels reflective of the nation's economic potential.

Industry overview

The financial year 2020-21 continued to witness the repercussions and aftereffects of the Covid-19 outbreak, which was declared a pandemic by the World Health Organization (WHO) in March 2020. While the virus continued to exert a detrimental impact on the economy and livelihoods, the situation was exacerbated by the reimposition of a lockdown to counter the second wave of the virus in early 2021. Thus, in addition to movement control and mobility restrictions, suspension of operations at offices, plants and dealerships also had a negative impact on business activities. Furthermore, supply chain disruptions and acute commodity pressures further aggravated the situation. However, gradual demand pick up in the urban segment, also supported by the preference for personal mobility, helped offset some of the challenges. Yet, these were not



sufficient to fully prevent the erosion in demand, though the industry reported a growth of 19% in 2021, against the previous calendar year, as indicated by Bangladesh Road Transport Authority (BRTA).

It is noteworthy that the two- and three-wheeler industries are an important constituent of the national economy. These are not just a largescale employment generator, especially among low and semi-skilled labour, but also directly contribute to economic growth in terms of offering cost-efficient mobility solutions. Further, they also contribute meaningfully to the govt. exchequer in the form of duties, taxes, etc. Recognizing these aspects of the industry, the govt. is fostering an environment conducive for capital to be invested into the sector for expansion of manufacturing as well as for value-addition. Through this, some of the govt.'s key objectives comprise further augmenting the sector's research and innovation capacity in product development, create a holistic vendor ecosystem that ensures timely OEM (original equipment manufacturer) supplies and enhances part localization and indigenization, and build an efficient supply chain to meet local demand and also for exports of made in Bangladesh motorcycles, thus opening up a forex earnings channel.

Going forward, two opposing forces are expected to be at play. While low-income customer segments will continue to remain price-pressured that is likely to slightly delay demand recovery in commuter motorcycles, rising aspirations and income levels of urban customers will foster accelerated demand for feature-rich motorcycles with a higher engine displacement. For this customer segment, the thrill of experiencing a premium product will become as essential as personal mobility.

Business performance

Runner Automobiles' achieved sales volume growth (2W) of 19% in FY2020-21. The Company's sales performance was impacted by Covid-19-led demand and supply disruptions, as well as the situation of tight availability of certain auto parts and raw materials, which affected ramp-up of production. As the year progressed, manufacturing operations gradually recovered, as supply chain constraints eased over a period. However, reimposition of lockdown restrictions in the initial part of the second-half of the financial year put brakes on the recovery momentum to some extent, before this began to ease in the last quarter of the financial year (July-June).

Thus, our concerted sales efforts notwithstanding an uneven demand recovery, and an excellent response to the launch of Bolt-165R, a high-performance 165cc motorcycle, we were able to report a satisfactory performance for the fiscal year 2020-21. In international markets, the Company recorded a reasonable performance despite the limitations placed at the beginning of the financial year. Total export income stood at BDT 4.19 mn in FY2020-21, down from BDT 6.84 mn in FY2019-20, reflecting the impact of the pandemic. Though the Company's major export market is Nepal, it is exploring other potential developing markets, especially with the govt.'s thrust on exports of made in Bangladesh motorcycles.

The performance of the 3W business remained fairly stable in 2020-21, primarily on account of closure of schools and universities. Total 3W sales during the year witnessed a small level of growth to 5,321 units, against 5,303 units sold in the previous financial year. However, we continue to remain sanguine on the future prospects of the business, with the govt. looking to divert precious resources of natural gas to other essential industries, like power plants, and thus promoting LPG-powered 3W, which constitute the majority part of our portfolio. Further, our upcoming 3w manufacturing facility in our existing campus through a technology transfer from our principal Bajaj will be a game-changer, enabling us to serve the market better with futuristic products and services.

During the year, with an aim to fuel consumer demand and incentivize purchase, the Company adopted several steps, including introduction of easy and accessible financing (via in-house arm), expansion of the retail network in areas with low penetration, and launch of certain revamped products with a facelift. Furthermore, we continued to run customer promotions and sales programs to sustain excitement around our products. In difficult times of the pandemic, the Company also adopted new ways of doing business, which included digital sales through own e-commerce website, bolstering of digital enquiries and booking process, and assurance of doorstep delivery. Moreover, to ensure smooth and hassle-free ownership, we are

constantly exploring ways towards offering our customers complete peace-of-mind by taking care of their motorcycles through select warranty and free services.

As part of our engagement initiatives with our key stakeholders, we extend holistic support to our dealers and service partners to succeed. For this, we organize regular upskilling and other technical programs to improve their product know-how and ways of working. We are cognizant of the crucial role played by our dealers and service partners in times of the pandemic and hence we encouraged the practice of required health and safety measures and precautions to be adopted to keep everyone safe and productive.

Thus, on an overall basis, Runner Automobiles was successful in implementing the learnings of FY2019-20 in FY2020-21 to tide over the challenges better and further advance its performance during the year.

Accounting policies and estimation for preparation of financial statements

The financial statements are consistently prepared in compliance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) as adopted by ICAB, the Companies Act, 1994, and other applicable laws and regulations, and as per such internal controls as the management deems necessary to enable the preparation of financial statements that are free from material misstatement. Detailed description of accounting policies and estimation used in the preparation of the financial statements of the Company are disclosed in the notes 1 and 2 to the financial statements.

Comparative analysis of financial performance and financial position as well as cash flows

Detailed comparison of financial performance and position as well as cash flows are presented as part of the financial statements, including notes. The Directors' Report also provides in-depth performance analysis of our 2W, 3W and Eicher trucks business for the year 2020-21. Key performance indicators for the last 5 years on a consolidated basis have been presented below:

Financial results (in Tk. million)	2020-21	2019-20	2018-19	2017-18	2016-17
Net turnover	10,141.76	9,464.86	11,191.84	9,961.79	6,494.67
Gross profit	2,836.51	2,502.38	2,898.61	2,577.81	1,648.71
Profit after tax (parent portion)	307.07	224.07	500.51	461.72	303.32
Earnings per share (Tk.)	2.70	1.97	5.07	4.90	3.22
Net operating cash flows per share (Tk.)	3.04	(20.34)	0.67	2.64	0.77
Issued and paid-up capital	1,135.40	1,135.40	1,081.34	942.03	942.03
Shareholders' equity (parent)	7,398.60	7,197.44	7,081.44	5,607.69	5,246.92
Net asset value per share (Tk.)	65.16	63.39	65.49	59.53	55.70

Cash flow analysis for last 5 years of RAL is given below:

Operational Results	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Cash flow from operating activities	345	(2,310)	66	248	72
Cash flow from investing activities	(649)	(607)	(249)	79	(344)
Cash flow from financing activities	(57)	2,473	1,085	(419)	604
Net increase/ decrease in cash	(361)	(444)	902	(91)	332
Opening cash balance of the year	810	1,253	350	442	109
Closing cash balance of the year	449	810	1,253	350	442

Dividend

Based on the performance of the Company as well as the current liquidity position, the Board of Directors have recommended a 10% cash dividend amounting to BDT 1135.4 million for the year ended 30 June 2021, to be approved at the ensuing 21st Annual General Meeting.

The Company's market price stood at of BDT 46.10 per share with a market capitalization of about BDT 5,2342 million at the start of fiscal year 2020-21. On the other hand, the Company's stock had a market price of BDT 65.90 per share with a market capitalization of about BDT 74,823 million at the close of the year. This reflects the stock market's acceptance of our sound performance, as well as our forward strategies and initiatives. Going into the future, we will continue to implement initiatives that are in the best interests of our shareholders.

Risk control

Considering the dynamic nature of the 2W and 3W industry, a multitude of global and regional economic, regulatory, digital, technological and energy resource-efficiency factors create strategic as well as operational risks and challenges.

Like many capital goods industries, the 2W and 3W vehicle industry is generally cyclical, with a strong correlation to GDP and corresponding changes in mobility and transport demand, the need to replace ageing vehicles, as well as changing laws and regulations. Although there is a continued shift in focus in the 2W and 3w industry from product to performance and service, the cyclicality in sales remains.

The fluctuating demand for our Company's products and services makes our performance and financial results contingent on our ability to react quickly to market changes. Thus, we strive to continuously balance production levels and operating expenses, as well as enhance business resilience and agility in fulfilling the demand for our products.

Furthermore, we operate in a market in which we face intense competition. It is also a possibility that with vehicle electrification gaining ground, we may also encounter competition from new market entrants, e.g. with new technologies and new business models. Yet, the width of 2W brands within our portfolio that straddle all domestic categories of motorbikes, in addition to our 3W business and international business with such majors as KTM, Vespa and Aprilia, provide us with attractive diversification and income de-risking. Furthermore, we are utilizing synergies and economies-of-scale, while at the same time empowering each of our business segments to take ownership for their businesses and performance.

Thus, our ongoing focus on diversifying our products, services and solutions to create sustainable customer and societal value, together with a close monitoring of our competitors, comprise the fundamental components of our strategy to maintain our leadership positions in the market.

Strategic blueprint

At Runner Automobiles, we are focused on providing mobility for everyone, everywhere. This is our primary focus and all our initiatives are targeted at realizing this broad purpose. We are continuing to place emphasis on identifying evolving customer needs in the market and launching products that fulfill those needs, thus also enabling us to fill the gaps in our product portfolio. For instance, witnessing growing ridership among women, we launched Skooty 110, a scooty especially targetted at this segment with bold and progressive styling and design and advanced features, such as a USB charging station. We will continue to explore new and exciting 2W product opportunities across engine displacements in the mass and premium categories in 2021-22, thus staying relevant to the evolving needs and expectations of our customers.

In a major transformation at our 3W division, we are in advanced stages of development of our greenfield manufacturing plant at our existing campus in Bhaluka, Mymensingh. Own manufacturing of Bajaj 3W will strengthen our footing in the business, enabling us to not only graduate up the engineering value chain, but also bolster our customer service through delivering international-quality products cost-competitively. In addition, certain expected fuel-related regulatory changes from the govt. will help us further revolutionize the market and gain share.

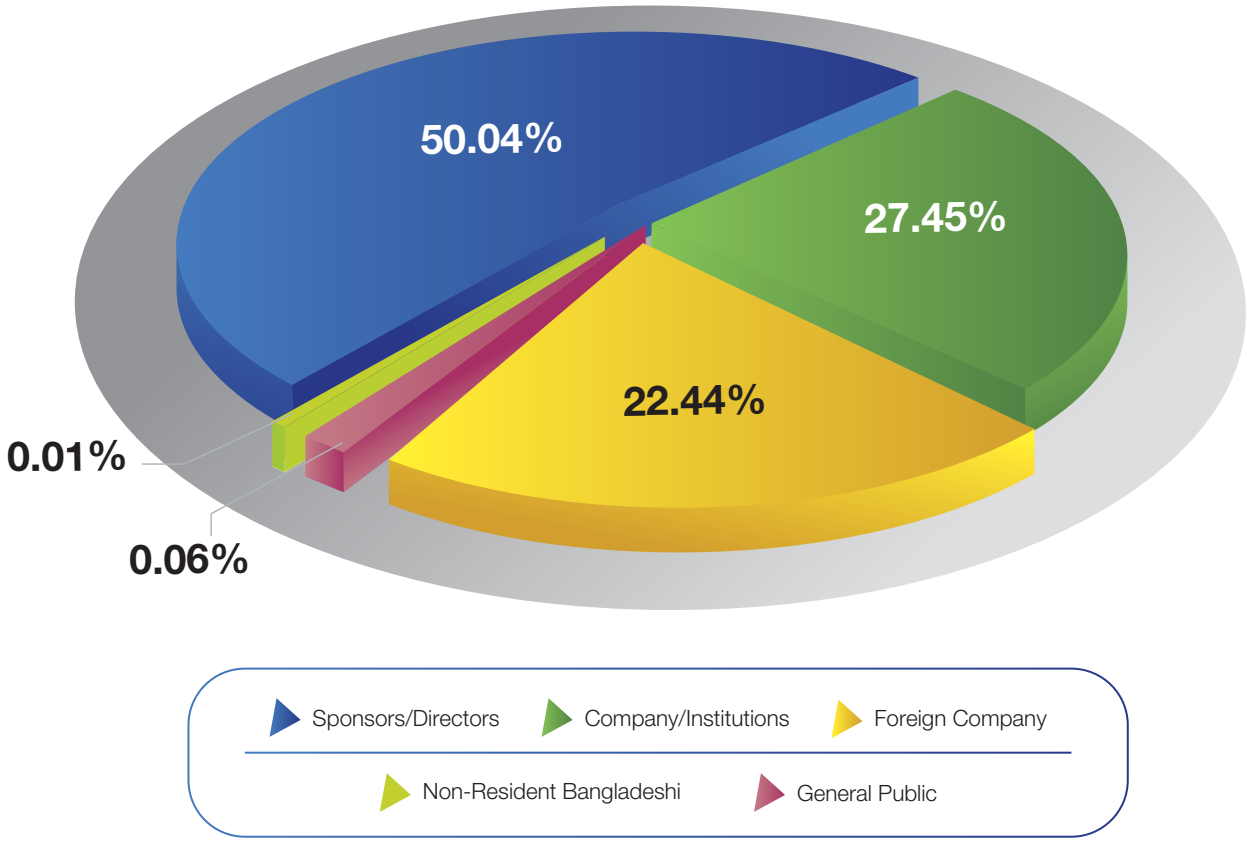
Specifically, our diversified product portfolio straddling the full motorcycle category (including premium brands from KTM, Vespa and Aprilia) and 3-wheelers, our novel customer-centric programs, our focus on product affordability through innovative financing options, our expansive retail presence and our leading warranty and service programs stood us in good stead during the year under review, while also enabling us to create a more solid growth platform for the future.

We remain excited about what tomorrow holds and will continue to harness opportunities that enable us to enhance long-term value for our shareholders and all other stakeholders.

Sd/-

Mr. Reazul Haque Chowdhury
Managing Director & Chief Executive Officer

PATTERN OF SHAREHOLDING



Type of Shareholders	No. of shares	% of shareholding
Sponsors/Directors	56,811,847	50.04%
Company/Institutions	31,166,036	27.45%
Foreign Company	9,301	0.01%
Non-Resident Bangladeshis	73,124	0.06%
General Public	25,479,624	22.44%
Total	113,539,932	100.00%

[As per clause (1) of BSEC Directive, January 14, 2021]

DIVIDEND DISTRIBUTION POLICY

[Pursuant to Bangladesh Securities and Exchange Commission Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021]

Disclaimer

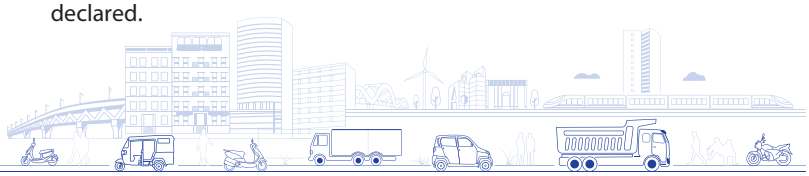
- The policy does not constitute a commitment by the Company or the Board regarding the future dividends of the Company, but only represents a general guidance to Shareholders regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in the year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.
- Given the aforementioned uncertainties, prospective or present investors are cautioned not to place any reliance on any of the forward-looking statements in the Policy or the principles and guidelines outlined in this Policy.

1. Introduction:

- This Policy is called "Runner Automobiles Limited – Dividend Distribution Policy" (hereinafter referred to as the "Policy") and has been framed by Limited (the "Company") pursuant to Bangladesh Securities and Exchange Commission (BSEC) Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021.
- The objective of the Policy is to provide guidance to stakeholders on the dividend distribution framework adopted by the Company. The Board of Directors of the Company (the "Board") shall consider this Policy when resolving on dividends, always in compliance with the provisions of the Companies Act, 1994, notifications issued by the BSEC and other applicable legal provisions.
- In the event of a conflict between the Policy and the existing statutory regulations, the statutory regulations will prevail.
- The Policy lays down the board criteria which the Company would take into consideration for the purpose of ascertaining the amount of dividend to be declared. Whilst doing so, the Company shall keep in mind, the need to maintain a balance between the payout ratio and retained earnings, in order to address future needs of the Company.
- The Policy serves as a guideline only for the Board. The decision of the Board with respect to the amount of dividend recommended by it for any given period will be final and shall not be open to challenge on the basis of the Policy.
- The Policy has been adopted by the Board at its meeting held on October 27, 2021 ("The Effective Date").

2. Quantum and Declaration of dividend payable:

- Dividend other than Interim dividend shall be declared at the Annual General Meeting of the Shareholders based on the recommendation of the Board. The Board has the authority to declare interim dividend.
- Subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, growth/investment requirements and fair shareholder return.
- The Board will broadly take into consideration the financial parameters and/or internal and external factors mentioned in clause 3 below while determining whether or not to declare dividend or to determine the quantum of dividend to be declared.



3. Parameters to be considered while recommending/declaring dividend:

The Board while declaring or recommending dividend to the shareholders, will consider following internal and external factors whereas all these factors are of equal materiality and no single or group factors supersedes any other factor or group of factors:

Internal Factors:

- Profits earned during the financial year and the retained profits of the previous years or losses suffered in the past years;
- Cash flow position of the Company and Net Debt-to-EBITDA ratio;
- Current and projected cash balance;
- Projections with regard to the performance of the Company;
- Future capital expenditure requirement of the Company;
- Dividend payout history.

External Factors:

- Economic environment;
- Market conditions and market outlook for the Company;
- Changes in Government policies and regulatory provisions;
- Quantum of dividend payout by other comparable business.

4. Circumstances under which Shareholders of the Company may or may not expect dividend:

- The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among Shareholders and the amount of profit to be retained in business.
- The Board shall consider the parameters mentioned in clause 3 above before determination of any dividend payout.
- The Shareholders of the Company may not expect dividend in many other circumstances, some of which are the following, always subject to the discretion of the Board:
- Company has inadequacy of profits or incurs losses for the financial year;
- Company undertakes/ proposes to undertake a significant expansion project requiring higher allocation of capital;
- Company undertakes/ proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
- Company has significantly higher working capital requirement affecting free cash flow;
- Company proposes to utilize surplus cash for buy-back of securities;
- Company is prohibited to recommend/declare dividend by any regulatory body.

5. Utilization of retained earnings:

- The Board may retain its earnings in order to make better use of the funds available and increase the value of the stakeholders in the long run after having due regard to the parameters laid down in the Policy.
- The Company may declare dividend out of the profits of the Company for the current year or out of the profits for any previous year or years or out of the free reserves available for distribution of dividend, in accordance with the provisions of the Companies Act, 1994, notifications issue by BSEC and other applicable legal provisions as amended from time to time, after having due regard to the parameters laid down in the Policy.
- The retained earnings of the Company may be used in any of the following ways:
- Capital expenditure and for the purpose of any organic and/or inorganic growth;
- Declaration of dividend;
- Issue of bonus shares;
- Other permissible usage as per the Companies Act, 1994.

6. Multiple class of Shares:

- Currently, the Company has only one class of equity shares, namely Equity Shares. In the future, if the Company issues multiple classes of shares, the parameters out of the Policy will be appropriately addressed.

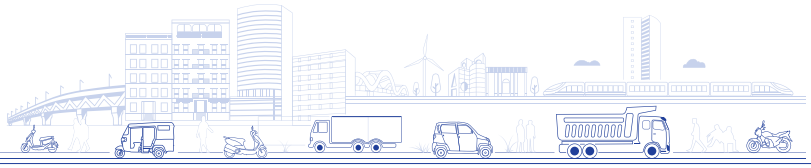
7. Disclosures:

- In case it is proposed not to declare dividend during any financial year, the grounds thereof and the information on the manner in which the retained profits of the Company, if any, are being utilized shall be disclosed to the Shareholders in the Board's Report forming part of the Annual Report of the Company for the given financial year.
- The Policy will be available on the Company's website:

https://www.runnerautomobiles.com.bd and will also be disclosed in the Company's Annual Report.

8. Policy Review:

The Policy may be modified as may, in the opinion of the Board, be deemed necessary.



CERTIFICATE OF DUE DILIGENCE

Annexure-A

[As per condition No. 3 (3)

Runner Automoblies Ltd.

Declaration by CEO and CFO

The Board of Directors
Runner Automobiles Limited
138/1, tejgaon I/A, Dhaka-1208.

Subject: Declaration on Financial Statements for the year ended on 30th June 2021.

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80. Dated 3rd June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of Runner Automobiles Limited for the year ended on 30th June 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;

(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;

(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;

(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and

(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

(i) We have reviewed the financial statements for the year ended on 30th June 2021 and that to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Sd/-

(Reazul Haque Chowdhury)
MD & CEO

Sd/-

(Shanat Datta FCA,)
CFO

CERTIFICATE OF COMPLIANCE

AHMED MASHUQUE & CO.
Chartered Accountants

Navana Obaid Eternity
28-29 Kakrail (Level # 13-14)
VIP Road, Dhaka-1000, Bangladesh
Tel: +880 2 58316931-39
Fax: +880 2 58316929
Email: info@ahmedmashuque.com
Web: www.ahmedmashuque.com

Report to the Shareholders of Runner Automobiles Limited on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Runner Automobiles Limited for the year ended on 30th June 2021. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission;

(b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

(c) Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and

(d) The governance of the company is satisfactory.

Date: 23rd November 2021
Place: Dhaka, Bangladesh

Ahmed Mashuque & Co.
Chartered Accountants

Branch Office: House no. - 231 (Level # 1-3), Lane # 03, Baridhara DOHS, Dhaka-1206, Bangladesh, Tel: +880-2- 8411582, 8412594, 8412679, 8411983
A Member Firm of Crowe Global www.crowe.com

CHECKLIST OF COMPLIANCE OF CORPORATE GOVERNANCE

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission:

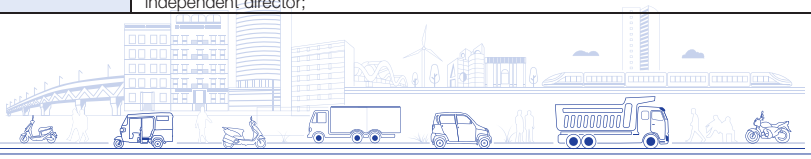
Status of compliance of Runner Automobiles Limited for the year ended 30th June 2021 with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018, issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1	**Board of Directors**			
1(1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		10 (Ten) Board member including Two Independent Director
1(2)	**Independent Directors**			
1(2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or wholenumber for calculating number of independent director(s);	✓		There are 2 (Two) Independent Directors in the Board
1(2)(b)(i)	For the purpose of this clause "independent director"means a director- who either does not hold any share in the company orholds less than one percent (1%) shares of the total paid-up shares of the company;	✓		As declared by the independent directors, they have complied with these requirements
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the companyor any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	who is not a shareholder, director exceptingindependent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a NonBank Financial Institution (NBFI); and	✓		
1(2)(b)(x)	who has not beenconvicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by theBoard and approved by the shareholders in the Annual General Meeting (AGM).	✓		
1(2)(d)	The post of independentdirector(s) cannot remain vacant for more than 90 (ninety) days; and	N/A		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:	✓		
1(3)	**Qualification of Independent Director:**			
1(3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	N/A		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Headof Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	N/A		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;or	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	N/A		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	N/A		
1(3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	N/A		
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:**			
1(4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		Chairperson of the Board and CEO are different individuals and Chairperson is elected from amongst the Directors
1(4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		As declared by Managing Director, he is not holding the same position on another listed company
1(4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1(5)	**The Directors' Report to Shareholders**			
1(5) (i)	An industry outlook and possible future developments in the industry;	✓		
1(5) (ii)	The segment-wise or product-wise performance;	✓		
1(5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
1(5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		
1(5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	✓		
1(5) (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5) (x)	A statement of remuneration paid to the directors including independent directors;	✓		No such remuneration was paid
1(5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5) (xii)	A statement that proper books of account of the issuer company have beenmaintained;	✓		
1(5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		

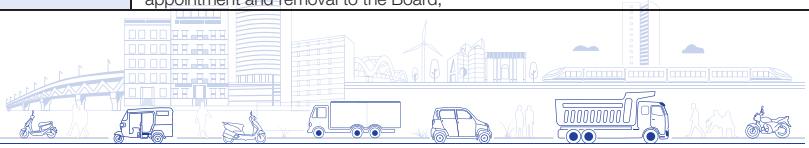
Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1(5) (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5) (xv)	A statement that the system of internal control is sound in de sign and has been effectively implemented and monitored;	✓		
1(5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5) (xvii)	A statement that minority shareholders have been protected from abusive actions by, or in the	✓		
	interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;			
1(5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		Dividend has recommended by the Board
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5) (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	✓		
1(5) (xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5) (xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5) (xxiii) (c)	Executives; and	✓		
1(5) (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5) (xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5) (xxiv) (a)	a brief resume of the director;	✓		
1(5) (xxiv) (b)	nature of his or her expertise in specific functional areas; and	✓		
1(5) (xxiv) (c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5) (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5) (xxv) (a)	accounting policies and estimation for preparation of financial statements;	✓		
1(5) (xxv) (b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		Mentioned in note No. 2.10 of annual audited Financial Statements
1(5) (xxv) (c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5) (xxv) (d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5) (xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5) (xxv) (f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5) (xxv) (g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5) (xxv i)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5) (xxv ii)	The report as well as certificate regarding compliance of conditions of this Code asrequired under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1 (6)	Meetings of the Board of Directors The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not incons istent with anycondition of this Code.	✓		
1 (7)	**Code of Conduct for the Chairperson, other Board members and Chief Executive Officer**			
1 (7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1 (7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		
2	**Governance of Board of Directors of Subsidiary Company.**			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	✓		
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director	✓		
	on the Board of the subsidiary company;			
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓		
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓		
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		Freedom Motors Ltd. does not have any business operations, which is one of the subsidiaries of RAL.
3	**Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).**			
3 (1) (a)	Appointment The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3 (i) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3 (2)	Requirement to attend Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3 (3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3 (3) (a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3 (3) (a) (ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3 (3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3 (3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	**Board of Directors' Committee:-** **For ensuring good governance in the company, the Board shall have at least following subcommittees:**			
4 (i)	Audit Committee; and	✓		
4 (ii)	Nomination and Remuneration Committee.	✓		
5	**Audit Committee:**			
5 (1)	Responsibility to the Board of Directors:			
5 (1) (a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5 (1) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5 (1) (c)	The Audit Committee shall be responsible to the Board; the duties of the AuditCommittee shall be clearly set forth in writing.	✓		
5 (2)	Constitution of the Audit Committee:			
5 (2) (a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5 (2) (b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		



Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5 (2) (c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5 (2) (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	N/A		
5 (2) (e)	The company secretary shall act as the secretary of the Committee;	✓		
5 (2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5 (3)	Chairperson of the Audit Committee:			
5 (3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5 (3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	N/A		
5 (3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		
5 (4)	Meeting of the Audit Committee: -			
5 (4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year.	✓		
5 (4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5 (5)	Role of Audit Committee The Audit Committee shall: -			
5 (5) (a)	Oversee the financial reporting process;	✓		
5 (5) (b)	monitor choice of accounting policies and principles;	✓		
5 (5) (c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5 (5) (d)	oversee hiring and performance of external auditors;	✓		
5 (5) (e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5 (5) (f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5 (5) (g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5 (5) (h)	review the adequacy of internal audit function;	✓		
5 (5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5 (5) (j)	review statement of all related party transactions submitted by the management;	✓		
5 (5) (k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5 (5) (l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5 (5) (m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	✓		
5 (6)	Reporting of the Audit Committee			
5 (6) (a)	Reporting to the Board of Directors			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	✓		
5 (6) (a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5 (6) (a) (ii) (a)	report on conflicts of interests;	N/A		
5 (6) (a) (ii) (b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	N/A		
5 (6) (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	N/A		
5 (6) (a) (ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	N/A		
5 (6) (b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	N/A		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5 (7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	**Nomination and Remuneration Committee (NRC):-**			
6 (1)	Responsibility to the Board of Directors			
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6 (1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6 (1) (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6 (2)	Constitution of the NRC			
6 (2) (a)	The Committee shall comprise of at least three members including an independent director;	✓		
6 (2) (b)	All members of the Committee shall be non-executive directors;	✓		
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6 (2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	N/A		
6 (2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	N/A		
6 (2) (g)	The company secretary shall act as the secretary of the Committee;	✓		
6 (2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6 (2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6 (3)	Chairperson of the NRC			
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6 (3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
6 (3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	✓		
6 (4)	Meeting of the NRC			
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6 (4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
6 (4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6 (4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6 (5)	Role of the NRC			
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6 (5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6 (5) (b) (i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6 (5) (b) (i) (a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6 (5) (b) (i) (b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6 (5) (b) (i) (c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6 (5) (b) (ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6 (5) (b) (iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		



Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6 (5) (b) (iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6 (5) (b) (v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6 (5) (b) (vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6 (5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7	**External or Statutory Auditors:-**			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	✓		
7 (1) (i)	appraisal or valuation services or fairness opinions;			
7 (1) (ii)	financial information systems design and implementation;			
7 (1) (iii)	book-keeping or other services related to the accounting records or financial statements;			
7 (1) (iv)	broker-dealer services;			
7 (1) (v)	actuarial services;			
7 (1) (vi)	internal audit services or special audit services;			
7 (1) (vii)	any service that the Audit Committee determines;			
7 (1) (viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and			
7 (1) (ix)	any other service that creates conflict of interest.			
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	✓		
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	**Maintaining a website by the Company:-**			
8 (1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8 (2)	The company shall keep the website functional from the date of listing.	✓		
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	**Reporting and Compliance of Corporate Governance:-**			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9 (3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with theseconditions or not.	✓		

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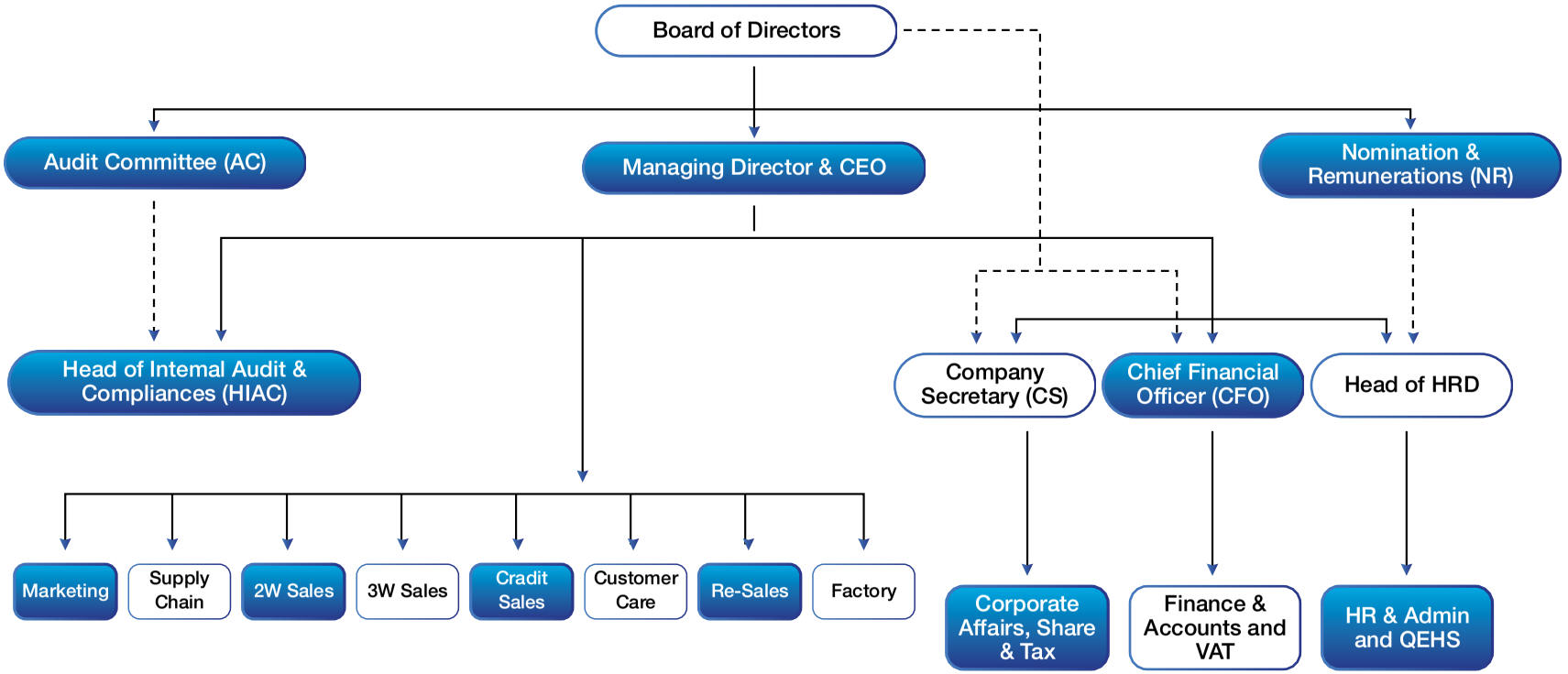
ORGANOGRAM

Runner Automobiles Ltd.

Organogram-2020-21



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Overview

Runner Automobiles Ltd (RAL) adheres to a strong risk management strategy that stems from robust governance in order to bolster the enterprise risk management (ERP) framework. This allows the Company to seamlessly adapt to changes in the business environment, especially accelerated by the Covid-19 pandemic. The governance of risk management starts with the Board and is interwoven around a strong management structure, information system, risk-rating system and robust policies. RAL considers the guidelines for managing core risks, ensuring benchmark industry practices in identifying, assessing and measuring and mitigating/controlling risk.

Strong inter-department communication on risk factors and a culture of collaboration in decision-making among the revenue-generating units, independent control and support functions, committees and the senior management assist the Company in the sufficient management of organizational risks.

The Board regulates the nature and extent of the strategic risks which the Company takes to attain its objectives, while maintaining equivalent risk management and systems of internal control. The Board is aware of the competitive nature of the industry in which the Company operates, and hence it takes the view of balancing risk-reward situations, keeping risks to manageable and controllable levels. This balance has enabled the Company to achieve steady progress in shareholder value creation.

The Board provides strategic guidance to the management to identify the risks faced by the Company, and thus formulates, implements and monitors appropriate internal initiatives to mitigate and control risk. Notably, all control measures and internal practices work to reduce the impact of risk, rather than completely eliminating them, which acts as a hindrance to the Company's business objectives and growth targets. Accordingly, the Board can only provide reasonable but not absolute assurance against material misstatements or loss.

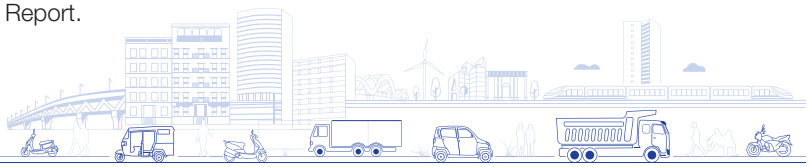
RAL's system of internal control covers financial, operational and compliance controls and risk management procedures

Risk types

Major risks at Runner are broadly classified into the following categories:

- Strategic risk
- Operational risk
- Credit Risk
- Liquidity Risk
- Interest Rate Risk
- Market Risk
- Compliance and governance Risk
- Technological Risk
- Interest Rate Risk
- Market Risk

Runner Automobiles has in place an ongoing process for identifying, evaluating, monitoring and managing significant risks faced by the Company. This process includes reviewing and updating the system of internal controls and considering the amendments in the regulatory, business and external environments. This process is reviewed by the Board through its Audit Committee. The Audit Committee's responsibilities and duties are stated in the 'Audit Committee Report' of this Annual Report.



RISK MANAGEMENT FRAMEWORK: THREE LINES OF DEFENSE

Operational	Board	Audit Committee
1st line Markets/factory ▸ Own risk/accountable for identification and management of risk ▸ Perform front line controls in line with policies and procedures ▸ Reflect risks in business plans	**2nd line** Risk management committee and others ▸ Set framework of policies, procedures and controls with legislations ▸ Provide guidance, advice, support, training and share best practices ▸ Monitoring of control effectiveness and related performance	**3rd line** Internal ▸ Audit effectiveness of risk management and control framework ▸ Provide independent assurance to the Audit Committee and Board ▸ Constructively challenge and issue recommendations

Enterprise Risk Management Framework

Risk Management is critical for the sustainability of the Company and enhancement of shareholder value. Hence, it is strongly enforced and incorporated in the Company's management system. The Risk Management Framework is aligned with RAL's operating model and is a combined approach upon the three lines of defense. The structure encourages the communication and escalation of risk and control-related matters across the Company. RAL's Board is responsible for the strategy of the Company and setting the risk appetite. The Risk Management Committee is accountable for operational directions of the business, taking responsibility of the risks and related internal control interventions. Core risk areas are as follows:

- Financial risk
- Regulatory risk
- Market risk
- Operational risk
- Credit risk
- Product risk
- Economic risk
- Attrition risk

These comprise the core risks areas for the business. Our risk management function ensures successful and effective alignment of functional business plans as per the corporate strategy, with respective business unit and functional management being responsible for the delivery of operational performance and the management of the intrinsic risks. It is our management team who is responsible for the achievement of Company's strategic objectives within the scope of Company's policies and standards and that we conduct business in compliance with our code of conduct. The functional and divisional management structures is led by our Management Committee, enabling a continuous process of identification, evaluation, management and mitigation of significant risks in those areas to the achievement of Company's business objectives. This enables effective and timely identification of actual and emerging risks and responses to mitigate impacts or realize opportunities.

Enterprise Risk Management Objectives

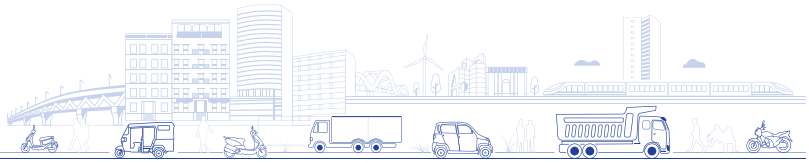
Runner has implemented Risk Governance which is an important element of corporate governance. Risk governance applies the principles of sound corporate governance to the identification, measurement, monitoring and controlling of risks to help ensure that risk-taking activities are in line with the Company's strategic objectives and risk appetite. Our risk governance is the approach to risk management and includes the policies, processes, personnel and control systems that support risk-related decision-making. The objectives of risk management of Runner Automobiles is as below:

- Protect the interests of all other stakeholders
- Preserve the safety and security of the organization
- Preserve the safety, security and health of all employees
- Ensure the continuity of supply of products to customers at all times
- Protect assets and reputation
- Ensure that the Company's operations do not impact negatively on the community around which it operates, and the environment
- Ensure awareness by identified risk management team
- Promote an effective risk awareness culture where risk management is an integral dimension of the Company's management systems
- Ensure compliance with BSEC's code of corporate governance
- Review and update the risk register
- Assess status of risk mitigation action plans

Risk Management Team Responsibilities

As part of ensuring the proper utilization of resources and maximizing output, RAL has established a risk management team that is continuously monitored and reviewed by the Audit Committee. The objective of the team is to ensure the desired outcome through minimizing risks though proper management of risk governance. The team also approves risk management policies and defines their framework. The team also develops strategies to mitigate identified risks, applies risk management methodologies and risk analysis tools and integrates insurance policies of treating prioritized threats with the project management team. The overall responsibilities of risk management team have been enumerated as under:

- Steer the Company's enterprise risk management program
- Ensuring the adaptation of risk management program at all levels of the Company
- Establishing an appropriate corporate culture and setting the tone at the top for risk awareness
- Setting realistic strategic goals and objectives and overseeing the management's implementation of those goals and objectives thereof
- Confirming that the Company has a risk management system, including audit, suitable for its size and activities and understanding the material risks
- Monitoring the Company's operations, overseeing the business performance and staying informed about the operating and business environment
- Promote a proactive risk awareness culture
- Coordinate the development and implementation of risk mitigation action plans
- Develop and update business continuity plans (BCPs) for key business risks
- Organize training and education for employees on risk management



Risk Management Process:

Risk Identification

All probable events that could adversely impact the achievement of business objectives, including failure to capitalize on opportunities are identified.

Risk Assessment

Business risks are identified in terms of the impact the risks may have on business strategies, objectives and its probability of occurring. Risk assessment is done on the basis of likelihood of the risks materializing and impact of the consequence, considering the degree of internal control and risk management measures in place against pre-set criteria on a scale of one to three, this combination provides a total risk rating on a scale of one to nine. Further, risks are then categorized on the Risk Heat Map which measures the significance of the risks to the organizations and then assists in making a relative prioritization and focus for mitigation of the risk. The outcome of the risk identification and evaluation process is both a risk heat map and a comprehensive risk register, which documents all identified business risks.

Risk Treatment

While completing the risk register, the risk owners are identified who are currently responsible for finding action plans in order to manage and alleviate the risks with a timeline for completion of action. It is typically seen that senior managers and part of the functional leadership team are the Risk Owners.

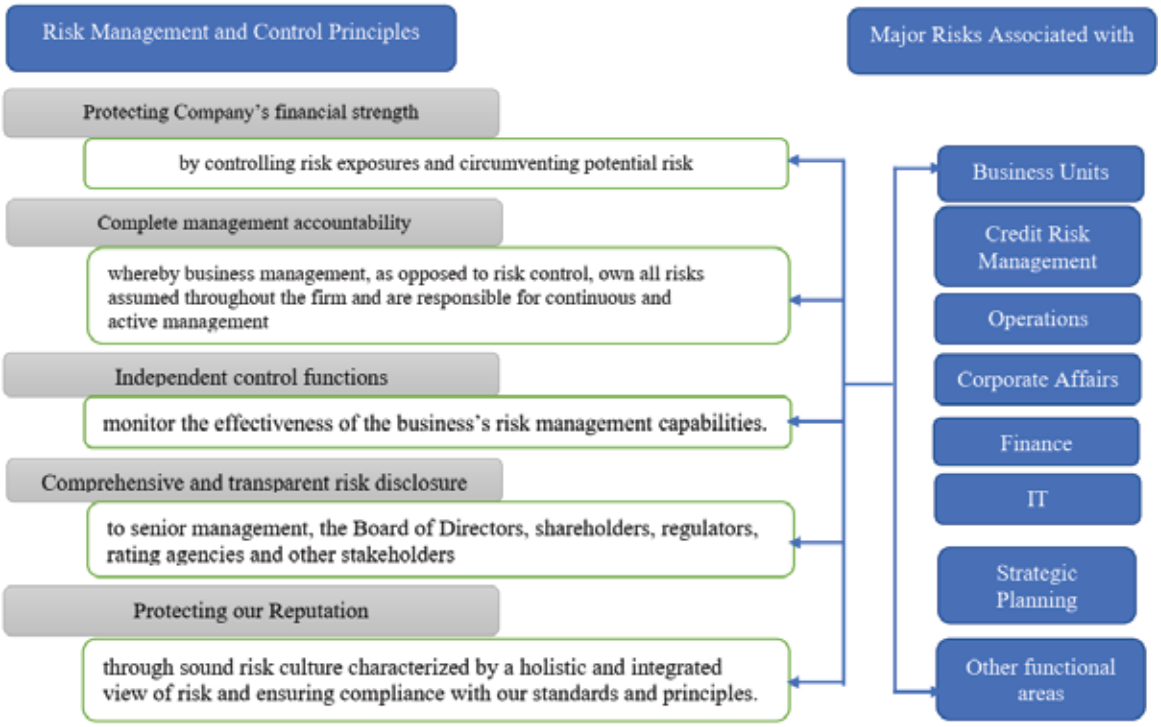
Risk Monitoring

The Risk Management Team conducts an ongoing risk monitoring to assess if any conditions associated with risk has changed and to further ensure that action and risk mitigation plans have been implemented. Status of action/mitigation plans are communicated to the Audit Committee bi-annually.

Risk Reporting

Outcome of risk assessment during business planning process have not had many changes relative to previous year. Risks and their relative possibility of occurring and impact remains consistent. The Company views the key risk as that of beings in the tobacco sector and having the ability to significantly impact the Company's results. In addition to the above, the Company is subject to the ever-present risk of competitor actions. Steps to anticipate, mitigate and neutralize such risks are core to our business.

Enterprise Risk Management Approach



At Runner, the activities related with risk management have been quarterly reviewed and managed in the Audit Committee meeting regularly and guide the respective departments providing notifications and reports for possible actions, ensuring security practices and setting up workflows for required actions to take necessary actions so that the risk can be managed through the proper action taken. The overall process of the risk management can be summarized as below:

- Identification of enterprise risks: Identify the events which might impact on the desired outcome
- Assessing the risks: The viability of the risks is to judge the potential impacts on its occurring
- Control the major risks: To defend the possible impacts, set effective control system to manage risks
- Monitoring and reviewing: To regularly review the internal & external changes which might effect on
- Remediation: To share the recommendations to remedy the possible risks and uncertainties

Business Continuity and Crisis Management

Business continuity is the creation of a strategy through the recognition of threats and risks facing a company, with an eye to ensure that personnel and assets are protected and able to function in the event of a disaster. Business continuity planning involves defining potential risks, determining how those risks will affect operations, implementing safeguards and procedures designed to mitigate those risks, testing those procedures to ensure that they work, and periodically reviewing the process to make sure that it is up to date. In order to respond to various potential disruptions which could impact the Company, such as manufacturing contingency sourcing plan and information technology disaster recovery/ service continuity plan, the Company has various business continuity plans.

The Company has rich experience of 21 years in the business and has successfully managed the various potential disruptions which could impact the Company. In spite of having environmental unrest, the team passed the troublesome with satisfactory growth.

Thus, at Runner, we endeavor to reduce the impact of major risks that can directly affect our profitability which are as follows:

Credit risk

RAL offers retail financial credit on its products. If the buyer of our products does not/cannot pay on time or there is a shortfall in the payment obligation, the financial profile of our Company may be impacted. In response, RAL possesses robust credit appraisal tools to appraise customer creditworthiness. This helps minimize any default risks. Further, the typical profile of our customers is, amongst others, the salary-class, which have a more secured income-backing, which also plays a role in minimizing default. Besides, the Company has strong credit collection mechanisms and also makes adequate provisions as a means to secure income/profitability in the event of any future default.

Liquidity risk

Liquidity risk refers to the Company's inability to meet its short-term financial liabilities. However, the Company has mitigated this risk well, with its current ratio and quick ratio standing at 1.34 times and 1.04 times respectively in FY2020-21. 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 fulfill those needs. Thus, the Company possesses robust credit ratings is A1 for the year.

Interest rate risks

Interest rate risk arises when changes in interest rates have an impact on the future cash flows of the Company. However, as a means to deleverage its balance sheet, the Company has focused on debt pre/repayments, also utilizing its IPO proceeds to meet this goal. Over the past three 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, RAL also regularly reviews its interest rates and invests in FDR as a prudent treasury management practice to ensure natural hedge against rising interest rates.

Cost risk

Market risk arises when the price of the Company's products needs to be adjusted to accommodate for changes in the cost of raw materials and also imposition of any duty or tax by the govt. RAL mitigates this risk via two approaches. One, through calibrated price hikes to ensure protected revenue and profitability management and two, through internal cost efficiency measures to mitigate any inflationary impacts. Further, since Bangladesh's automotive industry is highly reliant on auto component imports, it is exposed to major forex rate fluctuations. The Company tries to minimize any adverse impact here by engaging in long-term contracts at fixed rates. Further, exports of products also act as a natural hedge against import of auto parts.

Product risk

The Company's products may cease to remain relevant or competitive in the market. However, we believe that the threat level of this risk is very low as the Company has pioneered Bangladesh's automotive industry with the "Runner" brand of 2W that has redefined mobility in the country. Further, with a focus on providing effective mobility solutions the Company has achieved robust competitive differentiation through product affordability, functionality, aesthetics and accessibility, topped over by the "Made in Bangladesh" tag that has enabled it to corner a large market share. In fact, the Company possesses the largest share of the market in the sub-100cc motorcycle category in the country at 90%. Furthermore, with a view to stay relevant to the times, the Company makes timely portfolio enhancements through not only its Runner brand, but also via its international 2W portfolio that comprises renowned high-performance scooters and motorcycles. Moreover, the Company also offers a

large product portfolio of Bajaj 3W and Eicher commercial vehicles (through Runner Motors, a subsidiary) that expands customer choice and facilitates mitigation against any product risks.

Economic and political risk

The economy of Bangladesh has shown a strong resilience against the adversities of the last decade or so. However, due to the outbreak of the coronavirus, Bangladesh's economy has faced a push back with significant socio-economic impacts. Yet, the economy has remained fairly resilient against these headwinds, reflected in the fact that the country achieved a positive GDP growth in FY2019-20 that saw the worst impacts of the pandemic triggering depression in many countries. Besides, the World Bank has estimated Bangladesh's GDP growth to be upward of 5% in FY2020-21 and more than 6% in FY2021-22, signifying acceleration toward pre-pandemic growth levels. Further, the country enjoys a stable political climate with a demonstrated pro-business approach of the current incumbent government.

Technology-related risks

RAL's operation is highly capital intensive. The quality of the finished products is directly dependent on the sophistication of the machinery in place. Any technological obsolescence can result in significant cost of overhaul and loss of production. In this regard, it must be mentioned that the Company possess state-of-the-art machinery and integrated production assets, including robotics, at its Bhaluka plant. This helps minimize any technology-related risks. Further, the Company has always made investments ahead of demand which has ensured adequate capacity for production to be ramped-up when required. This is most evident in the Company's new upcoming organic 3W manufacturing plant that will boast cutting-edge technology on the back of a tech transfer agreement with Bajaj of India.

Risk Management Activities, 2020-21

The Company's risk management team meets twice annually for engaging in a comprehensive review of risks and, along with the senior management, update the risk register via effecting any changes required in the action plans. Furthermore, the meeting involves the identification, evaluation and development of a well-structured mitigation plan for new risk formations with accountability and ownership. In addition, testing business continuity plans for ensuring effective response in case of contingencies also comprises an agenda of the meetings.

Promotion of Risk Awareness

Communication regarding risk is an integral part of the risk management activity. Dissemination of risk information to relevant levels of employees and stakeholders is imperative for mitigation of risk. Suitable channels are available for employees to provide feedback on risk management issues and offer suggestions for improvement. Moreover, the risk management team is responsible for risk awareness induction programs for new recruits. Such programs are aimed at educating the management staff on the Company's approach to risk management and internal controls and provides a forum to enhance the awareness on controls and exercising that knowledge on effectively managing the Company's risk.

Crisis Management Activation

The Company activated a crisis management team to manage the Covid-19-triggered situation, thus enabling the business to continue operations. As a result, business sustainability was secured with insignificant financial impact. We believe that the better of the challenges still lie ahead in the post-pandemic recovery, and we will focus not only on securing our presence in the future, but also accelerate market share gains for the benefit of our customer, company and country.

AUDIT COMMITTEE

FROM LEFT TO RIGHT

Md. Mohammad Ali Deen	Member
Mr. Oliver R. Harms	Chairman
Dr. Muhammad Abdul Mazid	Member
Md. Jahurul Alam	Member

RUNNER

REPORT OF THE AUDIT COMMITTEE

for the year ended 30th June 2021

Composition of the Audit Committee

At Runner Automobiles, 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. Mr. Oliver R. Harms is the Chairman of the Audit Committee and is an Independent Director who has longstanding Board and leadership experience. The committee's role is to ensure and maintain a direct link between the Board and both the internal **and external audit functions of the Company. The audit committee comprises of the following members:**

1. Mr. Oliver R Harms-Non-Executive Independent Director, Chairman

2. Mr. Mohammad Ali Deen-Non-Executive Director, Member

3. Mr. Md. Jahurul Alam-Non-Executive Director, Member

4. Dr. Mohammad Abdul Mazid- Non-Executive Independent Director, Member

As required by regulatory guidelines, all members are financially literate and can analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

Purpose and authority of the Audit Committee:

The Audit Committee performs in coherence and consistency and ensures compliance with the Corporate Governance Code promulgated by the BSEC. The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and, when appropriate, make recommendations to the Board on business risks, internal control compliance and audit. The committee satisfies itself by means of suitable steps and appropriate information that proper and satisfactory internal control systems are in place to identify and contain business risks and that the Company's business is conducted in a proper and financially sound manner.

The Audit Committee also assists the Board in ensuring that the financial statements reflect a true and fair view of the state of affairs of the Company and ensure a sound monitoring system within the business. The Audit Committee is accountable to the Board and the duties and responsibilities of the Audit Committee are clearly set forth in writing.

The Audit Committee is authorized by the Board to review activities of the business as per its ToR. It is authorized to seek any information from any Director or members of the management at any of its meetings. All employees are expected to cooperate with any request made by the committee. The committee is also authorized to seek information and advice from the Company's legal advisor, tax consultant and statutory auditor, if required.

Meetings of the Audit Committee

The committee met 04 (four) times during the financial year 2020-21. Members of the Audit Committee attended the meetings which were headed by Mr. Oliver R. Harms. In addition to the members and the Secretary to the committee, meetings were also attended by the Head of Internal Audit and Compliance and the Chief Financial Officer of the Company as special invitees for necessary information to be obtained for appropriate forward action.

Secretary of the Audit Committee

The Company Secretary attended all the meetings of the Audit Committee as he is, by default, the Secretary to the Audit Committee.

Attendance to Audit Committee meetings

Audit Committee meetings and member attendance for the year ended 30th June 2021 is provided below:

Sl. no.	Name	Designation	Meeting date				Attendance
			19.10.20	10.11.20	24.01.21	22.04.21	
1.	Mr. Oliver R. Harms	Chairman	Present	Present	Present	Present	4
2.	Mr. Mohammad Ali Deen	Member	Present	Present	Present	Present	4
3.	Mr. Md. Jahurul Alam	Member	Present	Present	Present	Present	4
4.	Dr. Mohammad Abdul Mazid	Member	-	-	Present	Present	2
5.	Mr. Faruq Ahmed Siddique	Ex -member	Present	Absent	Tenure expired		1

Changes in the Audit Committee

Dr. Mohammad Abdul Mazid joined the Audit Committee as a member upon retirement of Mr. Faruq Ahmed Siddique, as reviewed by the NRC and subsequently approved by the Board.

Terms of reference (ToR) of the Audit Committee

The duties and responsibilities of the Audit Committee is determined by its ToR, referred to by condition no. 6 of the new Corporate Governance Code issued by BSEC dated 3rd June 2018.

The ToR is periodically reviewed and revised with the concurrence of the Board of Directors. The Audit Committee is responsible to and reports to the Board of Directors.

Roles and responsibilities

The role and functions of the Audit Committee are further regulated by the rules governing the Audit Committee, as specified by the "Corporate Governance Code" issued by BSEC. The committee is empowered to monitor, review and examine:

- The integrity of the financial statements
- The Company's external auditor's qualifications and independence, the performance and effectiveness of the Company's internal and external audit, internal controls, evaluation of operational risk, and compliance with legal and regulatory requirements
- Any matter relating to the financial statements of the Company
- Review of the efficiency of internal control systems and procedures in place
- Review of the quality of accounting policies and adherence to statutory and regulatory guidelines
- Review of the Company's annual report and accounts and interim financial statements prepared for disclosure before submission to the Board
- Ensure that a well-managed and sound financial reporting system is in place to provide timely and reliable information to the Board, the management, regulatory authorities and other stakeholders
- Ensure that the Company's policies are firmly committed to the highest standards of good governance practices and operations conform to the highest ethical standards in the best interests of all stakeholders

Summary of activities

The following activities were carried out by the Audit Committee during the financial year ended 30th June 2021.

Reviewing financial reporting:

Reviewed the quarterly, half yearly and interim financial results of the Company, focusing particularly on:

- Any significant changes to accounting policies and practices
- Significant adjustments arising from audits
- Compliance with applicable financial reporting standards and other legal and regulatory requirements
- Adopting the going concern assumption

The committee also reviewed the annual financial statements of the Company prior to submission to the Board for its approval. The review was to ensure that the financial reporting and disclosures were in compliance with the provisions of the Companies Act, 1994, securities laws, applicable accounting standards (IFRS, BFRS) and other relevant regulatory requirements.

Reviewing related party transactions:

To review any related party transactions and conflict of interest that may arise within the Company, including any transaction, procedure or conduct raising issues of management integrity.

Preparation of Audit Committee reports:

To prepare the annual audit committee report and submit it to the Board. The report specifies the composition of the Audit Committee, terms of reference, number of meetings held and attendance thereon, summary of activities and performance of internal audit services.

Review and ensuring internal control and risk management:

- To review risk management and corporate governance framework adopted within the Company and to be satisfied that the methodology deployed allowed the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.
- To review and ensure compliance with established internal policies, standards, guidelines and procedures.
- To obtain assurance that proper control has been designed and implemented prior to the commencement of major change within the Company.

Monitoring internal audit:

- Reviewed the annual audit plans, including the audit methodology, in assessing and rating risks of auditable areas to ensure adequate scope and comprehensive coverage on the audit activities of the Company. Reviewed the effectiveness of the audit process, resource requirements for the year and performance of the internal audit.
- Reviewed the internal audit reports, which encompassed audit issues, audit recommendations and management's response to these recommendations. Improvement actions in the areas of internal controls and systems and efficiency enhancements, as suggested by internal auditors, were discussed with the management.
- Reviewed implementation of these recommendations through follow-up audit reports to ensure all keys areas were sufficiently addressed.
- Suggested additional scope for improvement in areas of internal control and systems and efficiencies improvement.

Responsibility related to external audit

The committee met with external auditors at the conclusion of the annual audit, in the absence of the management, and reviewed their findings and observations and the management's response thereto.

- Reviewed with the external auditors about their audit scope, audit strategies and audit plans in place for the year and their proposed fee and review of the statement of internal control.
- Reviewed the external audit reports and areas of concern highlighted in the management letter, including the management's response to the findings of the external auditors.
- Reviewed and evaluated factors related to the independence of the external auditors and assisted them in preserving their independence.
- Reviewed the performance of the external auditors and made recommendations to the Board on their appointment and fees.

In addition to the abovementioned responsibilities, the Audit Committee will act on any other matters as may be directed by the Board, which are not in conflict with the Corporate Governance Code mandated by BSEC.

Reporting of the Audit Committee

I. Reporting to the Board of Directors

The Audit Committee reports on its activities to the Board of Directors. The committee immediately escalates its concerns to the Board in case of the following findings:

- Report on conflict of interest
- Suspected or presumed fraud or irregularity or material defect/s identified in the internal audit and compliance process or in the financial statements
- Suspected infringement of laws, including securities related laws, rules and regulations
- Any other matter which the committee deems necessary shall be disclosed immediately to the Board

The Audit Committee further ensures that, in compliance with condition no. 5 of the Corporate Governance Code of BSEC notification no. SEC/CMRRCD/2006-158/207/admin/80 dated 3 June 2018, the Chief Executive Officer and Chief Financial Officer of the Company have certified before the Board that they have comprehensively reviewed the financial statements of the Company for the year ended 30th June 2021 and to the best of their knowledge and belief:

- These statements do not contain any material fact or contain statements that might be misleading
- These statements collectively present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards and applicable laws
- There are, to the best of their knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Code of Conduct of the Company’s Board of Directors or its members

II. Reporting to the authorities:

The Audit Committee reports to the Board on issues that may have a material impact on the financial conditions and operations. The committee also discusses with the Board and the management if any rectification is necessary. If the committee finds that such rectification has been unreasonably ignored, it reports such findings to the BSEC upon reporting such matters to the Board three times or upon completion of a period of 6 months from the date of first reporting to the Board, whichever is earlier.

III. Reporting to shareholders and general investors:

Reporting on activities carried out by the Audit Committee, including any report made to the Board under condition no. 5 (6) (a)(i) of the BSEC Corporate Governance Code during the year shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the Company.

Evaluation of the Committee:

An evaluation on the effectiveness of the committee was carried out by the other members of the Board of Directors and the committee has been found to be effective.

Recommendation

The Audit Committee recommended to the Board of Directors M/s Howladar Yunus & Co., Chartered Accountants to be appointed as auditors for the financial year ending June 30, 2022 subject to the approval of the members at the forthcoming 21st Annual General Meeting of the Company.

Report authorization

The Audit Committee's report is made in accordance with the resolution of the Board of Directors on 27th October 2021.

Conclusion

I offer my sincere thanks to the members of the Audit Committee for their valuable wisdom, guidance and support towards ensuring the proper and sufficient functioning of committee for the financial year 2020-21.

S/d-

Dr. Muhammad Abdul Mazid

Chairman, Audit Committee (Acting)

NRC

FROM LEFT TO RIGHT

Md. Mohammad Ali Deen	Member
Mr. Taslim Uddin Ahmed	Member
Dr. Muhammad Abdul Mazid	Chairman
Md. Mozammel Hossain	Member
Mr. Muallem A Choudhury FCA	Member

RUNNER

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE
for the year ended on 30th June 2021

The Nomination and Remuneration Committee (NRC) of Runner Automobiles Ltd, being one of its Board sub-committees, assists the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for Directors and Top-Level Executives of the Company.

COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC)

At Runner Automobiles, the Nomination and Remuneration Committee (NRC) is a subcommittee of the Board. It comprises five Directors, one of whom is an Independent Director. The Chairman of the committee is also an Independent Director. The Managing Director and Chief Financial Officer assist the committee by providing the relevant information and analysis. The Committee consists of:

1. **Dr. Muhammad Abdul Mazid, Chairman**
2. **Mr. Mozammel Hossain, Member**
3. **Mr. Muallem A Choudhury FCA, Member**
4. **Mr. Mohammed Ali Deen, Member**
5. **Mr. Taslim Uddin Ahmed, Member**

Dr. Muhammad Abdul Mazid , retired Secretary and former Chairman NBR , as an Independent Director, performances as Chairman of the Committee. As per the regulatory guidelines, the Company Secretary, Md. Mizanur Rahman acts as Secretary to the Committee. The NRC, accordingly, performs in coherence and ensures compliance with the Corporate Governance Code (CGC) promulgated by the Bangladesh Securities and Exchange Commission (BSEC)

CHANGES IN THE COMMITTEE

A major change in the composition of the committee was happened in FY2020-21. Dr. Muhammad Abdul Mazid, Independent Director, joined the committee as its chairman on 12 November 2020 and Mr. Muallem A. Chowdhury, FCA also joined as a new member of the committee on 25 April 2021. On the other hand, Mr. Hafizur Rahman Khan, Member resigned from the committee on 25 April 2021.

TERMS OF REFERENCE

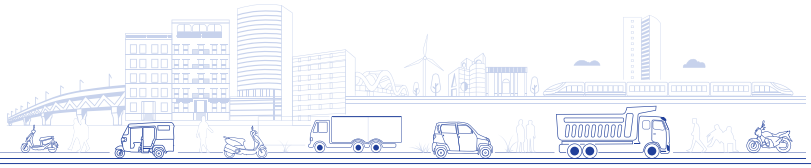
The Nomination and Remuneration Committee has performed its duties as assigned to it by the Board of Directors which is based on the Charter of NRC formulated mainly in accordance with the CG guidelines of BSEC as well as comprising other global best practices.

ROLE OF THE NRC

The NRC's role is primarily to determine and recommend to the Board the remuneration as well as nomination of the top Executive Directors. It also monitors the level and structure of remuneration of the senior management and seeks to ensure that the compensation package is designed to attract, retain and motivate the Executive Directors and senior management sufficiently to ensure responsible corporate stewardship and sustainable value creation for all stakeholders.

The purpose, authority, composition, duties and responsibilities of the Nomination and Remuneration Committee are delineated in its Charter. Some of the major responsibilities of the NRC are as follows:

- Recommend a policy on Board's diversity taking into consideration age, gender, experience, education and nationality;
- Formulate the criteria for determining qualifications and independence of Directors;



- Identify persons who are qualified to become Directors and top-level executives and recommend their appointment and removal;
- Formulate the criteria for evaluation of performance of Independent Directors and the Board;
- Recommend a policy to the Board relating to the remuneration of the Directors, and Top-Level Executives;
- Assess as to whether the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the Company successfully;
- Evaluate as to whether remuneration of Directors and Top-Level-Executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- Identify the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- Recommend and review annually the Company's human resources and training policies;
- Recommend the remuneration policy of the Company, particularly in relation to the yearly increment principle; and
- Recommend the Code of Conduct for the Chair of the Board, other Board Members and Chief Executive Officer (CEO) of the Company

Nomination Criteria

- Following the Company policies as well as guidelines and applicable country regulations,
- Following a selection process that is transparent in all respects,
- Following a process which is compatible to international standards and local best practices,
- Recognize core competencies of the respective personnel for the different level of management and employees of the Company,
- Follow diversity in age, maturity, qualification, expertise and gender disciplines

Recruitment and Selection Guidelines

The NRC Charter draws a broad outline of the Company needs for employees at different levels, as ascertained by the management. The recruitment and selection of Directors, top-level executives and other employees of the Company are made according to the following guidelines:

1. Non-Executive Directors:

Evaluation of the Non-Executive Directors is carried out at least once a year by the Board. The Board of Directors appoints the Non-Executive Directors upon nomination and recommendation of the NRC considering the following areas:

a. Contribution to for improving governance practices of the Board

b. Participation in Board and other statutory meetings and other committee meetings in a timely manner

c. Attendance at Board and other committee meetings

d. Standard of performance in contributing to the commercial success of the Company

2. Independent Directors

The Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws that can make meaningful contribution to the business. The Independent Director should have competence relevant to the sector in which the Company operates, and necessarily should have the qualifications as required by the regulations of BSEC. The Board of Directors appoint Independent Directors upon nomination and recommendation of the NRC, which is then approved by shareholders at the Annual General Meeting of the Company. The NRC evaluates the performance of each Independents Director for every financial year. To evaluate the standards of performance, the NRC considers three benchmarks:

3. Executive Directors

The NRC recommends the candidate(s) for Executive Director(s), based on nomination by the majority shareholders. The Board of Directors appoint the Executive Directors upon nomination and recommendation of the NRC.

4. Top-Level executives

The NRC identifies and recommends candidate(s) for top-level executives upon thorough scrutiny by the Managing Director, Executive Committee and Human Resources Department (HRD), considering relevant qualifications, experience, skills and leadership, as required for the respective positions based on the Company's internal selection process.

5. Other Employees:

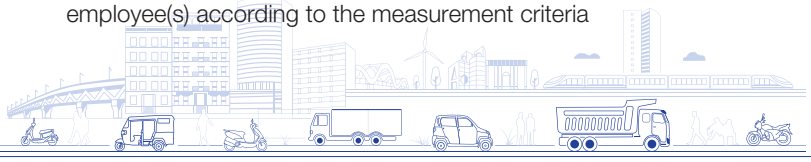
The NRC sets a guideline to identify the Company's need for employees at different levels and empowers the relevant management of the Company's HRD for selection, transfer, replacement and promotion of respective employees based on the Company's internal processes

Remuneration Criteria:

1. The structure, scale and composition of remuneration/honorarium is reasonable and sufficient to attract, retain and motivate suitable Directors, top-level executives and other employees to run the Company efficiently and successfully. The context of packages, including remuneration/ benefits monthly, yearly and in the long run for all the employees are categorically laid down and meets the appropriate performance benchmarks;
2. There is a clear balance in benefits between fixed and incentive pay of Executive Directors and senior management, reflecting short and long-term performance goals and objectives of the Company;
3. The remuneration, including bonuses, compensation, benefits (or in whatever form) payable to the Executive Directors, top-level executives and other employees are determined by the NRC based on the respective Company policies and guidelines, which shall be ratified by the Board as and when required;
4. The remuneration to be paid to the Executive Directors is in accordance with the Company's policies and guidelines;
   a. Increments (if any) to the existing structure of remuneration are determined by the NRC based on the Company's policies and guidelines, which are ratified by the Board as and when required;
5. The NRC recommends the Board meeting attendance fees, honorarium, including incidental expenses, if any; and
6. No member of the NRC receives, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.

Evaluation Criteria

1. Executive Directors: The respective line authority of the Executive Director(s) sets the performance measurement criteria based on the respective role profile and responsibilities through a Company appraisal process at the beginning of each calendar year. The Executive Director(s) prepare the performance document (half-year and year end). The respective line authority then evaluates the performance of the Executive Director(s) according to the measurement criteria.
2. Independent Director & Non-Executive Director: The evaluation of performance of the Independent Directors (IDs) and Non-Executive Directors are carried out at least once a year by the Board of Directors, according to the following criteria:
   a) Attendance at the Board meetings and committee Meetings
   b) Participation in the Board meetings and committee meetings
   c) Contribution to improving the corporate governance practices of the Company
3. Top-level Executives & other Employees: The respective line authority of top-level executives and other employees sets the performance measurement criteria based on the respective roles and responsibilities to achieve people and business objectives through Company appraisal processes at the beginning of each calendar year. The employees concerned prepare the performance document. The respective line authority then evaluates the performance of the employee(s) according to the measurement criteria



CHANGES IN THE EVALUATION CRITERIA AND POLICY

Members of the NRC reviewed the evaluation criteria and policy. There were no significant changes in the criteria and evaluation process.

MEETINGS OF THE COMMITTEE

During FY2020-21, four (4) meetings of the NRC were conducted. The proceedings of the NRC meetings are regularly reported to the Board of Directors. On invitation of the Committee, Managing Director, Finance Director and Head of Human Resource attended all Committee meetings during the year

ATTENDANCE AT NRC MEETINGS

NRC meetings and attendance during the year ended on 30th June 2021 is given below.

Sl. no.	Name	Designation	NRC meeting date				Attendance
			10.11.20	28.12.20	21.03.21	24.04.21	
1.	Mr. Faruq Ahmed Siddiqi	Ex-Chairman	Present	Retired due to completion of 2 tenure			1
2.	Dr. Muhammad Abdul Mazid	New Chairman	-	Present	Present	Present	3
3.	Mr. Hafizur Rahman Khan	Ex-member	Present	Present	Present	Resigned	3
4.	Mr. Muallem A. Chowdhury, FCA	New member	-	-	-	Present	1
5.	Mr. Md. Mozammel Hossain	member	Present	Present	Present	Present	4
6.	Mr. Mohammad Ali Deen	Member	Present	Present	Present	Present	4
7.	Mr. Taslim Uddin Ahmed	Member	Present	Present	Present	Present	4

NRC Activity Summary of 2020-21

Activity Summary of Nomination and Remuneration Committee during the year

- Reviewed the Terms of Reference of NRC and reported findings, if any, to the Board,
- Formulated a policy relating to the remuneration of the Directors, top level executives and all employees of the Company;
- Formulated the criteria for determining qualifications, positive attributes and independence of a director;
- Formulated the criteria for evaluation of performance of Independent Directors and Board Members;
- Identified criteria for selection, transfer or replacement and promotion at different levels of the Company;
- Adopted a code of conduct for the Chairman, Directors and Top-level executives of the Company;
- Reviewed vacancy positions or new positions, if any, and reported and/or recommended about it to the Board for ultimate appraisal.

Report Authorization

The NRC report is made in accordance with the resolution of the Board of Directors on 27 October 2021

Conclusion

I wish to offer my thanks to the members of the NRC for their valuable contribution towards ensuring the proper and sufficient functioning of committee for the financial year 2020-21.

On behalf of the NRC,

S/d-

Dr. Muhammad Abdul Mazid

RUNNER
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SHAREHOLDERS INFORMATION

Classification of Shares by holding up to June 30, 2021

Slabs of no. of Shares	No. of Shareholders	Number of Shares	Total Holding %
Less than 500 Shares	5781	640,445	0.56%
501 to 5,000 Shares	957	1,845,927	1.63%
5,001 to 10,000 Shares	283	2,168,143	1.91%
10,001 to 20,000 Shares	123	1,820,345	1.60%
20,001 to 30,000 Shares	46	1,198,297	1.06%
30,001 to 40,000 Shares	19	673,682	0.59%
40,001 to 50,000 Shares	29	1,370,435	1.21%
50,001 to 100,000 Shares	33	2,481,111	2.19%
100,001 to 1,000,000 Shares	51	14,097,485	12.42%
Over 1,000,000 Shares	20	87,244,062	76.84%
Total	**14,214**	**113,539,932**	**100.00%**

Shareholders holding ten percent (10%) or more voting interest in the Company (name wise details):

Sl.	Name	Status	No. Shares	(%) of Shareholding
01	Brummer Frontier PE II (Mauritius) Limited	Foreign Investors	28,304,347	24.93%

Directors, CEO, CS, CFO, HIAC, Their Spouse and Minor Children

Sl.	Name	Designation	No. Shares	(%) of Shareholding
01	Hafizur Rahman Khan	Chairman	10,785,600	9.50%
02	Sabrina Bari (Spouse of Hafizur Rahman Khan)	Shareholder	1,839,600	1.62%
03	Md. Mozammel Hossain	Vice Chairman	6,980,400	6.15%
04	Mahafuza Begum (Spouse of Md. Mozammel Hossain)	Shareholder	1,373,400	1.21%

05	Reazul Haque Chowdhury	MD & CEO	Nil	0%
06	Md. Jahurul Alam	Director	3,150,000	2.77%
07	Mohammad Ali Deen	Director	2,520,000	2.22%
08	Taslim Uddin Ahmed	Director	2,709,000	2.39%
09	Khalid Shahidul Quadir	Director	Nil	0%
10	Muallem A Choudhury FCA	Director	Nil	0%
11	Oliver R. Harms	Independent Director	Nil	0%
12	Faruq Ahmad Siddiqi	Independent Director	Nil	0%
13	Shanat Datta FCA	CFO	Nil	0%
14	Md. Mizanur Rahman	Company Secretary	Nil	0%
15	Masudul Haque	HIAC	Nil	0%

Executives (Top 5 Salaried Employees other than above)

Sl.	Name	Designation	No. Shares	(%) of Shareholding
01	Anwarul Azim	Executive Director	Nil	0%
02	Shanat Datta FCA	CFO	Nil	0%
03	Hemant Kumar	GM	Nil	0%
04	Md. Masumul Kabir	Director	Nil	0%
05	Shourav Ahmed	GM	Nil	0%

Company Website

Anyone can get information regarding the Board of Directors, top management and key financial information of the Company, including price sensitive disclosures The website also has information about sustainable agricultural initiatives of the Company and career opportunities for potential applicants.

Investor Relations

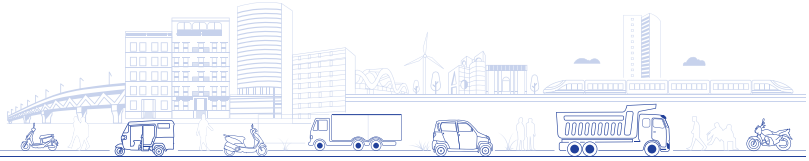
Local and international investors, financial analysts and other members of the professional financial community requiring additional financial information can visit the Investor Relations section of the Company's website: www.runnerautomobiles.com.

Digital Platform

The digital platform in social media named as 'Runner Motorcycles' has been created for ensuring effective and efficient communication with the shareholders and other stakeholders.

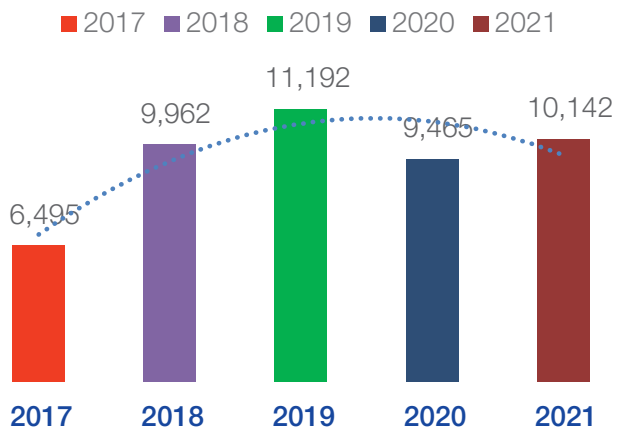
Shareholder Services

If you have any queries relating to your shareholding, please contact us: Md. Mizanur Rahman, Contact Number. +8801730405232, Telephone Number: 09611222000 or write an email to the Share Office of Runner ral.cstd@gmail.com.

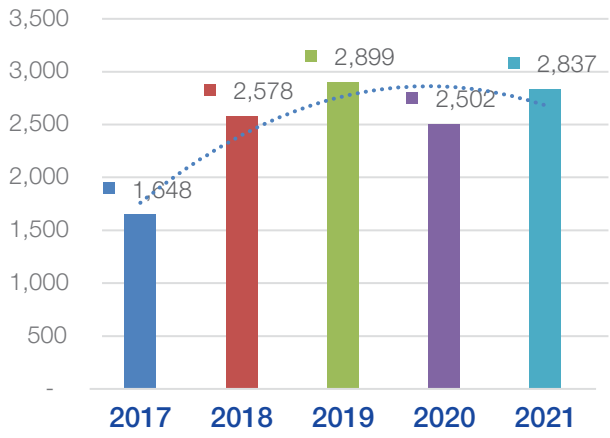


KEY FINANCIAL INDICATORS

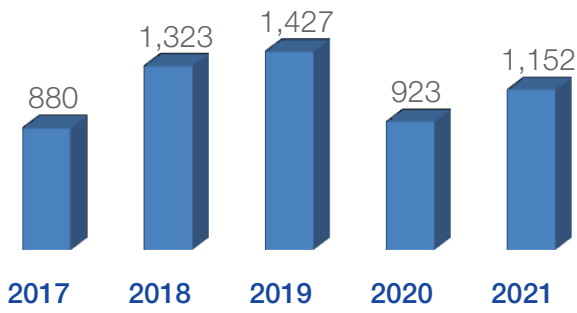
Revenue



GP



Operating Profit (M)



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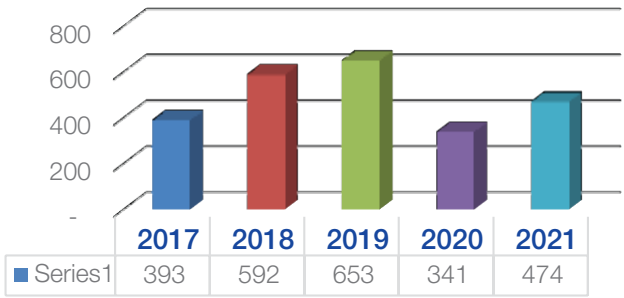
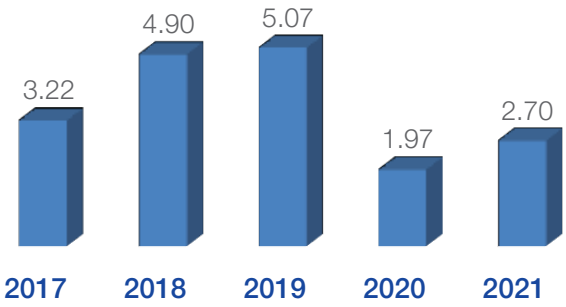
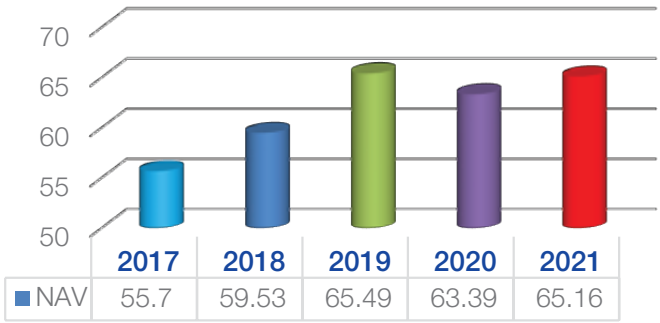


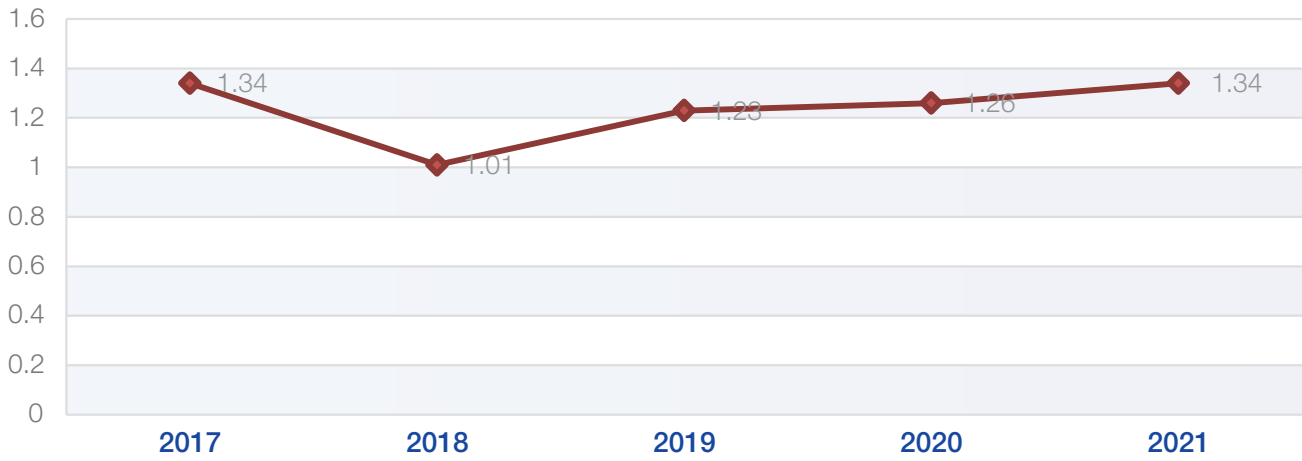
EPS



NAV



CURRENT RATIO



KEY FINANCIAL HIGHLIGHTS

Financial Summary	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Financial Position				Amount (in million)	
Paid -up capital	1,135	1,135	1,081	942	942
Shareholders' equity (Parent's Portion)	7,399	7,197	7,081	5,607	5,246
Total assets	23,527	22,293	18,723	15,352	13,800
Total liabilities	23,527	13,932	10,575	8,795	7,714
Cash Flow				Amount (in million)	
Net cash flows from operating activities	345	(2,310)	67	249	72
Net cash flows from investing activities	(649)	(607)	(250)	80	(345)
Net cash flows from financing activities	(57)	2,473	1086	-420	605
Financial Ratios					
Current assets to current liability	1.23	1.26	1.23	1.01	1.34
Debt to equity	1.5	1.67	1.30	1.34	1.27
Operating profit margin	11.36%	9.76%	12.75%	12.51%	13.55%
Net profit margin	4.67%	3.60%	5.83%	5.94%	6.05%
Return on equity	5.46%	4.13%	8.01%	9.57%	7.72%
Return on assets	2.01%	1.66%	3.49%	4.03%	2.99%
Ordinary Share Information					
Ordinary shares outstanding	113,539,932	113,539,932	108,133,269	94,202,921	94,202,921
Face value per share	10	10	10	10	10
Cash dividend on paid up capital	10%	10%	10%	nil	11%
Net asset value per share	65.16	63.39	65.49	59.53	55.70
Net operating cash flow per share	3.04	-20.34	0.59	2.64	0.77
Earning per share	2.70	1.97	4.41	4.9	3.22

KEY FINANCIAL HIGHLIGHTS OF RAL (STAND ALONE)

	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Turnover (Net)	3,794.93	3,394.46	4,865.95	4,202.26	2,410.04
Gross Profit	977.21	882.29	1,258.61	1,166.62	681.45
Net Profit before Tax	167.65	94.75	374.44	358.2	222.23
Net Profit after Tax	122.27	69.59	310.89	284.95	190.9
Total Other Income	144.66	85.09	152.56	93.24	77.54
Net Asset Value	5,451.62	5,435.26	5,473.73	4,189.61	4,005.61
Total Receivable	3,485.92	3,184.05	2,350.58	1,570.18	1,240.29
Total Inventories	1,348.51	1,563.00	734.10	908.08	699.52
Total Payment of Govt Duties	1,192.00	845.00	1,433.27	823.65	544.21
Total Share Capital	1,135.40	1,135.40	1,081.33	942.03	942.03
Total Assets	10,403.34	10,007.93	8,500.57	6,892.21	6,286.97
Total Borrowings	4,438.96	4,026.28	2,513.12	2,325.48	2,020.51
Total Current Assets	6,094.59	6,346.09	4,983.55	3,516.38	3,059.71
Total Current Liabilities	4,545.53	4,436.79	2,893.70	2,551.75	2,079.69
Current Ratio	1.34	1.43	1.72	1.38	1.47
Quick Ratio	1.04	1.08	1.47	1.02	1.13
Debt/Equity Ratio (Times)	0.81	0.74	0.46	0.56	0.5
Account Receivable Turnover Ratio	1.09	1.23	2.48	2.99	1.3
Inventory Turnover Ratio	2.81	2.19	4.39	3.78	2.94
Gross Margin Ratio	25.75%	25.99%	25.87%	27.76%	28.28%
Operating Income Ratio	9.93%	9.85%	11.00%	12.48%	14.70%
Net Income Ratio before tax	4.42%	2.79%	7.70%	8.12%	9.22%
Net Income Ratio after tax	3.22%	2.05%	6.39%	6.78%	7.92%
Return on Assets	1.2%	0.70%	4.04%	4.32%	3.20%
Return on Equity	2.25%	1.28%	6.43%	6.95%	4.88%
Debt to total Assets Ratio	0.48	0.4	0.30	0.34	0.32
Time Interest Earn Ratio (Times)	1.51	1.31	2.33	2.38	2.18
Net Operating Cash Flow per Share	1.98	-13.27	0.28	0.3	0.56
Net Operating Cash Flow per Share/EPS	1.83	-21.65	0.10	0.1	0.28
Face Value per Share	10	10	10	10	10
Dividend (Cash)	10%	10%	10%	-	11%
Dividend (Stock)	-	-	5%	-	-
Net Assets Value (NAV) per Share	48.01	47.87	50.62	44.47	42.52
EPS Earning per Share (weighted)	1.08	0.61	2.74	3.02	2.03
No. of Employees:	1,153	1,203	1,252	945	691

KEY FINANCIAL HIGHLIGHTS OF RAL (CONSOLIDATION)

	2020 -2021	2019 -2020	2018 -2019	2017 -2018	2016 -2017
Operating Income Ratio	11.36%	9.76%	12.75%	12.51%	13.55%
Net Income Ratio before tax	8.24%	5.37%	8.45%	8.64%	8.63%
Net Income Ratio after tax	4.67%	3.60%	5.83%	6.15%	6.06%
Return on Assets	2.01%	1.53%	3.49%	4.03%	2.99%
Return on Equity	5.46%	4.08%	8.01%	9.57%	7.72%
EBITDA Margin	14.80%	13.20%	13.67%	21.40%	15.87%
Debt to total Assets Ratio	0.63	0.63	0.84	0.82	0.48
Debt Service Coverage Ratio	0.13	0.12	0.57	1.06	0.25
Time Interest Earn Ratio (Times)	2.64	1.95	2.51	2.82	2.53
Net Operating Cash Flow per Share	3.04	-20.34	0.59	6.5	0.77
Net Operating Cash Flow per Share/EPS	1.13	-10.32	0.13	0.98	0.24
Face Value per Share	10	10	10	10	10
Dividend (Cash)	10%	10%	10%	nil	11%
Dividend (Stock)	-	-	5%	nil	nil
EPS Earning per Share	2.7	1.97	4.41	4.9	3.22
Net Profit margin	4.67%	3.60%	5.83%	5.94%	6.05%

VALUE ADDED STATEMENT

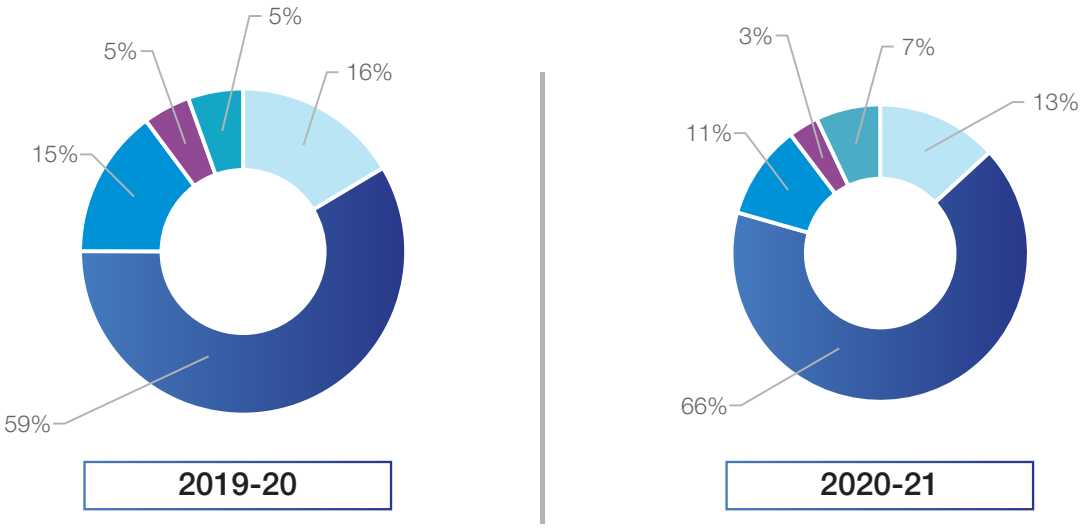
for the year ended June 30, 2021

The Value-Added Statement shows how much value has been generated by an organization by capitalizing its Man, Machine, Money, Materials and other resources and how it is allocated among different stakeholders in a particular financial year.

The Value-Added Statement shows the total worth created and how it was distributed to meet certain obligation and the portion retained for the continued operation and expansion of the Company

Particular	2020-2021		2019-2020	
	Amount (BDT)	%	Amount (BDT)	%
Turnover-Gross	11,432,234,855		10,338,522,912	
Other Income	301,100,603		255,272,303	
Total Income	**11,733,335,458**		**10,627,095,215**	
Less: Cost of Material & Service	6,200,001,403		6,259,698,318	
Value Added	**5,533,334,055**		**4,367,396,898**	

Particular	**2020-2021**		**2019-2020**	
Distribution of Value Added:	**Amount (BDT)**	%	**Amount (BDT)**	%
To Salaries, Commission and other Benefits	727,600,813	13%	712,232,208	16%
To Government	3,666,504,779	66%	2,540,002,339	58%
To Bank and other Lenders	568,944,460	10%	641,414,783	15%
To Suppliers of Capital	181,039,932	3%	203,539,932	5%
Retained for Reinvestment and Future Growth	389,244,071	7%	236,907,639	5%
Total	**5,533,334,055**	**100%**	**4,367,396,898**	**100%**



TRUCKS

EICHER
PARTNERING PROSPERITY

সমৃদ্ধির পথে অগ্রযাত্রা

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RUNNER
motors limited

RUNNER MOTORS LIMITED

Overview

Balancing Covid-safe practices, together with ensuring continued performance, we enshrined this thought process in our action plan: “Safety first, work is must” for our team. With economic pressures induced by the pandemic, the commercial vehicle (CV) industry was also impacted as it is directly correlated with the GDP and hence it was important for us to motivate our team for protecting the business and ensuring growth.

Bangladesh’s CV industry is mostly dependent on Indian products, with 84% of the total CVs imported from the country (last 4 years’ average). China has a 7% share, Japan 5% and Thailand about 3%. Corroborating to a sluggish industrial environment that was exacerbated by the pandemic, the country’s CV industry has de-grown over the last 3 fiscal years. In FY2020-21, the market de-growth was 6% and 3 years CAGR stands at

-13%. In spite of external adversity, Runner Motors Limited (RML) has been able to achieve a contrarian performance, securing 9% growth in overall sales during the year.

Market scenario outlook

In Bangladesh, trucks are mainly used for transportation of regular commodities, including RMG products and construction materials. However, the pandemic has given thrust to the e-commerce industry for delivery or shipment of various products that can be catered to by small and medium-sized trucks. The new axle load restriction policy also increases the demand for CVs, as vehicle overloading is prohibited for safety purposes.

As the CV industry is mostly dependent on imports, after two continuous years of decline, imports in FY2020-21 increased by 20%. On other hand, the total retail industry volumes witnessed an encouraging transformation, with the pace of degrowth declining from 26% (YoY, past 3 years) to 6% in FY2020-21.

It is expected that rentals will increase on the back of a few pertinent factors:

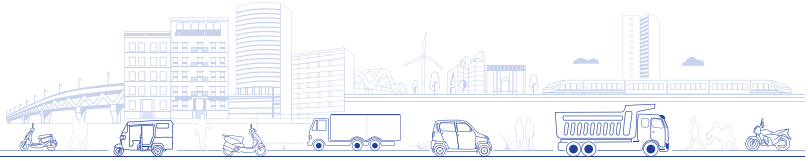
- No stimulus announced for rental fleet owners, which will drive them to recover costs from rentals
- Demand-supply mismatches with consumer demand remaining strong

This points to expected buoyancy in the country’s CV industry, going forward.

Brief segment-wise performance:

The CV industry is segmented by vehicular tonnage and is segregated as per pick-ups, light and medium-duty (LMD) and heavy duty (HD) vehicles.

- The pick-up segment is the major category of the CV industry. It witnessed 25% YoY growth in imports in FY2020-21 and has an overall 41% contribution (last 4 years’ average). At the same time, the retail market growth stood at 19% and RML achieved 58% growth in FY2020-21.
- The LMD category has the maximum variety of products and is the second highest contributor to the total CV industry. In FY2020-21, the category reported a 6% de-growth YoY, yet RML’s sales increase by 1%.
- The HD category has the highest contribution to total CV industry in value terms. Except for the 16 ton HD segment in which RML does not have a presence, the total category witnessed 22% market de-growth, yet RML achieved a 3% growth in this segment.



Key differentiation factors

Customer delight

Customer satisfaction is one of the core values of RML and right from inception we have focused on customer fulfillment. After any vehicle sale, a call is initiated for feedback from a third-party call center regarding their overall purchase experience. It is also assessed if customers received information on product warranty, free service, network etc., by the sales team. This information is aggregated and provided to the Company at the end of every month from our 3rd party call center. Any gaps are corrected within 72 hours.

87.37%

Customer satisfaction score achieved in FY2020-21

We also have a dedicated in-house call center that directly communicates with new and existing customers for aftermarket support. We were bestowed with the prestigious 'Best Service' award from VECV (Volvo Eicher Commercial Vehicles, our parent company) in the South Asia region for the 4th time in a row. We remained highly focused on customer retention, which stood at 66% in FY2020-21.

In aftermarket, we are committed to provide quick service at our 120 Minutes Express Service Bay. Component availability has also increased to 91% with continuous expansion of our retail network.

96%

Customer satisfaction score in aftermarket achieved in FY2020-21

Digital CRM

We are implementing a CRM app for our sales team for enabling improved interaction with our customers and for managing customer requirements on time and via a professional conduct. 100% of our sales team is now active on the CRM.

Regulatory interventions

The CV industry needs to maintain emissions standard norms with increasing focus on environmental protection and climate action.

Thus, for diesel vehicles, smoke and particulate emission standards are also specified in addition to CO, HC and NOx. Currently, while most of the CVs on the road have BS III engine, India aligned with the BS VI emissions standards nationwide for all light- and heavy-duty vehicles to reduce mass emissions in 2020. Eicher was the first brand in India who introduce BS VI products in the domestic market. Thus, we remain in an advantageous position with regards to any future norms specified by the govt.

Further, the govt.'s Department of Environment has prepared a draft regulation on "Revisions of Vehicular Emission Standards for Bangladesh", which is under process of approval, which will also fix the vehicle's maximum life span, something that is also being debated in India. This initiative is expected to shorten the typical asset ownership cycle and hence increase frequency of sales.

FREEDOM MOTORS LIMITED

FREEDOM

Freedom Motors Limited is a private limited company incorporated in Bangladesh under the Companies Act, 1994 with the Register of Joint Stock Companies and Firms, bearing registration no. 70066 (2575)/08 dated February 02, 2008. The company's business comprises the manufacture/assembly of all kinds of automobiles/mechanical products manually or by automatic/semi-automatic machines or manufacturing of automatic/mechanical materials and marketing the same all over Bangladesh. 99.99% shares of Freedom Motors Limited is held by Runner Automobiles Limited. With the company in the incubation phase, it had limited operational activities during the period.

MEDIA HIGHLIGHTS

NEWAGE Interview

Govt should not enter into partnership with foreign investors: Runner Group chair

The government should not enter into partnership business with foreign entities as such engagements would make the foreigners reluctant to pair up with local private entities in any of their ventures, said Runner Group chairman Hafizur Rahman Khan.

Hafizur, who plays a pivotal role in the country's automobile manufacturing segment — especially in two-wheeler manufacturing, came up with the observation while talking to New Age in a recent interview at the group's headquarters in the capital about the prospects and challenges of the country's automobile sector.

The Daily Star

Local companies play a big role in economic development

Rezaul Haque Chowdhury, CEO of Runner Automobiles, says at The Daily Star's The Chief Executive Show powered by Marico

NEWAGE Bangladesh

In Focus | 11th JS Elections | Dhaka's Pollution Focus | Classroom in focus | Politics | Foreign affairs

TRENDING: golden jubilee of independence | Rohingya Crisis | COVID-19 | 18th Anniversary Special

Runner wins Superbrands Award

AWARDED Superbrands BANGLADESH'S CHOICE 2020-21

NEWAGE

Runner brings KTM i

The Financial Express

First Bangladeshi Int'l motorcycle brand winning Superbrands

FE Online Desk | Published: November 24, 2020 21:27:21

Runner became the first Bangladeshi international Motorcycle Brand Winning Superbrands for the year 2020-21.

It was announced at a grand online award ceremony recently. Salman Fazlur Rahman, MP, Ad... Private Sector & In... tment, and Government of the People's Re... as the Chief Guest. Runner grow... of the most ...ent to

RUNNER

AWARDS & ACCOLADES

President's Award for Industrial Development "2018' was the year of greatest achievement for Runner Automobiles Limited. Runner family celebrated the national highest award "President's Award for Industrial Development-2016" for the contribution in industrial sector considering automobiles manufacturing category. Mr. Hafizur Rahman Khan, Chairman, Runner Group received the "Presidentship Award" on 22 May 2018 at Osmani Memorial Auditorium Dhaka, with presence of Mr. Amir Hossain Amu, MP and Honorable Minister, Ministry of Industries and Mr. Muhammad Abdullah, the Secretary of the Ministry of Industries along with other high officials.

Runner Group with Enterprise of the year 2018 The Runner Automobiles has been rewarded the Bangladesh Business Awards accorded by the English national daily and logistic service provider DHL Runner Group Chairman Md. Hafizur Rahman Khan received the Enterprise of the Year Award. Prime Minister Sheikh Hasina's International Affairs Adviser Dr. Gowher Rizvi handed over the awards. Runner Automobiles has been selected for the Enterprise of the Year Award in the year 2018.

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President's Award for Industrial Development "2018' was the year of greatest achievement for Runner Automobiles Limited. Runner family celebrated the national highest award "President's Award for Industrial Development-2016" for the contribution in industrial sector considering automobiles manufacturing category. Mr. Hafizur Rahman Khan, Chairman, Runner Group received the "Presidentship Award" on 22 May 2018 at Osmani Memorial Auditorium Dhaka, with presence of Mr. Amir Hossain Amu, MP and Honorable Minister, Ministry of Industries and Mr. Muhammad Abdullah, the Secretary of the Ministry of Industries along with other high officials.

"Winning Strategy Presentation Award at COX Conference Organization by BAJAJ in 2019

"Excellence Performance Award" obtained in 2018 arranged by Piaggio, India

YEAR AT A GLANCE, FY2020-21

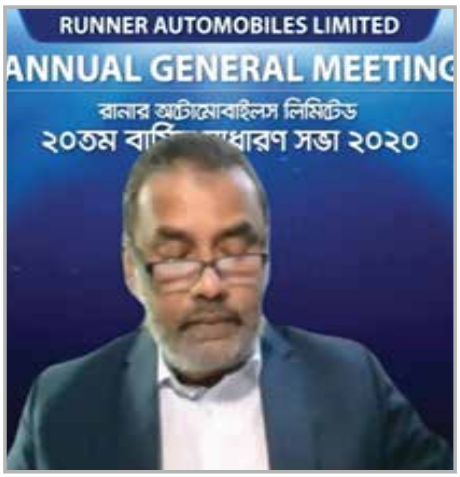
Celebration of Runner Annual Day-2021

Long Service Award, 2021

Women's Day-21 Celebration

"A Strong Woman looks a challenge dead in the eye and gives it a wink."

VIEW OF 20TH ANNUAL GENERAL MEETING



CONSOLIDATED FINANCIAL STATEMENTS OF RUNNER AUTOMOBILES LIMITED FOR THE YEAR ENDED 30 JUNE 2021

Independent Auditor's Report to the Shareholders of Runner Automobiles Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Runner Automobiles Limited and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

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 Auditors' 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 Bangladesh Securities and Exchange Commission (BSEC), 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our 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.

Description of key audit matters	Our response to key audit matters
Revenue recognition and valuation of receivables	
Significant portion of the Group's external sales are made on credit/installment payment basis, and hence accounts receivable balance constitute significant component of the Group's statement of financial position as at 30 June 2021. Moreover, for credit sale a portion of collection represents finance income. Due to inherent risk associated with recovery of accounts receivable balance and difficulties in forecasting future loss in case of default by debtors this area require significant estimate and judgment. In particular, due to the subsequent waves of COVID 19 related impact overall business and economic	We have tested the design and operating effectiveness of key controls focusing on the following: ▸ Assessment of the five-step model for revenue recognition adopted by the Group in line with IFRS 15: Revenue, including cut-off point to satisfy performance obligation. ▸ Credit approval process and assigning credit limit to a customer; ▸ Collection of security related documents; ▸ Periodic balance confirmation from debtors; ▸ Monitoring process for overdue receivables; and ▸ Group's policy of creating provision against overdue receivables and periodic write off in line with IFRS 9.

activities both globally and in Bangladesh have been continued to be adversely impacted, which also affected the Group as well, especially in relation to revenue recognition and increased overdue receivables. Therefore, we have considered this as a key audit matter.	Our substantive procedures in relation to the assessing valuation of receivables comprises the following: ▸ Reconciliation of debtors ageing to general ledger; ▸ Conducting cut-off testing at the year-end; ▸ Reviewing subsequent receipt of receivables balance; ▸ Comparing current year rebate accruals to the prior year and issuance of credit notes post year-end; ▸ Based on review of overdue debtors and discussion with management identify any specific debtors requiring provision; and ▸ Recalculation of provision for trade receivables as required by IFRS 9 and compared against actual write off/loss on repossession in prior periods.
See note number 7, 9 and 29 for details	

Valuation of inventories	
The Group had substantial amount of inventories as at 30 June 2021 which were maintained at factory premises and own showrooms across all over Bangladesh. Inventories are carried at the lower of cost and net realisable value (NRV). As a result, management has applied judgement in determining the appropriate values for inventories which may be slow-moving or obsolete and need to apply impairment provision. While excess holding of inventories could impact efficient use of working capital similarly lower level of inventories can result in stock outs or irregular supply to the market. Moreover, due to the continuation of COVID 19 related impacts as described above, there is likelihood of excess inventories due to slowdown in business. If there is significant drop in selling price during subsequent period this can create lower NRV and hence potential impairment. Therefore, this area we have considered as a key audit matter.	We evaluated the design and implementation of key inventory controls operating across the product lines and multiple locations within the Group. We observed physical inventory counts and reviewed the reconciliation process of the count results to the inventory records maintained in the system. We compared the net realizable value through a detailed review of subsequent period sales and the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete. We reviewed the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year. We discussed with management about their sales forecasting procedures and ordering of stocks, and inquired about remedial action taken in case of access or shortage of inventories due to difference in forecast and actual results. We have assessed COVID 19 related impacts during the last quarter of 2020-2021 as well as subsequent period covering the First quarter of 2021-2022.
See note number 8 for details	

Regulatory compliance

During the prior period the parent entity of the Group (Runner Automobiles Limited or RAL) has received BDT 999,999,980 as Initial public offering (IPO) proceeds, out of which BDT 139,303,480 as share capital and BDT 860,696,500 as share premium.

As per IPO documents, RAL has committed BDT 330,000,000 for repayment of loan, BDT 40,000,000 for IPO issue expenses and remaining BDT 630,000,000 for business expansion.

Moreover, RAL is also considered to be a 'Public Interest Entity' as per the criteria issued by Bangladesh Financial Reporting Council (FRC) vide notification dated 11 March 2020.

Accordingly, the Group operate in a heightened legal and regulatory environment, and as a result we focus on compliance with legal, regulatory and other matters as key audit area.

In particular we looked at the Group's compliance with the following:

- BSEC directives on utilization of IPO fund for the intended purposes within the stipulated time and approval of certain related party transactions as prescribed in BSEC notification No. SEC/ CMMRRC-D/ 2006-159/ Admin/ 02-10 dated 2 September 2006.
- Compliance with the Bangladesh Labour (Amendment) Act, 2013, in relation to Workers' Profit Participation Fund (WPPF) as well as other applicable employee benefit schemes (i.e. provident fund, gratuity fund/termination benefit etc.)
- Compliance with loan covenants on loans and borrowings from various banks and financial institutions.

We have conducted the following procedures to assess compliance of various regulatory and other matters applicable for the Group:

Utilisation of IPO proceed

We have reviewed the prospectus and related IPO approval documents.

We assessed controls around administration of IPO funds including deposits in Bank and withdrawals made thereon.

We have checked the expenses incurred and related documents including certification from another auditor on the utilization of IPO proceeds.

We obtained documents supporting variation from the initial allocation of IPO proceeds. As per the revised IPO fund allocation as approved by the Shareholders in 6th EGM held on 17 December 2019 and BSEC consent received on 24 February 2020 RAL shall use the remaining IPO proceeds of Tk 630,000,000 by 24 February 2020 for Three wheeler project.

Related party transaction

Runner Automobiles Limited as the holding company has provided corporate guarantee to its subsidiary Runner Motors Limited (RML) which has been used by RML for taking bank loans. This arrangement is in place prior to the company's listing in 2019. Upon becoming listed this arrangement has been approved by both the Board of Directors and also ratified by the shareholders at the annual general meeting of RAL.

The Labour Act

The Group has made required provision for the WPPF and also set up the Trust and other formalities for disbursement of WPPF amount. The Group has now aligned its provident fund rules with the Labour Rules 2015. Effective from 1 July 2021, management has decided to implement the Labour Act requirement on payment of compensation as termination benefit.

Loans and borrowings

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the loans. Amongst other we have obtained understanding on the nature or types of loans, the repayment schedules, loan statements and facility offer letters to review terms, debt covenants, interest rates and other conditions associated with the loans.

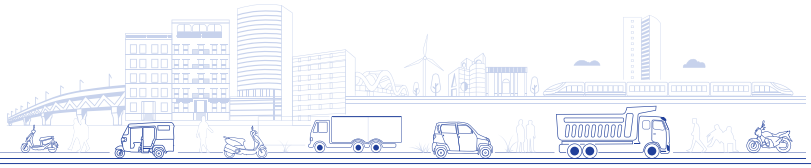
See note number 15,16 & 40 for details

Valuation of property, plant and equipment (PP&E) including assessment of revaluation of done in prior years and impairment assessment of PP&E in current year

The Group in prior years has undertaken revaluation of its land and building. As a result of this revaluation exercise, an amount of BDT 1,296,890,181 (PY: BDT 1,290,824,325) is recognised as the fair value gain in revaluation surplus and BDT 70,795,158 (PY: BDT 78,422,203) as resultant deferred tax liability. Determination of fair value in absence of any quoted price and active market require significant judgment. Furthermore, due to COVID 19 related country-wide lock down, business activities of the Group has impacted resulting lower capacity utilization of PP&E and hence we also considered any potential impairment under IAS 36.	We assessed the process of revaluation previously taken by the Group. We reviewed revaluation report of the independent valuer along with relevant documents and applied our judgment to see whether the fair value is still relevant, especially due to COVID 19 impact and other macro-economic changes in general and in those area in particular to assess the current value of those assets. In addition to our own analysis and discussion with management we also inquired from external valuers about any major variation in current market price of those properties with its carrying value. We checked related accounting treatments of fair value gain and associated deferred tax as recognized by the Group. We also checked the CAPEX items including transfer of items from CAPEX as well as start of charging depreciation of an item upon ready for use. Finally, we discussed actual capacity utilization during the period and future forecast including expected recovery time from COVID 19 impact to assess whether any impairment is required.
See impairment policy and note 17 for details	

Warranty provision and free service obligation

The Group has recognized provision for product warranties and obligations for free services of Tk 92,358,345 (PY: Tk 79,450,684) against future claims for faulty products or cost of services rendered over a defined period of time.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of warranty provisions and the assumptions used in estimating future claims and losses. We assessed the appropriateness of the carrying amounts, evaluated the relevant assumptions and their derivation for the measurement of the provisions. We also assessed the accuracy of forecasts of past warranty, guarantee and goodwill costs on the basis of historical analysis
See note 28.3 for details	



Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with IFRSs as explained in note 2, 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 these 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 intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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 consolidated 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 omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) in our opinion, proper books of account as required by law have been kept by the Group so far as it appeared from our examination of those books;

(iii) the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account; and

(iv) the expenditures incurred were for the purpose of the Group's business.

Sd\-

Sabbir Ahmed FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 27 October 2021

Runner Automobiles Limited
Consolidated Statement of Financial Position
As at 30 June 2021

	Notes	Amount in Taka 30-Jun-21	30-Jun-20
Assets			
Non current assets			
Property, plant and equipment	3	4,463,253,246	4,454,064,634
Intangible assets	4	75,373,049	81,186,041
Capital work in progress	5	519,087,755	303,467,404
Right of use assets		5,836,095	-
Trade receivables	7	5,982,327,209	4,516,116,881
		11,045,877,354	**9,354,834,960**
Current assets			
Inventories	8	2,134,713,957	2,869,157,749
Trade receivables	9	5,559,331,147	5,656,034,354
Short term investment	10	2,451,394,200	1,768,595,187
Advances, deposits and prepayments	11	1,704,339,412	1,700,979,119
Related party receivables	12	55,648,064	74,771,584
Other receivables	13	127,155,792	84,262,842
Cash and cash equivalents	14	448,971,952	809,504,905
Total current assets		**12,481,554,524**	**12,963,305,740**
Total assets		**23,527,431,878**	**22,318,140,700**
Equity and liabilties			
Equity attributable to ordinary shareholders of the parent entity			
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	1,296,890,181	1,290,824,325
Retained earnings	18	2,935,780,866	2,740,685,935
Total equity attributable to the parent entity's shareholders		**7,398,599,577**	**7,197,438,790**
Non controlling interest	19	1,278,240,044	1,163,153,178
Total equity		**8,676,839,621**	**8,360,591,968**
Non current liabilities			
Long term loan net off current portion	20	4,564,441,176	3,536,648,807
Net deferred tax liabilities	21	153,995,975	128,742,435
		4,718,437,151	**3,665,391,242**
Current liabilities			
Trade payables	22	2,092,783,046	1,771,938,868
Short term loan from banks	23	5,549,921,746	6,222,842,809
Current portion of long term loan	24	1,312,286,700	884,162,202
Current portion of finance lease	25	-	338,640
Provision for income tax	26	356,027,694	522,095,945
Provision for WPPF and welfare fund	27	48,389,290	28,525,316
Lease liabilities		3,632,731	-
Unclaimed dividend accounts		24,908,856	36,154,011
Liabilities for expenses and other provisions	28	744,205,043	826,099,700
Total current liabilities		**10,132,155,106**	**10,292,157,490**
Total equity and liabilities		**23,527,431,878**	**22,318,140,700**
Net Asset Value (NAV) per share	**38**	**65.16**	**63.39**

The annexed notes form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

See annexed auditor's report to the shareholders of even date

Sd/-
Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 27 October 2021

Runner Automobiles Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Notes	Amount in Taka 2020 - 21	2019 - 20
Revenue	29	10,141,760,645	9,464,858,016
Cost of sales	30	(7,305,247,257)	(6,962,417,547)
Gross profit		**2,836,513,387**	**2,502,440,471**
Operating expenses		**(1,684,476,895)**	**(1,579,045,877)**
Administrative expenses	31	(361,443,478)	(365,921,950)
Selling and distribution expenses	32	(1,323,033,417)	(1,213,123,927)
Operating profit		**1,152,036,492**	**923,394,594**
Financial expenses	33	(568,944,463)	(641,414,783)
Other income	34	301,100,603	255,272,303
Net profit before WPPF		**884,192,632**	**537,252,114**
Provision for contribution to WPPF & welfare fund	35	(48,389,290)	(28,525,316)
Net profit before income tax		**835,803,341**	**508,726,798**
Income tax expenses		(361,892,801)	(167,956,413)
Current tax	36	(253,378,159)	(170,630,777)
Prior year tax (expenses)/income		(75,634,055)	-
Deferred tax (expenses)/income		(32,880,586)	2,674,363
Net profit after tax		**473,910,541**	**340,770,386**
Other comprehensive income		-	-
Total comprehensive income		**473,910,541**	**340,770,386**
Net profit for the period attributable to			
Equityholders of the parent entity		307,073,675	224,065,778
Non-controlling interest		166,836,866	116,704,607
		473,910,541	**340,770,386**
Total comprehensive income attributable to			
Equityholders of the parent entity		307,073,675	224,065,779
Non-controlling interest		166,836,866	116,704,607
		473,910,541	**340,770,386**
Basic Earnings Per Share	**37**	**2.70**	**1.97**

The annexed notes form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

See annexed auditor's report to the shareholders of even date

Sd/-
Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 27 October 2021

Runner Automobiles Limited
Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

Amount in Taka

Particulars	Share Capital	Share Premium	Revaluation Surplus	Non Controlling Interest	Retained Earnings	Total
Balance as on 01 July 2019	**1,081,332,690**	**2,030,529,205**	**1,292,465,028**	**1,067,148,571**	**2,677,113,729**	**8,148,589,223**
Net profit for the year	-	-	-	116,704,607	224,065,779	340,770,386
Payment of dividend	-	-	-	(20,700,000)	(108,133,269)	(128,833,269)
Deferred tax credit on revaluation of assets	-	-	-	-	65,628	65,628
Stock dividend	54,066,635	-	-	-	(54,066,635)	-
Realization of revaluation surplus through depreciation charged	-	-	(1,640,703)	-	1,640,703	-
Balance as on 30 June 2020	**1,135,399,325**	**2,030,529,205**	**1,290,824,325**	**1,163,153,178**	**2,740,685,935**	**8,360,591,968**
Balance as on 01 July 2020	1,135,399,325	2,030,529,205	1,290,824,325	1,163,153,178	2,740,685,935	8,360,591,968
Net profit for the year				166,836,866	307,073,675	473,910,541
Cash dividend				(51,750,000)	(113,539,932)	(165,289,932)
Revaluation surplus due to changes in rate from 5% to 10%			7,627,045	-	-	7,627,045
Realization of revaluation surplus through depreciation charged			(1,561,189)		1,561,189	-
Balance as on 30 June 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**

The annexed notes form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Runner Automobiles Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2021

	Note	Amount in Taka 2020-21	2019-20
Cash flows from operating activities			
Receipt from customers and dealers		8,792,129,988	7,381,843,399
Payment to suppliers and employees		(8,177,454,655)	(9,462,945,688)
Cash generated / (used) for operating activities		**614,675,333**	**(2,081,102,289)**
Foreign exchange gain/loss		(13,667)	(99,638)
Income tax paid		(269,275,042)	(228,489,600)
Net cash from operating activities		**345,386,624**	**(2,309,691,527)**
Cash flows from investing activities			
Net proceeds from sale /(purchase) of financial assets		(682,799,013)	(686,828,569)
Receipt from investment income		290,057,741	241,879,726
Receipts/ payment to related parties		26,113,819	12,310,000
Payment for property, plant and equipment		(283,800,052)	(174,488,630)
Proceeds from disposal of property, plant and equipment		1,341,462	-
Net cash used in investing activities		**(649,086,044)**	**(607,127,473)**
Cash flows from financing activities			
Dividends paid		(193,185,086)	(97,329,259)
Proceeds from borrowings		14,441,935,838	12,068,020,108
Repayments of Borrowings:			
Principal		(13,659,278,675)	(8,921,982,510)
Finance cost		(646,305,609)	(575,407,414)
Net cash from / (used) in financing activities		**(56,833,533)**	**2,473,300,926**
Net increase/(decrease) in cash and cash equivalents for the year		**(360,532,952)**	**(443,518,074)**
Cash and cash equivalents at the beginning of the year		809,504,905	1,253,022,979
Cash and cash equivalents at the end of the year		**448,971,952**	**809,504,905**
Net operating cash flows per share	39	**3.04**	**(20.34)**

The annexed notes form an integral part of these financial statements

Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director**
Sd/-		Sd/-
Chief Financial Officer		**Company Secretary**

RUNNER AUTOMOBILES LIMITED

Notes to the Consolidated Financial Statements
As at and for the year ended 30 June 2021

1.0 Reporting entity

1.1 Company profile

Runner Automobiles Limited ("RAL" 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 Limited (RAL)

RAL 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. RAL's products cover 09 series of motorcycles ranging from 50 cc to 200 cc, and about 40 models of motorcycles. At present, RAL 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 Ltd. is selling the highest quantity of motorcycles in the domestic and overseas market as a manufacturer in Bangladesh.

BAJAJ Autos Ltd. of India appointed RAL 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 June 2020.

Runner Motors Ltd. imports and markets EICHER (Manufactured by VE Commercial Vehicles Ltd. India) branded Trucks, Pickups & Tractors.

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 Limited. 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

These financial statements have been authorized for issue by the Board of Directors on 27 October 2021.

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. RAL 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.

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.

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 Bangladesh 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.

2.8 Comparatives and reclassification

Comparative information has been disclosed for the year 2019-2020 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 2019-2020 have been rearranged wherever considered necessary to ensure comparability with the current year.

2.9 Reporting period

These financial statements covered the reporting period of one year commencing from 01 July 2020 to 30 June 2021 along with the related comparative information for the period 1 July 2019 to 30 June 2020 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 recognise 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 recognise 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 recognised 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 recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

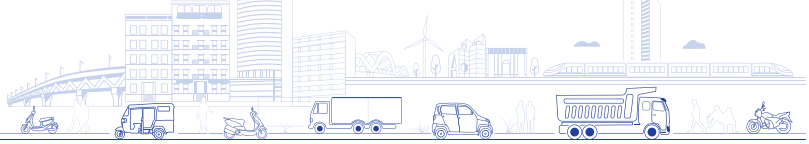
The carrying amounts of right-of-use assets are as below.

In taka	Right-of-use asset
Balance at 1 July 2020	8,706,843
Balance at 30 June 2021	5,836,095

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

i. Significant accounting policies

The Company recognises a right-of-use asset and a lease liabilities 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 is 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 is 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 recognised.

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 2020.

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.

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

- Applied the exemption not to recognise 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 summarised below.

In Taka	Amount
Right-of-use asset	8,706,843
Lease liabilities	5,957,821
Incremental borrowing rate	8%

Incremental borrowing rate for leases recognised all through the year is 8% 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 recognised BDT 5,836,095 of right-of-use assets and BDT 3,632,732 of lease liabilities as at 30 June 2021.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest expense. During the year ended 30 June 2021, the Company recognised BDT 2,870,748 of depreciation charges and BDT 341,311 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.

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.

Assets	Rates (%)
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%

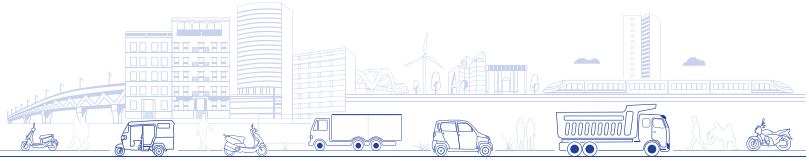
Depreciation methods, useful lives and residual values are reassessed at each the reporting date and adjusted if appropriate.

e. 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.

f. 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.

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 demon strate 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.

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.

Assets	Rates (%)
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

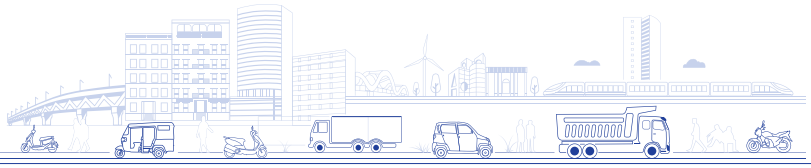
b. Defined contribution plan (Recognized provident fund)

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 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 22.5% being the listed public entity in accordance with Finance act 2021. The subsidiaries of the Company are subject to normal tax rate. [30% for RML & FML]

2.20 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. 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.

2.21 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 30 June 2021. 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.

2.22 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
- 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.

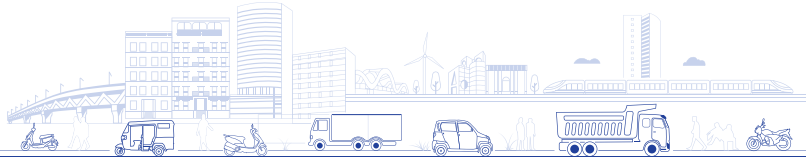
III. At fair value through other comprehensive income

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

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.

2.23 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.

2.24 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.

2.25 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 contact assets (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 has been analyzed in the light of 5 stages as envisaged in IFRS 15 in the following way.

A contract is formed through an agreement between Runner Automobiles Limited 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 Limited 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.

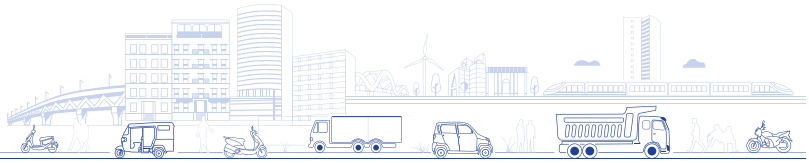
2.26 Borrowing costs

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.

2.27 Finance income

RAL: Interest income on bank deposits are recognized on accrual basis and excludes interest of Tk. 151,148,272 (2019-20: Tk. 140,190,198) received on credit sales which are netted off against related borrowing costs.

RML: Interest income on bank deposits are recognized on accrual basis and excludes interest of Tk. 680,107,260 (2019-20: Tk. 693,506,950) received on credit sales which are netted off against related borrowing costs.



2.28 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).

2.29 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.

2.30 Impairment of Financial and non-financial assets

i) Financial assets

Impairment of financial assets measured at amortised cost

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

2.32 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 Limited (RAL) 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 RAL has also started selling of three wheelers which is gradually increasing. Both RAL 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.

2.33 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.

2.34 COVID 19 Impact

The adverse impact of COVID 19 which starred in previous financial year continued to affect the business of the Group during the current financial period. To contain the spread of subsequent waves of COVID 19, Government has taken various measures including extended lock down, closure of business, restriction in people movement, social distancing etc. As a result of these measures as well as prevailing global situation, all business and economic activities are adversely affected which also impacted the Group. Impact from these COVID 19 related events that has occurred are already reflected in these financial statements. However, due to the inherent uncertainty associated with such matter it is not possible to reasonably assessed and quantify any potential impact of COVID 19 related matters on the Group's future operation and financial results.

2.35 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.

3 Property, plant and equipment

Details of property, plant and equipment and depreciation as of 30 June 2021 are shown in the **Annexure-I**. The break up of the balance are as below:

	30-Jun-21	30-Jun-20
Property, plant and equipment-at costs		
Opening balance	5,225,724,946	5,009,606,880
Addition during the year	94,815,627	216,118,066
Adjustment for sale/transfer	(4,290,238)	-
Closing Balance	**5,316,250,335**	**5,225,724,946**
Accumulated depreciation		
Opening balance	771,660,312	681,150,481
Charged during the year	81,035,811	86,115,058
Depreciation on revaluation	4,177,556	4,394,774
Adjustment for sale/transfer	(3,876,592)	-
Closing balance	**852,997,088**	**771,660,312**
Written down value	**4,463,253,246**	**4,454,064,634**

Some portion of above assets of the Group are kept as security for loans and borrowings from differrent banks and financial institutions.

4 Intangible assets

Assets at cost:		
Opening balance	95,374,298	95,374,298
Addition during the year	2,474,733	-
Closing balance	**97,849,031**	**95,374,298**
Amortization		
Opening balance	14,188,257	5,020,903
Addition during the year	8,287,725	9,167,354
Closing balance	22,475,982	14,188,257
Total	**75,373,049**	**81,186,041**

During the period, the Company has implemented an automated business solution for its hire business operation, "R-Connect" which has been recognized as intangible assets in the reporting period.

5 Capital work in progress

Factory development	332,206,150	49,587,802
Showroom, land and other development	186,881,605	253,879,602
	519,087,755	**303,467,404**

6 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)		-	
		-	-

7 Accounts receivables non current portion

Receivables non current portion (due after 365 days as stated in note 9)	**5,982,327,209**	**4,516,116,881**

8 Inventories

Raw Materials*	286,054,965	724,242,273
Work-in-Progress	5,406,423	28,502,974
Finished Goods **	1,806,183,127	2,041,904,997
Material in transit ***	37,069,442	74,507,505
Total	**2,134,713,957**	**2,869,157,749**

* Details breakup could not be given as it is quite difficult to quantify each items in a separateand distinct category due to large variety of inventory. Information in summarized form may not be useful for the user.

***All material in transit subsequently received.

	30-Jun-21	30-Jun-20

**Runner Automobiles Limited

Finished goods	30-Jun-21	30-Jun-20
80 CC Motor Cycle	27,769,743	45,040,901
100 CC Motor Cycle	33,814,206	52,851,937
110 CC Motor Cycle	49,364,011	23,315,457
125 CC Motor Cycle	59,208,825	98,959,829
150 CC Motor Cycle	120,672,833	73,719,026
165 CC Motor Cycle	14,032,386	-
200 CC Motor Cycle	1,852,682	10,689,010
Spare Parts	10,011,542	95,708,872
Three Wheelers	713,662,684	336,615,637
Total:	**1,030,388,912**	**736,900,669**

Total quantity of finished goods for 2 wheeler is 4,417 units and 3 wheeler is 2,201 units.

**Runner Motors Limited

Particulars	30-Jun-20	30-Jun-19
Finished Goods	785,805,756	1,305,004,328
Total:	**785,805,756**	**1,305,004,328**

Total quantity of finished goods is 512 units

Some of inventories are hypothecated with various banks to secure loans and borrowings by the Group.

9 Accounts receivables current portion (based on repayment date)

Accounts receivable	5,246,927,076	5,356,411,374
Sundry receivables	312,404,071	299,622,980
Total	**5,559,331,147**	**5,656,034,354**

Ageing of trade and other receivables of Runner Automobiles Limited

The ageing of gross value at the reporting date that was not impaired was as follows:

0-60 days	1,508,091,405	1,529,381,529
60-120 days	926,711,208	947,792,417
120 -365 days	304,352,890	382,883,667
	2,739,155,504	2,860,057,613
Due after 365 days	746,758,166	323,686,395
	3,485,913,669	**3,183,744,008**

Ageing of trade and other receivables of Runner Motors Limited

0-90 days	1,101,763,023	1,350,320,650
90-180 days	490,679,746	463,822,055
Over 181-365 days	1,226,709,793	980,810,954
	2,819,152,562	**2,794,953,659**
Due after 365 days	5,235,569,043	4,192,430,486
	8,054,721,605	**6,987,384,145**

Ageing of trade and other receivables of Freedom Motors Limited

0-60 days	1,023,082	1,023,082
	1,023,082	**1,023,082**

Some of the receivables are hypothecated with various banks to secure loans and borrowings by the Group. The management believes that the amounts are collectible in full, based on historic payment behavior and extensive analysis of expected customer credit risk, including underlying customers' credit ratings if they are available. However, a provision has been made for bad and doubtful receivables which are impaired or expected to be impaired.

10 Short term investments

Shares in listed companies (note - 10.1)	33,913,230	25,377,131
Fixed deposit with banks and FIs (note - 10.2)	2,417,480,970	1,743,218,056
Total	**2,451,394,200**	**1,768,595,187**

10.1 Shares in listed companies

Marketable securities : Cost price	27,920,634	44,301,066
Unrealized loss on marketable securities	(5,824,686)	(17,524,424)
Closing balance	**22,095,948**	**26,776,642**
Beneficiary owners (B.O) investment current A/C	11,817,282	(1,399,511)
	33,913,230	**25,377,131**

10.2 Fixed deposit with banks and FIs (Based on maturity)

0-6 Months	1,338,894,984	863,056,536
7-12 Months	1,025,373,033	772,226,326
Above 12 Months	53,212,953	107,935,193
Total	**2,417,480,970**	**1,743,218,056**

As per the Group's policy, fixed deposits with banks (FDR) not forming part of the day to day cash management are considered as short-term investments instead of cash and cash equivalents. Some of the FDRs are given as lien to secure the Group's borrowings.

11 Advances, deposits and prepayments

	30-Jun-21	30-Jun-20
Advances		
Advance Income Tax (note-11.1)	406,261,773	655,569,550
Advance paid for marketing and selling expenses	27,810,192	28,790,646
Advance paid for showroom/service centers	71,005,035	106,878,970
Advance to employees	12,137,748	33,404,160
Advance paid to suppliers	118,065,211	62,089,894
Advances for showroom rent	39,449,419	45,026,382
Advance for Registration	11,983,128	66,059
Advance for Tour/ Expenses	9,075,990	882,002
	695,788,496	**932,707,662**
Deposits		
Mymenshingh Palli Bidduth Samity	3,345,526	3,345,526
Dhaka Power Distribution Co Limited	408,000	408,000
Other Suppliers	5,479,336	5,110,907
Bangladesh Krishi Bank	500,138	500,138
Rajshahi Krishi Unnayan Bank	505,000	505,000
Rural Electrification Board (REB)	74,200	74,200
Cantonment Executive Officer, Saidpur Cantonment	-	100,000
Local Government Engineering Department (LGED)	531,725	7,225
Roads & Highways Department (RHD)	1,640,000	
Cantonment Executive Officer, Mymensingh	-	165,000
Bank Gurantee for tender sale	6,830,703	7,545,796
	19,314,628	**17,761,792**
Prepayments		
LC Margin deposited with banks	108,410,679	16,296,111
VAT Current Account	853,761,935	728,248,703
Prepaid Expenses	17,697,727	
Prepaid Insurance	9,365,947	5,964,851
	989,236,288	**750,509,665**
Total	**1,704,339,412**	**1,700,979,119**

11.1 Advance income tax

Opening balance	655,569,550	476,980,426
Addition during the year	258,363,527	203,671,875
	913,933,077	**680,652,302**
Adjustment during the year -		
Against AIT refund	(23,502,354)	-
Against provision for tax	(484,168,950)	(25,082,752)
Total	**406,261,773**	**655,569,550**

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 asesssment 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.

12 Related party receivables

Runner Properties Limited (note- 12.1)	29,150,092	29,150,092
Runner Trade Park Limited (RTPL) (note- 12.2)	26,497,971	45,621,492
Total	**55,648,064**	**74,771,584**

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 asessed 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.

13 Other receivables

	30-Jun-21	30-Jun-20
Accrued interest on FDRs	8,575,679	3,589,232
Rental receivable	17,977,090	9,749,430
Dividend receivable from marketable securities	5,776,573	358,594
Receivable from PF employer contribution (Lapses and forfeiture account)	758,510	-
AIT refund	94,067,939	70,565,585
	127,155,792	**84,262,842**

14 Cash and cash equivalents

Cash in hand		
Cash in hand	12,177,505	6,449,101
Cash at banks (note -14.1)	436,794,446	803,055,804
Total	**448,971,952**	**809,504,905**

14.1 Cash at bank

Current Accounts	197,363,529	351,129,828
STD Account	239,430,918	451,925,976
Total	**436,794,446**	**803,055,804**

15 Share capital

Authorized capital		
200,000,000 ordinary shares of Tk. 10/- each	2,000,000,000	2,000,000,000
	2,000,000,000	**2,000,000,000**
Issued, subscribed & paid up capital		
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**

Sl No	Name of Share Holder	No of Ordinary Share	% of total share holding	Amount in Taka 30 June 2021	Amount in Taka 30 June 2020
01	Sponsors/Directors	56,811,847	50.04%	568,118,470	568,118,470
02	Local Company/Institutions	31,166,036	27.45%	311,660,360	296,865,300
03	Foreign Company	9,301	0.01%	93,010	395,650
04	Non-Resident Bangladeshi	73,124	0.06%	731,240	2,995,690
05	General Public	25,479,624	22.44%	254,796,245	267,024,215
Total:		**113,539,932**	**100%**	**1,135,399,325**	**1,135,399,325**

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
	1,135,399,325	**1,135,399,325**

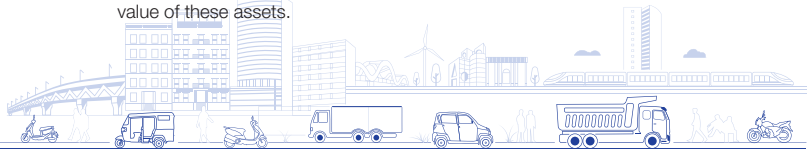
16 Share premium

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
	2,030,529,205	**2,030,529,205**

* 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 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.



	30-Jun-21	30-Jun-20
The summary of revaluation is shown below:		
Opening balance	1,290,824,324	1,292,465,028
Add: Revaluation surplus due to changes in rate from 5% to 10%	7,627,045	-
Realization of revaluation surplus through depreciation charge	(1,561,189)	(1,640,703)
Total	**1,296,890,181**	**1,290,824,325**

18 Retained earnings

Opening balance	**2,740,685,935**	**2,677,113,729**
Group share of current year profit of Runner Motors Limited	185,177,651	154,468,669
Group share of current year profit of Freedom Motors Limited	(377,014)	5,438
Current year profit for Runner Automobiles Limited	122,273,038	69,591,672
	3,047,759,610	**2,901,179,507**
Add		
Deferred tax credit on revaluation of assets	-	65,628
Realization of revaluation surplus through depreciation charge	1,561,189	1,640,703
	1,561,189	**1,706,331**
Less:		
Payment of dividend	(113,539,932)	(162,199,904)
Total	**(113,539,932)**	**(162,199,904)**
Net retained earnings	**2,935,780,866**	**2,740,685,935**

19 Calculation of non controlling interest

Opening balance	1,163,153,178	1,067,148,571
Payment of dividend	(51,750,000)	(20,700,000)
Share of post acquisition profit of RML	166,836,904	116,704,606
Share of post acquisition profit/ (loss) of FML	(38)	1
	1,278,240,044	**1,163,153,178**

20 Long term loan net of current portion

Jamuna Bank Limited	217,790,531	286,443,022
Premier Bank Limited	-	50,778,390
Lanka Bangla Limited	165,367,500	20,245,642
NCC Bank Limited	573,499,587	-
NRBC Bank Limited	167,693,539	161,757,597
Al Arafah Bank Limited	704,262,849	797,648,757
BD Finance & Investment Limited	-	75,251,216
BRAC Bank Limited	173,964,003	197,529,273
Hajj Finance Limited	-	1,093,889
IDLC Finance Limited	137,321,353	105,194,832
Dhaka Bank Ltd	108,417,047	-
IIDFC	-	1,549,751
IPDC of Bangladesh Limited	315,804,463	114,311,941
Mercantile Bank Limited	450,107,300	560,084,442
Community Bank	35,589,663	-
One Bank Limited	233,418,014	225,798,727
Pubali Bank Limited	330,996,479	97,383,222
Southest Bank Ltd	121,970,706	-
Trust Bank Ltd	183,141,028	-
Social Islami Bank	375,410,325	362,825,570
Standard Bank Limited	125,323,476	373,599,134
United Finance Limited	144,363,314	105,153,400
	4,564,441,176	**3,536,648,807**

The above loans are taken to finance both working capital and expansion program of the Group. The average tenure of these facilities range from 12 months to 36 months with renewal options. The rate of interest/profit against these facilities range from 9% to 11%. The Group has hypothicated its current assets as well mortgaged its property, plant and equipment to secure these loans. Refer to the stand alone financials of RAL and RML for details terms and conditions of major loan and borrowings. Finance lease amount mentioned above is repayable in later than one year but not later than five years, and comprise mainly principal portion.

21 Deferred tax liability

On revaluation of assets (note - 21.1)	70,795,158	78,422,203
On temporary timely difference (note - 21.2)	83,200,818	50,320,232
	153,995,975	**128,742,435**

	30-Jun-21	30-Jun-20
21.1 On revaluation of assets		
Opening balance	78,422,203	78,487,831
Provision during the year	-	-
	78,422,203	**78,487,831**
Adjustment during the year	(7,627,045)	(65,628)
	70,795,158	**78,422,203**

In according with IAS 12 (para 20) and Income Tax Ordinance 1984, Section 53H; deferred tax liability has been recognized for revaluation of assets made during the year 2014 on the basis of the mandatory presumption that non-depreciable assets would be recoverable from sale. The same liability has been adjusted against revaluation reserve as per IAS 12 instead of charging to profit and loss.

21.2 On temporary timing difference		
Opening balance	50,320,231	52,994,595
Movement during the year	32,880,586	(2,674,363)
	83,200,818	**50,320,232**
Less: Adjustment during the year	-	-
	83,200,818	**50,320,232**
The above balance is comprise of the following:		
Runner Automobiles Limited		
Deferred tax liability on depreciation	33,526,434	31,126,107
Deferred tax assets on WPPF	37,250,992	2,400,327
	70,777,426	**33,526,434**
Runner Motors Limited		
Deferred tax liability on depreciation	24,293,106	24,443,870
Deferred tax assets on WPPF	(11,869,715)	(7,650,073)
	12,423,391	**16,793,797**
	83,200,818	**50,320,232**
Movement during the year are as follows		
Runner Automobiles Limited		
Deferred tax liability on depreciation	37,884,018	1,713,552
Deferred tax assets on WPPF	(633,026)	686,775
Deferred tax expenses	**37,250,992**	**2,400,327**
Runner Motors Limited		
Deferred tax liability on depreciation	(150,763)	(8,398,702)
Deferred tax assets on WPPF	(4,219,643)	3,324,012
	(4,370,406)	**(5,074,690)**
	32,880,586	**(2,674,363)**

22 Trade payables

Details of trade payables shown in standalone financial statements of RAL and RML	**2,092,783,046**	**1,771,938,868**

23 Short term loan

	30-Jun-21	30-Jun-20
Eastern Bank Limited	677,451,909	564,719,736
Al-Arafah Islami Bank Limited	459,547,186	1,093,979,366
Marcentile Bank Limited	920,835,143	995,414,677
Standard Bank Limited	341,375,753	497,581,393
BRAC Bank Limited	141,541,408	126,725,540
BASIC Bank Limited	-	51,914,694
Trust Bank Limited	374,367,066	261,167,057
Dhaka Bank Limited	30,312,449	788,701,951
Southeast Bank Limited	129,581,549	-
Community Bank Limited	250,792,253	101,901,274
NRB Commercial Bank Limited	49,140,000	58,061,247
Bank Asia Limited	592,058,174	-
Standard Bank Limited	-	56,657,521
Pubali Bank Limited	-	73,826,884
One Bank Limited	20,686,727	43,264,708
Jamuna Bank Limited	101,327,201	126,659,429
Premier Bank Limited	231,644,665	216,671,674
Lankan Alliance Finance Limited	-	24,007,188
Commercial Bank of Ceylon	181,373,691	439,992,134
Meghna Bank Limited	333,019,668	-
NCC Bank Limited	233,814,589	318,203,831
Pubali Bank Limited	430,172,118	295,421,915
Social Islami Bank Limited	50,880,196	87,970,590
Total	**5,549,921,746**	**6,222,842,809**

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.

24 Current portion of long term loan

Lanka Bangla Limited	55,122,500	5,061,410
NRBC Bank Limited	26,265,253	40,439,399
Al Arafah Bank Limited	234,754,283	199,412,189
BD Finance & Investment Limited	-	18,812,804
BRAC Bank Limited	57,988,001	49,382,318
IDLC Finance Limited	45,773,784	26,298,708
NCC Bank Ltd	89,825,237	-
IIDFC	-	387,438
Premier Bank Limited	16,535,317	12,694,598
IPDC of Bangladesh Limited	149,362,398	28,577,985
Mercantile Bank Limited	153,357,135	140,021,111
Hajj Finance	-	273,472
Dhaka Bank Ltd.	128,424,602	-
Community Bank Limited	44,052,238	-
Commerce Bank of cylon	998,946	-
One Bank Limited	36,559,448	56,449,682
Pubali Bank Limited	51,842,822	24,345,805
Jamuna Bank Limited	72,596,844	71,610,756
Southest Bank Limited	19,103,845	-
Trust Bank Limited	28,684,739	-
Social Islami Bank Limited	58,799,207	90,706,393
Standard Bank Limited	19,628,978	93,399,783
United Finance Limited	22,611,121	26,288,350
Total	**1,312,286,700**	**884,162,202**

25 Current portion of finance lease

United Finance Limited	-	338,640
Total	-	**338,640**

26 Provision for income tax

	30-Jun-21	30-Jun-20
Opening balance	522,095,945	376,547,920
Provision during the year	253,378,159	168,145,725
	775,474,104	**544,693,645**
Adjustment during the year	(419,446,409)	(22,597,700)
Total	**356,027,694**	**522,095,945**

27 Provision for contribution to WPPF and welfare fund

Opening balance	28,525,316	50,076,663
Contribution during the year @ 5 % (Note : 27.1)	48,389,290	28,525,316
Payment during the year	(28,525,316)	(50,076,662)
Total	**48,389,290**	**28,525,316**

27.1 WPPF

Workers Profit Participation Fund (80 %)	38,711,432	22,820,252
Workers Welfare Fund (2016 - 10%; 2015 - 20%)	4,838,929	2,852,532
Government Welfare Fund (10%)	4,838,929	2,852,532
Total :	**48,389,290**	**28,525,316**

The Group has established WPPF in accordance with section 234 of the Bangladesh Labor (Amendment) Act 2013, where 5% of the net profit of each year is required to be transferred to the Fund of which 80% is to be transferred to participation fund, 10% is to be transferred to welfare fund and balance 10% is to be transferred to Government Welfare fund.RAL & RML has formed the Board of Trustee to transfer & distribution the fund in compliance with the required rules and regulation as specified at Trust Deed.

28 Liabilities for expenses and other provisions

VAT deduction at source	-	61,702
Income tax deduction at source	-	396,160
Contributory Provident fund (Notes: 28.1)	4,273,107	3,262,916
Provision for warranty & after sales service expenses (Notes: 28.3)	92,358,345	79,450,684
Provision for C& F Bill	-	509,523
Salaries and wages	25,542,688	75,079,490
Provision for office rent	1,066,852	-
Provision for audit fees	2,012,500	1,966,500
Provision for inventory	397,399	397,399
Provision for bad and doubtful debts (Notes: 28.2)	506,841,817	478,440,132
Provision for selling expense	4,567,613	4,250,995
Provision for inventory	2,260,000	-
Provision for interest on bank loans	101,758,908	179,120,049
Provision tax consultancy fees	3,125,814	3,164,151
Total	**744,205,043**	**826,099,700**

28.1 Contributory provident fund

Opening balance	3,262,916	4,136,876
Employees' contribution during the year	22,041,607	21,848,300
Employers' contribution during the year	22,041,607	21,848,300
	47,346,130	**47,833,476**
Payment during the year	(43,073,023)	(44,570,560)
Total	**4,273,107**	**3,262,916**

28.2 Provision for bad and doubtful debt

Opening balance	478,440,131	466,270,433
Addition during the year	268,529,402	199,570,293
	746,969,533	**665,840,726**
Adjustments during the year	(240,127,717)	(187,400,595)
Total	**506,841,817**	**478,440,131**

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.

28.3 Provision for warranty

Opening balance	79,450,684	72,850,108
Provision made for the year	159,400,671	107,600,687
Service charge made	(146,493,010)	(101,000,111)
Closing balance	**92,358,345**	**79,450,684**

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.

29 Revenue

	2020-21	2019- 20
Motorcycle sales (Runner Automobiles Limited)	3,794,932,365	3,394,458,428
Truck sales (Runner Motors Limited)	6,346,828,280	6,070,399,589
Total turnover	**10,141,760,645**	**9,464,858,017**

Break-up motorcycle sales by RAL

Description		
50 CC Motor Cycle	82,025	-
80 CC Motor Cycle	436,741,664	429,175,264
100 CC Motor Cycle	146,194,956	232,967,841
110 CC Motor Cycle	359,176,363	272,438,205
125 CC Motor Cycle	239,736,180	230,345,140
150 CC Motor Cycle	360,152,691	241,116,800
165 CC Motor Cycle	177,861,200	-
200 CC Motor Cycle	4,194,325	-
E-EW-Eco	374,850	1,989,000
Service & Parts	133,630,110	91,546,178
Three Wheeler	1,936,788,000	1,894,880,000
Total:	**3,794,932,365**	**3,394,458,428**

Break-up of Truck sales by RML

Net cash Ssales	2,167,831,071	1,366,493,682
Credit sale	4,872,749,965	5,332,842,420
VAT	(693,752,756)	(628,936,513)
Total:	**6,346,828,280**	**6,070,399,589**

30 Cost of sales

Motorcycle and three wheeler	(2,817,727,060)	(2,512,165,178)
Small and large commercial vehicle (Trucks)	(4,487,520,198)	(4,450,252,369)
	(7,305,247,257)	(6,962,417,547)

Details of costs of sales are shown in respective stand alone accounts.

31 Administrative expenses

Salaries and allowances	207,861,837	210,855,573
Telephone & internet	4,268,712	7,566,335
Board meeting fees	497,440	623,642
Stationery & photocopy	3,862,348	3,559,918
Tours ,traveling & conveyance	6,956,838	6,835,499
Consultancy, legal & professional fees	9,444,829	13,714,060
Office expenses-documentation	3,206,985	1,555,629
Directors' remuneration	24,532,710	23,273,621
Guard & security expenses	3,885,139	2,612,440
Internet & IT expenses	238,447	207,995
Training & recruitment	14,000	50,000
Entertainment	7,847,724	7,515,573
Repair & maintenance	8,171,636	7,975,291
Gas, fuel & lubricant	388,785	1,582,583
Uniform	40,553	71,749
Utility expenses	12,601,154	11,816,844
Contributed to provident fund	6,510,652	7,160,782
Gardening expenses	479,350	865,724
Audit fees and other certificate	1,437,500	1,449,000
Medical expenses	2,093,805	1,090,751
Insurance premium	6,291,114	6,149,012
Other admin expenses	-	10,043
Deprecation	29,114,046	28,129,813
Audit & professional fees	690,000	575,000
Listing expense	2,266,160	1,373,044
Vehicle expense	6,399,155	4,764,692
Documentation expense	-	997,171
Rent expenses	2,866,800	2,566,800
Software expense	9,108,260	8,574,996
Annual day program & AGM expense	367,500	2,398,370
	361,443,478	365,921,950

32 Selling, distribution and after sales service expenses

	2020-21	2019- 20
Salary & allowance	295,844,196	310,155,815
Bad & doubtful debts	268,529,402	199,570,293
Telephone, internet & IT expenses	11,434,054	7,933,401
Project R&D expenses	5,839,649	6,761,133
Rent rates & taxes	42,421,929	40,952,347
Vehicle repairs & maintenance	951,495	2,886,258
Tours, traveling & conveyance	8,374,954	11,265,467
Advertisement & promotional expenses	295,322,301	343,504,690
Commission	115,040,459	84,769,473
Other selling & distribution expenses	2,210,296	3,613,796
Dealer conference	873,182	748,165
Postage & stamp	746,712	848,922
Contributed to Provident fund	12,190,817	11,619,879
Stationery & photocopy	1,108,158	2,819,226
Entertainment	3,748,957	3,791,653
Repair & maintenance	4,526,539	2,178,331
Service & parts expenses	158,850,794	93,265,328
IT maintenance	1,729,357	1,112,851
Staff/guest house rent	18,137,020	14,166,061
Provision for parts	2,260,000	-
Training expenses	18,588	555,844
Traveling expenses	58,020,202	51,205,765
Vehicle transfer expenses	14,854,356	19,399,229
	1,323,033,417	**1,213,123,927**

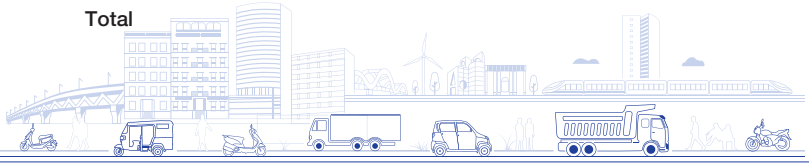
33 Financial expenses

Term Loan Interest	19,908,469	17,830,891
Letter of Trust Receipts/Trust Receipts Interest	97,468,915	83,747,045
Mudaraba Post Import interest	10,494,034	9,197,237
Revolving Loan /Import Loan Interest	15,309,067	12,938,830
Bank Charges	15,796,555	11,287,137
Interest on lease loan	-	-
Int. on B Loan-MPI/LTR/LIM/SOD	216,564,973	318,031,860
Demand Loan interest	84,742,653	84,434,276
Interest on Related Party Loan	-	-
Overdraft Interest	78,038,673	76,855,729
Finance cost of lease assets	341,311	-
Mortgage Expenses	756,439	691,080
Commercial Paper (CP) Interest	29,523,375	26,400,698
Total	**568,944,463**	**641,414,783**

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.

34 Other income

Interest income	234,352,143	122,809,187
Rental income	14,324,460	13,634,580
Interest income from related party	3,376,479	5,193,433
Gain/loss on sale of PPE/market securities	(3,643,159)	10,518
Unrealized loss on marketable securities	11,699,738	(12,727,865)
Income forme sale of fixed assets	427,816	-
Incentive income from VE Commercial Vehicles Ltd. India (VECV)	39,012,300	125,937,935
Income from PF Employer Contribution (Lapses and forfeiture account)-RML	542,890	-
Income from PF employer contribution (Lapses and forfeiture account)-RAL	758,510	-
Dividend income on marketable securities	810,553	640,106
Expenses of BO account	(561,127)	(225,591)
Total	**301,100,603**	**255,272,303**



35 Provision for contribution to WPPF & welfare fund

	2020-21	2019- 20
Provision from RAL	8,823,572	4,986,631
Provision from RML	39,565,718	23,538,685
	48,389,290	**28,525,316**

36 Current tax

Runner Automobiles Ltd	27,894,688	22,753,982
Runner Motors Ltd	225,449,593	147,836,433
Freedom Motors Ltd	33,878	40,362
	253,378,159	**170,630,777**

Head of income	Income	Tax Rate	Tax	Tax
Business income –RAL 2W	684,633	10.0%	68,463	268,054
Business income-RAL 3W	32,975,025	22.5%	34,556,881	3,351,503
Rental income	10,705,462	22.5%	2,408,729	2,131,265
Dividend income	84,060,553	20.0%	16,812,111	6,788,021
Other income	39,222,199	22.5%	11,299,497	12,615,466
Total taxable income & income tax- RAL	167,647,873		**65,145,680**	**25,154,309**
Total taxable income & income tax- RML	751,748,643	22.5%	221,079,187	142,761,743
Total taxable income & income tax-FML	(377,052)	22.5%	33,878	40,362
Total income tax expenses	919,019,463		**286,258,745**	**167,956,413**
Deferred tax expense			(37,250,992)	(2,400,327)
Deferred tax credit income			4,370,406	5,074,690
Current income tax expenses			**253,378,159**	**170,630,777**

As per Income Tax ordinance section 25 (H-2) company enjoy 30% deductions as allowable expenditure for repair and maintenance expense on rental income.

For 3W and RML applicable tax rate or minimum tax under 82C whicever is higher has been considered.

37 Basic Earning Per Share

Total comprehensive income attributable to	**473,910,541**	**340,770,386**
Equityholders of the Parent entity	307,073,674	224,065,779
Non-controlling interest	166,836,866	116,704,607
Earning attributable to equityholders of the Parent entity	307,073,674	224,065,779
Weighted average number of shares of Parent shareholders	113,539,932	113,539,932
Earning Per Share (EPS) attributable for Parent shareholders	**2.70**	**1.97**

Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution in the amount reported above.

Comparing to last year EPS incresed by 37% for increase in sales, lower interest rate and growth in credit business.

38 Net Asset Value (NAV) Per Share as on reporting date

Equity attributable to the Parent entity's shareholders	7,398,599,577	7,197,438,790
Outstanding number of shares of Parent shareholders at reporting date	113,539,932	113,539,933
	65.16	**63.39**

39 Net Operating Cash Flows Per Share (NOCF)

Net Operating Cash Flow	345,386,624	(2,309,691,527)
Weighted average number of shares of Parent shareholders	113,539,932	113,539,932
Net Operating Cash Flows Per Share *	**3.04**	**(20.34)**

*There has been significant deviation noticed in the NOCF for the year as compared with last year for the improvement in the collection for the effectiveness of new policy and stringent of credit recovery process.

40 Related party transactions

During the year, the RAL 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.

Name of Parties	Relationship	Nature of Transactions	2020-21 2020 - 2021	2019-20 2019 - 2020
Runner Motors Ltd.	Subsidiary	Rental Income	2,232,000	2,232,000
Freedom Motors Ltd	Subsidiary	Short term loan	(4,498,850)	(4,883,002)
Runner Bricks Ltd.	Inter Company	Rental Income	-	240,000
Runner Properties Ltd.	Inter Company	Rental Income	1,724,400	1,724,400
Varendra University	Inter Company	Rental Income	240,000	240,000
Promita Oil & Gas	Inter Company	Rental Income	480,000	480,000
Runner Trade Park Ltd.	Inter Company	Business transaction & group exp.	26,497,971	45,621,492
Runner Lube & Energy Ltd.	Inter Company	Rental Income	224,400	224,400
Deen Impex	Accounts Receivable	Revenue Income	6,068,909	4,867,971
Venus Autos	Accounts Receivable	Revenue Income	1,152,252	1,216,235
Islam & Company	Accounts Receivable	Revenue Income	13,557,040	9,198,114

Runner Automobiles Ltd. 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 compnay, 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 similiar 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 guranttee against the total limit of RAL.

41 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 their in.

42.1 Key management personnel compensation

Particulars	2020-21	2019-20
Remuneration	24,532,710	23,273,621
Total:	**24,532,710**	**23,273,621**

Key management personnel compensation includes benefits for employees of the rank of directors and above represents short term employee benefits.

42.2 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, know 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 (ii) Power and Fuel (iii) Rent (iv) Repairs of Buildings (v) Repairs of Machinery (vi)(1) 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.	

42.3 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 30 June 2021.

III. Debt due by directors or other officers of the Group

There is no such debt in this respect as on 30 June 2021. 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 2021 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 30 June 2021

43 Proposed dividend

10% cash dividend has been recommended by the Board of Directors in the meeting held on 27 October 2021.

44 Commitments and contingencies:

44.1 Bank guarantees

Runner Automobiles Limited	10,584,229	11,299,322
Runner Motors Limited	3,251,063	1,351,563
	13,835,292	**12,650,885**

Runner Automobiles Limited		
Mymenshingh Palli Bidduth Samity	3,345,526	3,345,526
Dhaka Power Distribution Co Ltd.	408,000	408,000
Central Medical Store Depot (CMSD)	2,541,860	254,186
The Register & Director General, Department of Cooperative	-	1,205,000
Upazilla Governance and Development Project	2,165,000	2,165,000
Commissionerate of Customs, Excise & VAT	222,260	222,260
Chief Enginner, Health Enginnering	250,000	230,000
Chittagonj Wasa	-	45,000
PD, BBS, Agargaon, Dhaka	-	180,000
The PD,SMODMRPA, Ministry of Disaster Management and Relief	-	1,217,000
The DG, Customs Intelligence & investigation Directoratite	-	69,650
The JD, Procurement & Store Section, Bangladesh Agriculture Research	85,000	85,000
Strengthening The Operational, RAB HQ	-	69,000
PD, Strenghting Seed Corporation	130,000	130,000
Bangladesh Border Guard	870,000	870,000
The Project Director , BRDB	-	125,000
Enhancing the capability of vegetable seed production processing	18,000	-
Teesta River Bridge *	50,000	70,400
Primary education	260,283	-
The DG, BARI,joydebpur, gazipur	25,000	-
15 million consumer connection through Rural Electrification, REB	213,300	213,300
The Asst. Commissioner, Customs, Excise & VAT(South) Dhaka	-	45,000
Inspector General, Bangladesh Police	-	350,000
	10,584,229	**11,299,322**
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
Cantonment Executive Officer, Saidpur Cantonment		100,000
Cantonment Executive Officer, Mymensingh		165,000
Local Government Engineering Department (LGED)	531,725	7,225
Roads & Highways Department (RHD)	1,640,000	-
	3,251,063	**1,351,563**

The above margin and deposits have been included in advance, deposits and pre-payments.

44.2 In reference with published ammended use of proceeds the company is commited to incur Tk 630,000,000 for the establishment of 3W project within 23 February 2022. Beside that, there is no capital commitment either contracted or work order as on the reporting date.

44.3 Runner Automobiles Limited has become the gurrantor for supply chain financing of its dealers from Eastern Bank Limited throughout the year. As on 30 June, 2021 the contingent liability of Guarrantee for Dealer Financing amounts to BDT 347,326,291 (2020: BDT 606,665,196). Except fifty five showrooms and service center, other operation of the Company are on its own premises. The average remaining rent term for showrooms are less than five years. The rent obligation per year is approximately Tk. 34,273,271.

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 finanacial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligtions which arises principlly 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 debts securities	33,913,230	25,377,131
Investment in FDRs (Short term & long term)	2,417,480,970	1,743,218,056
Advances, deposits and prepayments	444,315,704	317,160,866
Trade and other receivables	11,541,658,356	10,172,151,235
Due from related parties	55,648,064	74,771,584
Cash and cash equivalents	448,971,952	784,370,895
	14,941,988,275	**13,117,049,767**

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 schedules 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:

Contractual cash flows & amounts in BDT

Non-derivative financial liabilities	Carring amount as on 30 June 2021	Within 12 months	1 to 5 years	More than 5 years	Carring amount as on 30 June 2020
Long term loan	4,564,441,176	-	4,564,441,176	-	3,536,648,807
Trade payables	2,092,783,046	2,092,783,046	-	-	1,771,938,868
Short term loan from banks	5,549,921,746	5,549,921,746	-	-	6,222,842,809
Current portion of long term loan	1,312,286,700	1,312,286,700	-	-	884,162,202
Current portion of finance lease	-	-			338,640
Provision for income tax	356,027,694	356,027,694	-	-	522,095,945
Provision for WPPF and welfare fund	48,389,290	48,389,290	-	-	28,525,316
Liabilities for expenses	744,205,043	744,205,043	-	-	826,099,700
Total	**14,668,054,695**	**10,103,613,519**	**4,564,441,176**	-	**13,792,652,286**

As at 30 June 2021, 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 tha 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 retiring 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 invetsments. Management regularly monitors its investment portfolio based on market indices and all buy and sell decisions are subsequently ratified by the Directors.

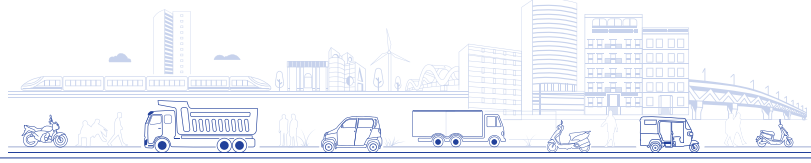
46 Production capacity (RAL)

Installed Capacity (In unit yearly)	100,000	100,000
Production (In Unit yearly)	25,038	22,442
Capacity utilized (%)	**25%**	**22%**

47 Employees (RAL)

Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	1,153	1,203
	1,153	**1,203**

Employees (RML)		
Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	955	899
	955	**899**



48 Reconciliation of net income with cash flows from operating activities

In accordance with Bangladesh Securities and Exchange Commission Notification No: BSEC/CMRRCD/2006-158/206/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 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	473,910,541	340,770,386
WPPF & Tax Charged for the year	410,282,091	196,481,729
Finance cost for the year	568,944,463	641,414,783
Depreciation expense	96,371,841	99,677,185
Non-operating income	(301,100,603)	(255,272,303)
(Increase)/decrease of trade receivables	(1,369,507,118)	(2,089,363,587)
(Increase)/decrease of rental receivables	(8,227,660)	24,484,313
(Increase)/decrease of inventories	734,443,792	(788,132,535)
(Increase)/decrease of advances, deposits & prepayments (except advance for capex)	(9,547,748)	(218,842,293)
Increase/(decrease) of trade payable	4,815,505	4,297,150
Increase/(decrease) of liabilities for expenses (operating)	42,801,877	13,359,908
Cash Ggenerated from operations	**643,186,982**	**(2,031,125,264)**
Tax paid during the year	(269,275,042)	(228,489,600)
WPPF paid during the year	(28,525,316)	(50,076,662)
Cash from operational activities	**345,386,624**	**(2,309,691,527)**

49.1 Attendance status of Board meeting of Directors (RAL)

During the period from 01.07.2020 to 30.06.2021 there were 4 (Four) 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	4	4
2	Mr. Md. Mozammel Hossain	Vice Chairman	4	4
3	Reazul Haque Chowdhury	Managing Director and CEO	4	4
4	Mr. Md. Jahurul Alam	Director	4	4
5	Mr. Taslim Uddin Ahmed	Director	4	4
6	Mr. Mohammad Ali Deen	Director	4	4
7	Faruq Ahmad Siddiqi	Independent Director	4	2
8	Dr. Muhammad Abdul Mazid	Independent Director	4	2
9	Oliver R. Harms	Independent Director	4	4
10	Mr. Khalid Shahidul Quadir	Director	4	4
11	Mr. Muallem A Choudhury FCA	Director	4	4

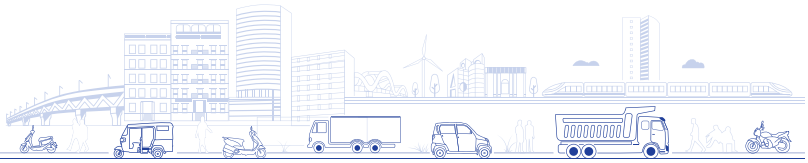
For Board meeting, attendance fees were paid to the Directors of the Company @ BDT 10,000 & VAT for (Sl 4 to 6) and @ BDT 25,000 & VAT for (Sl 7&8) per meeting.

49.2 Attendance Status of Board meeting of Directors (RML)

During the period from July 2020 to June 2021 there were five (5) Board Meetings were held. The attendance status of all the meetings is as follows:

Sl no	Name of Directors	Position	Meeting Held	Attended
1	Mr. Hafizur Rahman Khan	Chairman	5	5
2	Mr. Md. Mozammel Hossain	Vice Chairman	5	5
3	Mr. Rezaul Haque Chowdhury	Managing Director	5	5
4	Mr. Md. Jahurul Alam	Director	5	5
5	Mr. Mohammad Ali Deen	Director	5	5
6	Mr. Tofail Ahmed Chowdhary	Director	5	5
7	Mr. Imtiaz Ahmed	Director	5	5
8	Mr. Khalid Shahidul Quadir	Director	5	5
9	Mr. Oliver R. Harms	Independent Director	5	4
10	Dr. Muhammad Abdul Mazid	Independent Director	5	5

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 @ 15% per meeting.



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:

Sl no.	Title of Standard	IAS no.	Status
1	Presentation of Financial Statements	1	Applicable
2	Inventories	2	Applicable
3	Statement of Cash Flows	7	Applicable
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Applicable
5	Events after the Reporting Period	10	Applicable
6	Income Taxes	12	Applicable
7	Property, Plant and Equipment	16	Applicable
9	Employee Benefits	19	Applicable
10	Accounting for Government Grants and Disclosure of Government Assistance	20	Not Applicable
11	The Effects of Changes in Foreign Exchanges Rates	21	Applicable
12	Borrowing Costs	23	Applicable
13	Related Party Disclosures	24	Applicable
14	Accounting and Reporting by Retirement Benefit Plans	26	Applicable
15	Separate Financial Statements	27	Applicable
16	Investment in Associates and Joint Ventures	28	Applicable
17	Earnings Per Share	33	Applicable
18	Interim Financial Reporting	34	Applicable
19	Impairment of Assets	36	Applicable
20	Provisions, Contingent Liabilities and Contingent Assets	37	Applicable
21	Intangible Assets	38	Applicable
22	Investment Property	40	Applicable
23	Agriculture	41	Not Applicable

Sl no.	Title of Standard	IFRS no.	Status
1	First-time Adoption of International Financial Reporting Standards	1	Not Applicable
2	Share Based payment	2	Not Applicable
3	Business Combinations	3	Not Applicable
4	Insurance Contracts	4	Not Applicable
5	Non-Current Assets Held for sale and Discontinued Operations	5	Not Applicable
6	Exploration for and Evaluation of Mineral Resources	6	Not Applicable
7	Financial Instruments: Disclosure	7	Applicable
8	Operating Segments	8	Applicable
9	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

Runner Automobiles Limited
Schedule of Fixed Assets
As at 30 June 2021

Annexure I

Amount in taka

Sl No	Particulars	COST				DEPRECIATION				Written Down Value as at 30.06.21	Written Down Value as at 30.06.20
		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 *	3,087,729,895	31,839,290	-	3,119,569,185	-		-	-	3,119,569,185	3,087,729,895
2	Building & Other Construction	1,155,572,055	42,205,379	-	1,197,777,434	258,525,425	27,965,918	-	286,491,342	911,286,092	897,046,630
3	Plant & Machineries	574,164,626	11,052,469	-	585,217,095	295,649,192	28,391,617	-	324,040,809	261,176,285	278,515,434
4	Furniture & Fixture	107,983,668	5,046,977	-	113,030,645	39,397,101	6,957,424	-	46,354,525	66,676,120	68,586,567
5	Office Equipment	66,898,561	954,589	-	67,853,150	35,140,837	3,222,810	-	38,363,647	29,489,503	31,757,724
6	Motor Vehicle	189,772,283	2,973,791	4,290,238	188,455,836	110,329,115	15,921,551	3,876,592	122,374,075	66,081,762	79,443,168
7	Computer & Accessories	43,603,859	743,132	-	44,346,991	32,618,643	2,754,047	-	35,372,693	8,974,298	10,985,215
	Total PPE	**5,225,724,946**	**94,815,627**	4,290,238	**5,316,250,335**	**771,660,313**	**85,213,367**	**3,876,592**	**852,997,087**	**4,463,253,246**	**4,454,064,634**
Right of use assets											
1	**Showroom Space**	**8,706,843**	-	-	**8,706,843**		**2,870,748**	-	**2,870,748**	**5,836,095**	-
Intangible assets (IA)									-		
1	Local Software	1,100,000	2,474,733	-	3,574,733	934,982	185,623		1,120,605	2,454,128	165,018
2	Foreign Software	94,274,298	-	-	94,274,298	13,253,276	8,102,102		21,355,378	72,918,920	81,021,023
	Total IA	**95,374,298**	**2,474,733**	-	**97,849,031**	**14,188,257**	**8,287,725**	-	**22,475,982**	**75,373,049**	**81,186,041**
	Grand Total	**5,329,806,087**	**97,290,360**	**4,290,238**	**5,422,806,209**	**785,848,569**	**96,371,841**	**3,876,592**	**878,343,817**	**4,544,462,390**	**4,535,250,675**

* The Group has mortgaged some of the above assets with various banks and financial institutions to secure its loans and borrowings.

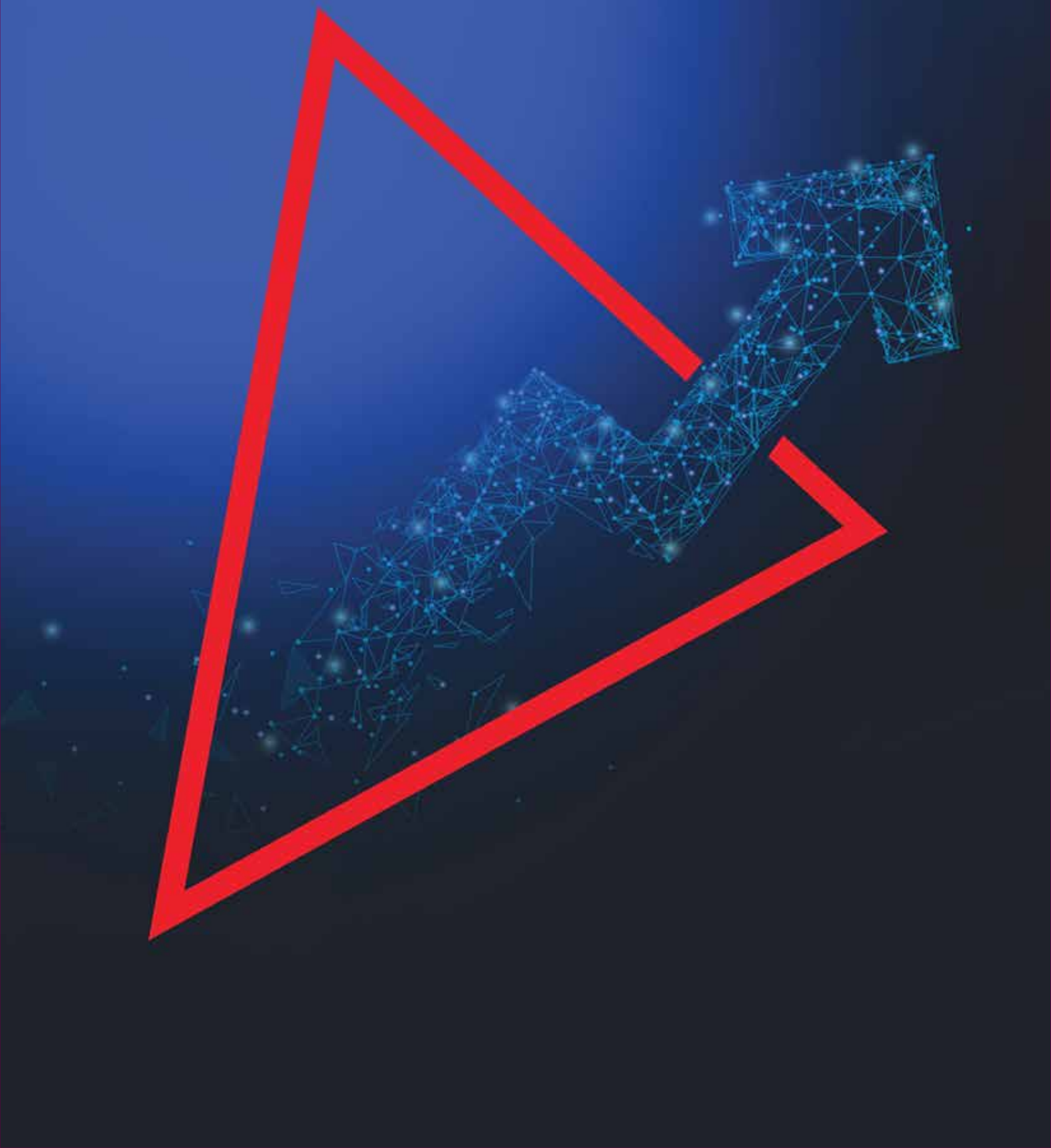
** The Group has revaluated its property, plant and equipments on 2011 & 2014.

Depreciation & ammortization Allocation:

Accounts Head	2020-21	2019-20
Factory Overhead	67,257,795	71,547,372
Administrative Expenses	29,114,046	28,129,813
Total:	**96,371,841**	**99,677,185**

FINANCIAL STATEMENTS OF RUNNER AUTOMOBILES LIMITED

FOR THE YEAR ENDED 30 JUNE 2021



Independent Auditor's Report to the Shareholders of Runner Automobiles Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Runner Automobiles Ltd. (the "Company") which comprise the statement of financial position as at 30 June 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the Company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

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 Auditors' 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 Bangladesh Securities and Exchange Commission (BSEC), 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Revenue recognition and valuation of receivables	
Significant portion of the Company's external sales are made on credit/installment payment basis, and hence accounts receivable balance constitute significant component of the Company's statement of financial position as at 30 June 2021. Moreover, for credit sale a portion of collection represents finance income. Due to inherent risk associated with recovery of accounts receivable balance and difficulties in forecasting future loss in case of default by debtors this area requires significant estimate and judgment. In particular, due to the subsequent waves of COVID 19 related impact overall business and economic activities both globally and in Bangladesh have been continued to be adversely impacted, which also affected the Company as well, especially in relation to	We have tested the design and operating effectiveness of key controls focusing on the following: ▸ Assessment of the five-step model for revenue recognition adopted by the Company in line with IFRS 15: Revenue, including cut-off point to satisfy performance obligation. ▸ Credit approval process and assigning credit limit to a customer; ▸ Collection of security related documents; ▸ Periodic balance confirmation from debtors; ▸ Monitoring process for overdue receivables; and ▸ Company's policy of creating provision against overdue receivables and periodic write off in line with IFRS 9.

revenue recognition and increased overdue receivables. Therefore, we have considered this as a key audit matter.	Our substantive procedures in relation to the assessing valuation of receivables comprises the following: ▸ Reconciliation of debtors ageing to general ledger; ▸ Conducting cut-off testing at the year-end; ▸ Reviewing subsequent receipt of receivables balance; ▸ Comparing current year rebate accruals to the prior year and issuance of credit notes post year-end; ▸ Based on review of overdue debtors and discussion with management identify any specific debtors requiring provision; and ▸ Recalculation of provision for trade receivables as required by IFRS 9 and compared against actual write off/loss on repossession in prior periods.
See note number 8 and 27 for details	

Valuation of inventories	
The Company had substantial amount of inventories as at 30 June 2021 which were maintained at factory premises and own showrooms across all over Bangladesh. Inventories are carried at the lower of cost and net realisable value (NRV). As a result, management has applied judgement in determining the appropriate values for inventories which may be slow-moving or obsolete and need to apply impairment provision. While excess holding of inventories could impact efficient use of working capital similarly lower level of inventories can result in stock outs or irregular supply to the market. Moreover, due to the continuation of COVID 19 related impacts as described above, there is likelihood of excess inventories due to slowdown in business. If there is significant drop in selling price during subsequent period this can create lower NRV and hence potential impairment. Therefore, this area we have considered as a key audit matter.	We evaluated the design and implementation of key inventory controls operating across the product lines and multiple locations within the Company. We observed physical inventory counts and reviewed the reconciliation process of the count results to the inventory records maintained in the system. We compared the net realizable value through a detailed review of subsequent period sales and the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete. We reviewed the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year. We discussed with management about their sales forecasting procedures and ordering of stocks, and inquired about remedial action taken in case of access or shortage of inventories due to difference in forecast and actual results. We have assessed COVID 19 related impacts during the last quarter of 2020-2021 as well as subsequent period covering the First quarter of 2021-2022.
See note number 7 for details	

Regulatory compliance

During the prior period the Company has received BDT 999,999,980 as Initial public offering (IPO) proceeds, out of which BDT 139,303,480 as share capital and BDT 860,696,500 as share premium.

As per IPO documents, the Company has committed BDT 330,000,000 for repayment of loan, BDT 40,000,000 for IPO issue expenses and remaining BDT 630,000,000 for business expansion.

Moreover, the Company is also considered to be a 'Public Interest Entity' as per the criteria issued by Bangladesh Financial Reporting Council (FRC) vide notification dated 11 March 2020.

Accordingly, the Company operate in a heightened legal and regulatory environment, and as a result we focus on compliance with legal, regulatory and other matters as key audit area.

In particular we looked at the Company's compliance with the following:

- BSEC directives on utilization of IPO fund for the intended purposes within the stipulated time and approval of certain related party transactions as prescribed in BSEC notification No. SEC/ CMMRRC-D/ 2006-159/ Admin/ 02-10 dated 2 September 2006.
- Compliance with the Bangladesh Labour (Amendment) Act, 2013, in relation to Workers' Profit Participation Fund (WPPF) as well as other applicable employee benefit schemes (i.e. provident fund, gratuity fund/termination benefit etc.)
- Compliance with loan covenants on loans and borrowings from various banks and financial institutions.

We have conducted the following procedures to assess compliance of various regulatory and other matters applicable for the Company:

Utilisation of IPO proceed

We have reviewed the prospectus and related IPO approval documents.

We assessed controls around administration of IPO funds including deposits in bank and withdrawals made thereon.

We have checked the expenses incurred and related documents including certification from another auditor on the utilization of IPO proceeds.

We obtained documents supporting variation from the initial allocation of IPO proceeds. As per the revised IPO fund allocation as approved by the Shareholders in 6th EGM held on 17 December 2019 and BSEC consent received on 24 February 2020 the Company shall use the remaining IPO proceeds of Tk 630,000,000 by 24 February 2020 for Three wheeler project.

Related party transaction

Runner Automobiles Limited as the holding Company has provided corporate guarantee to its subsidiary Runner Motors Limited (RML) which has been used by RML for taking bank loans. This arrangement is in place prior to the Company's listing in 2019. Upon becoming listed this arrangement has been approved by both the Board of Directors and also ratified by the shareholders at the annual general meeting of the Company.

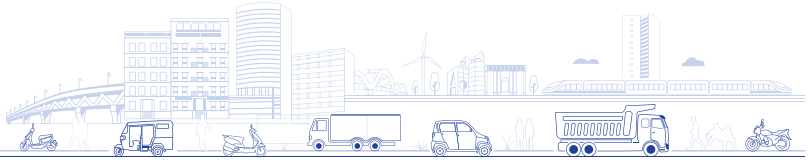
The Labour Act

The Company has made required provision for the WPPF and also set up the Trust and other formalities for disbursement of WPPF amount. The Company has now aligned its provident fund rules with the Labour Rules 2015. Effective from 1 July 2021, management has decided to implement the Labour Act requirement on payment of compensation as termination benefit.

Loans and borrowings

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the loans. Amongst other we have obtained understanding on the nature or types of loans, the repayment schedules, loan statements and facility offer letters to review terms, debt covenants, interest rates and other conditions associated with the loans.

See note number 14, 15 & 41 for details



Valuation of property, plant and equipment (PP&E) including assessment of revaluation of done in prior years and impairment assessment of PP&E in current year

The Company in prior years has undertaken revaluation of its land and building. As a result of this revaluation exercise, an amount of BDT 1,296,890,181 (PY: BDT 1,290,824,325) is recognised as the fair value gain in revaluation surplus and BDT 44,005,928 (PY: BDT 51,632,973) as resultant deferred tax liability. Determination of fair value in absence of any quoted price and active market require significant judgment. Furthermore, due to COVID 19 related country-wide lock down, business activities of the Company has impacted resulting lower capacity utilization of PP&E and hence we also considered any potential impairment under IAS 36.	We assessed the process of revaluation previously taken by the Company. We reviewed revaluation report of the independent valuer along with relevant documents and applied our judgment to see whether the fair value is still relevant, especially due to COVID 19 impact and other macro-economic changes in general and in those area in particular to assess the current value of those assets. In addition to our own analysis and discussion with management we also inquired from external valuers about any major variation in current market price of those properties with its carrying value. We checked related accounting treatments of fair value gain and associated deferred tax as recognized by the Company. We also checked the CAPEX items including transfer of items from CAPEX as well as start of charging depreciation of an item upon ready for use. Finally, we discussed actual capacity utilization during the period and future forecast including expected recovery time from COVID 19 impact to assess whether any impairment is required.
See impairment policy and note 16 for details	

Warranty provision and free service obligation

The Company has recognized provision for product warranties and obligations for free services of Tk 63,142,805 (PY: Tk 52,880,100) against future claims for faulty products or cost of services rendered over a defined period of time.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of warranty provisions and the assumptions used in estimating future claims and losses. We assessed the appropriateness of the carrying amounts, evaluated the relevant assumptions and their derivation for the measurement of the provisions. We also assessed the accuracy of forecasts of past warranty, guarantee and goodwill costs on the basis of historical analysis.
See note 26.2 for details	

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2, 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 these 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 intends 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.

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 omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 disclosures in the financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 auditors' 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 that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) in our opinion, proper books of account as required by law have been kept by the Company's so far as it appeared from our examination of those books;

(iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account; and

(iv) the expenditures incurred were for the purpose of the Company's business.

Sd/-

Sabbir Ahmed FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 27 October 2021
DVC No: 2111060770AS362364

Runner Automobiles Limited
Statement of Financial Position

As at 30 June 2021

	Notes	Amount in Taka 30-Jun-21	30-Jun-20
Assets			
Non-current assets		4,308,751,586	3,661,890,079
Property, plant and equipment	3	3,021,384,602	3,065,601,149
Intangible assets	4	56,962,573	60,729,956
Capital work in progress	5	332,206,150	66,268,579
Right of use assets		5,836,095	-
Trade receivables	8	746,758,166	323,686,395
Investment in subsidiaries	6	145,604,000	145,604,000
Current assets		**6,094,589,926**	**6,346,092,988**
Inventories	7	1,348,510,801	1,563,756,022
Trade and other receivables	8	2,739,155,504	2,860,057,614
Short term investments	9	823,724,058	533,091,780
Advances, deposits and prepayments	10	739,860,843	695,069,366
Related party receivables	11	26,497,971	45,621,492
Other receivables	12	126,977,722	84,110,721
Cash and cash equivalents	13	289,863,027	564,385,993
Total assets		**10,403,341,512**	**10,007,983,067**
Shareholders' equity and liabilities			
Shareholders' equity		**5,451,615,695**	**5,435,255,545**
Share capital	14	1,135,399,325	1,135,399,325
Share premium	15	2,030,529,205	2,030,529,205
Revaluation surplus	16	1,296,890,181	1,290,824,325
Retained earnings	17	988,796,984	978,502,690
Non-current liabilities		**406,198,659**	**135,937,797**
Long term loan net off current portion	18	291,415,305	50,778,390
Deferred tax liabilities	19	114,783,354	85,159,407
Current liabilities		**4,545,527,158**	**4,436,789,725**
Trade and other payables	20	20,254,710	18,370,528
Short term loan from banks	21	3,841,825,786	3,962,469,553
Current portion of long term loan	22	305,720,946	12,694,598
Current portion of finance lease	22.1	-	338,640
Related party payables	23	4,498,850	4,883,002
Provision for income tax	24	130,402,258	160,258,244
Provision for WPPF and welfare fund	25	8,823,572	4,986,631
Lease liabilities		3,632,732	-
Unclaimed dividend account		658,855	25,134,009
Liabilities for expenses and other provision	26	229,709,448	247,654,520
Total shareholders' equity and liabilities		**10,403,341,512**	**10,007,983,067**
Net Asset Value (NAV) per share	35	**48.01**	**47.87**

The annexed notes form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

See annexed Auditor's report to the Shareholders of same date

Sd/-
Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC: 2111060770AS362364
Dhaka, 27 October 2021

Runner Automobiles Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

Amount in Taka

	Notes	2020-21	2019-20
Revenue	27	3,794,932,365	3,394,458,428
Cost of sales	28	(2,817,727,060)	(2,512,165,178)
Gross profit		**977,205,305**	**882,293,250**
Operating expenses		**(600,440,451)**	**(548,056,092)**
Administrative expenses	29	(142,027,241)	(147,257,062)
Selling and distribution expenses	30	(458,413,210)	(400,799,030)
Operating profit		**376,764,854**	**334,237,158**
Finance costs	31	(344,952,633)	(319,591,847)
Other income	32	144,659,223	85,087,300
Profit before tax and WPPF		**176,471,445**	**99,732,611**
Contribution to WPPF and welfare fund	25	(8,823,572)	(4,986,631)
Profit before tax		**167,647,872**	**94,745,981**
Income tax expenses		(45,374,834)	(25,154,309)
Current tax	24	(27,894,688)	(22,753,982)
Prior year tax benefit		19,770,846	-
Deferred tax expense	19.2	(37,250,992)	(2,400,327)
Net profit for the year		**122,273,038**	**69,591,672**
Other comprehensive income		-	-
Total comprehensive income		**122,273,038**	**69,591,672**
Earning Per Share	**34**	**1.08**	**0.61**

The annexed notes form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director**
Sd/-		Sd/-
Chief Financial Officer		**Company Secretary**

See annexed Auditor's report to the Shareholders of same date

Sd/-
Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC: 2111060770AS362364
Dhaka, 27 October 2021

Runner Automobiles Limited
Statement of Changes in Equity

For the year ended 30 June 2021

Particulars	Share Capital	Share Premium	Revaluation Surplus	Retained Earnings	Total
Balance as at 30 June 2019	**1,081,332,690**	**2,030,529,205**	**1,292,465,028**	**1,069,404,591**	**5,473,731,514**
Net profit after tax	-	-	-	69,591,672	69,591,672
Dividend paid	-	-	-	(108,133,269)	(108,133,269)
Stock dividend	54,066,635	-	-	(54,066,635)	-
Deferred tax credit on revaluation of assets	-	-	-	65,628	65,628
Realization of revaluation surplus through depreciation charged	-	-	(1,640,703)	1,640,703	-
Balance as at 30 June 2020	**1,135,399,325**	**2,030,529,205**	**1,290,824,325**	**978,502,690**	**5,435,255,545**
Net profit after tax	-	-	-	122,273,038	122,273,038
Cash dividend	-	-	-	(113,539,932)	(113,539,932)
Revaluation surplus due to changes in rate from 5% to 10%	-	-	7,627,045	-	7,627,045
Realization of revaluation surplus through depreciation charged	-	-	(1,561,189)	1,561,189	-
Balance as at 30 June 2021	**1,135,399,325**	**2,030,529,205**	**1,296,890,181**	**988,796,984**	**5,451,615,695**

The annexed notes form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Runner Automobiles Limited
Statement of Cash Flows
For the year ended 30 June 2021

	Notes	Amount in Taka 2020-21	2019-20
Cash flows from operating activities			
Receipt from customers and dealers		3,512,652,833	2,567,739,375
Payment to suppliers and employees		(3,206,110,167)	(4,010,601,462)
Cash generated from operating activities		**306,542,666**	**(1,442,862,087)**
Income tax paid		(81,243,299)	(63,672,235)
Foreign exchange gain/(loss)		(13,667)	(99,638)
Net cash generated from operating activities	38	**225,285,700**	**(1,506,633,960)**
Cash flows from investing activities			
Net proceeds from sale /(purchase) of financial assets		(290,632,277)	(386,193,850)
Receipt from investment income		51,320,125	67,658,791
Receipt/ payment to related parties		26,113,819	83,324,926
Payment for property, plant and equipment		(261,447,313)	(40,036,744)
Dividend income (net of tax)		66,600,000	71,040,000
Net cash used in investing activities		**(408,045,646)**	**(204,206,877)**
Cash flows from financing activities			
Proceeds from borrowings		5,773,163,969	5,731,915,057
Dividend paid		(138,015,086)	(82,999,260)
Repayments of borrowings:			
Principal		(5,360,483,113)	(4,218,751,088)
Finance cost		(366,428,790)	(316,695,735)
Net cash generated from financing activities		**(91,763,020)**	**1,113,468,974**
Net increase/(decrease) in cash and cash equivalents for the year		**(274,522,966)**	**(597,371,863)**
Cash and cash equivalents at the beginning of the year		564,385,993	1,161,757,856
Cash and cash equivalents at the end of the year	13	**289,863,027**	**564,385,993**
Net operating cash flows per share	36	**1.98**	**(13.27)**

The annexed notes form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director**
Sd/-		Sd/-
Chief Financial Officer		**Company Secretary**

RUNNER AUTOMOBILES LIMITED

Notes to the Financial Statements
As at and for the year ended 30 June 2021

1.0 Reporting Entity

1.1 Company Profile

Runner Automobiles Limited ("RAL" 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 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

RAL 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. RAL's products cover 09 series of motorcycles ranging from 50 cc to 200 cc, and about 40 models of motorcycles. At present, RAL 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 Ltd. is selling the highest quantity of motorcycles in the domestic and overseas market as a manufacturer in Bangladesh.

In addition of that RAL 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

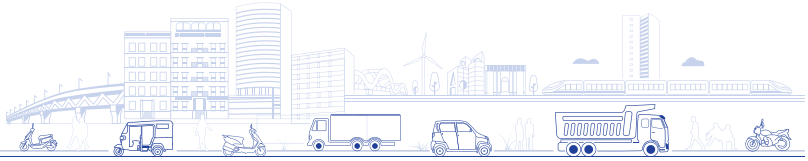
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), applicable sections of the Companies Act 1994 and the Securities and Exchange Rules 1987. The title and format of these financial statements follow the requirements of IFRS which are to some extent different to the requirements of the Companies Act, 1994. However, such differences are not considered material.

2.2 Date of authorization

These financial statements have been authorized for issue by the Board of Directors on 27 October 2021.

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. Due to the continuous affect of COVID 19, the operation of the Company was being closed for around two months starting from April 2021. However, 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

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 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.

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 financial statements are presented in Bangladesh 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 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).

2.8 Comparative and reclassification

Comparative information has been disclosed for the year 2019-2020 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 2019-2020 have been rearranged wherever considered necessary to ensure comparability with the current year.

2.9 Reporting period

These financial statements covered the reporting period of one year commencing from 01 July 2020 to 30 June 2021 along with the related comparative information for the period 1 July 2019 to 30 June 2020 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

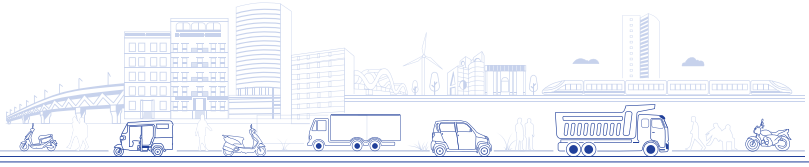
Leases

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 recognise 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 recognise 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 recognised 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 recognises 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 2020	8,706,843
Balance at 30 June 2021	5,836,095

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

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 is 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 is 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 recognised.

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 2020.

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.

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

- Applied the exemption not to recognise 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 summarised below.

In Taka	Amount
Right-of-use asset	8,706,843
Lease liabilities	5,957,821
Incremental borrowing rate	8%

Incremental borrowing rate for leases recognised all through the year is 8% 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 recognised BDT 5,836,095 of right-of-use assets and BDT 3,632,732 of lease liabilities as at 30 June 2021.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest expense. During the year ended 30 June 2021, the Company recognised BDT 2,870,748 of depreciation charges and BDT 341,311 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.

Assets	Rates (%)
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.

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.

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.

Assets	Rates (%)
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.

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.

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 applicable Income Tax rate for the Company is 10% of business income, instead of the normal income tax rate of 22.5% being the listed public entity in accordance with Finance act 2021.

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. 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 2021. 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.

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.

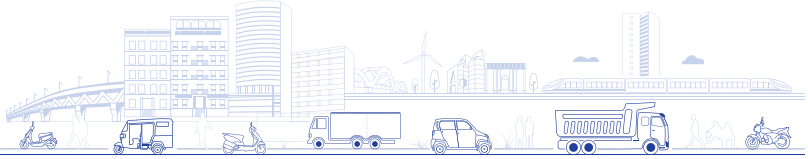
Financial assets currently being used by the Company are as follows:

(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.

(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.

2.20 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.

(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.

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 contact assets (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 has been analyzed in the light of 5 stages as envisaged in IFRS 15 in the following way.

A contract is formed through an agreement between Runner Automobiles Limited 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 Limited recognises 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.

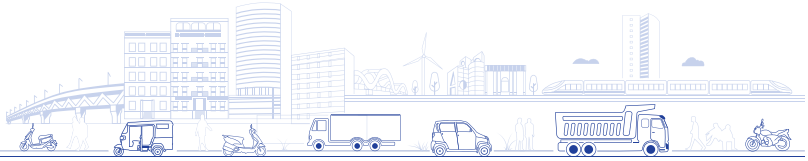
2.24 Finance income

Interest income on bank deposits are recognized on accrual basis and excludes interest of Tk. 151,148,272 (2019-20: Tk.140, 190,198) received on credit sales which are netted off against related borrowing costs. 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-34 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.

2.27 Impairment of financial and non-financial assets

i) Financial assets

Impairment of financial assets measured at amortised cost

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

2.28 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.

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 COVID 19 Impact

The adverse impact of COVID 19 which starred in previous financial year continued to affect the business of the Company during the current financial period. To contain the spread of subsequent waves of COVID 19, Government has taken various measures including extended lock down, closure of business, restriction in people movement, social distancing etc. As a result of these measures as well as prevailing global situation, all business and economic activities are adversely affected which also impacted the Company. Impact from these COVID 19 related events that has occurred are already reflected in these financial statements. However, due to the inherent uncertainty associated with such matter it is not possible to reasonably assessed and quantify any potential impact of COVID 19 related matters on the Company's future operation and financial results.

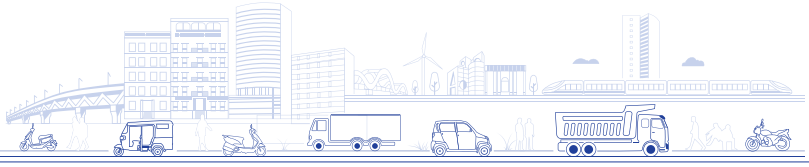
2.31 New standards and interpretations yet adopted

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 Company and except for IFRS stated above 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 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.



3 Property, plant and equipment

Details of property, plant and equipment and depreciation as of 30 June 2021 are shown in the Annexure-I. The break up of the balance are as below:

	Amount in BDT	
	30-Jun-21	30-Jun-20
Fixed assets at cost:		
Cost at 01 July	3,695,952,493	3,622,884,694
Addition during the year	22,145,669	73,067,799
Closing balance	**3,718,098,162**	**3,695,952,493**
Accumulated depreciation:		
Opening balance	630,351,343	559,519,838
Charged during the year	64,801,027	69,190,803
Depreciation on revaluation	1,561,189	1,640,703
Closing balance	**696,713,559**	**630,351,343**
Written down value	**3,021,384,602**	**3,065,601,149**

Some portion of above assets of the Company are kept as security for loans and borrowings from different banks and financial institutions.

4 Intangible assets

Assets at cost:		
Opening balance	70,119,872	70,119,872
Addition during the year	2,474,733	-
Closing balance	**72,594,605**	**70,119,872**
Amortization		
Opening balance	9,389,916	2,495,460
Addition during the year	6,242,117	6,894,456
Closing balance	15,632,033	9,389,916
Total	**56,962,573**	**60,729,956**

During the period, the Company has implemented an automated business solution for its hire business operation, "R-Connect" which has been recognized as intangible assets in the reporting period.

5 Capital work in progress

Factory development	332,206,150	49,587,802
Showroom development	-	16,680,777
Total	**332,206,150**	**66,268,579**

6 Investments in subsidiaries

	Share Holding Percentage		
Runner Motors Ltd. (RML) (Note-6.1)	61.67%	138,750,000	138,750,000
Freedom Motors Ltd. (FML) (Note-6.2)	99.99%	6,854,000	6,854,000
		145,604,000	**145,604,000**

6.1 Runner Automobiles Limited 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.

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

7 Inventories

Raw Materials for 2 Wheelers (i)	260,495,265	722,258,911
Work-in-process (i)	5,406,423	28,502,974
Finished Goods for 2 Wheelers (ii)	382,828,177	304,576,160
Raw Materials for 3 Wheelers (i)	15,150,759	1,585,963
Finished Goods for 3 Wheelers (ii)	637,549,193	336,615,637
Spare Parts for 2 Wheelers (ii)	8,138,613	82,327,556
Spare Parts for 3 Wheelers (ii)	1,872,929	13,381,315
Material in transit (iii)	37,069,442	74,507,505
Total	**1,348,510,801**	**1,563,756,022**

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

i) Details 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.

	Amount in BDT	
	30-Jun-21	30-Jun-20

ii) Finished Goods : Required by The Companies Act, 1994 :

Particulars	Value	Value
80 CC Motor Cycle	27,769,743	45,040,901
100 CC Motor Cycle	33,814,206	52,851,937
110 CC Motor Cycle	49,364,011	23,315,457
125 CC Motor Cycle	59,208,825	98,959,829
150 CC Motor Cycle	120,672,833	73,719,026
165 CC Motor Cycle	14,032,386	-
200 CC Motor Cycle	1,852,682	10,689,010
Spare Parts (2W & 3W)	10,011,542	95,708,872
Three Wheeler	713,662,684	336,615,637
Total:	1,030,388,912	736,900,669

Total quantity of finished goods for 2 wheeler is 4,417 units and 3 wheeler is 2,201 units.

iii) All materials in transit are subsequently received.

An amount of BDT 2,260,000 has been kept as a provision against slow moving spare parts for two wheelers. This amount is shown under note: 30 as provision.

8 Trade and other receivables

Dealer receivables 2W	271,314,159	275,781,329
Dealer receivables 3W	169,755,784	275,266,720
Hire customer receivable*	2,669,546,655	2,316,769,122
Others trade receivables	375,297,071	315,926,838
Total	**3,485,913,669**	**3,183,744,009**

Aging of trade and other receivables (based on repayment date)

The ageing of gross value at the reporting date that was not impaired and recoverable as follows:

0-60 days	1,508,091,405	1,529,381,529
60-120 days	926,711,208	947,792,417
120 - 360 days	304,352,890	382,883,667
Within 360 Days	2,739,155,504	2,860,057,614
More than 360 days	746,758,166	323,686,395
Total	**3,485,913,669**	**3,183,744,009**

The management believes that the amounts are collectible in full, based on historic payment behavior and extensive analysis of customer credit risk including underlying customers' credit ratings if they are available. However, provision has been made for bad and doubtful receivables which are impaired but not yet identified. The above receivables are hypothecated with various banks against loans and borrowings.

* The Company has expanded its credit businesses for 2W and 3W in all over the country with a credit term of 6 to 36 months.

9 Short term investments

Shares in listed companies (note - 9.1)	33,913,230	25,377,131
Fixed deposit with Banks and FIs (note - 9.2)	789,810,828	507,714,649
Total	**823,724,058**	**533,091,780**

9.1 Shares in listed companies

Marketable securities : Cost price	27,920,634	44,301,066
Less: Unrealized loss on marketable securities	(5,824,686)	(17,524,424)
Closing balance	22,095,948	26,776,642
Add: Beneficiary Owners (B.O) investment current a/c balance	11,817,282	(1,399,511)
	33,913,230	**25,377,131**

9.2 Fixed deposit with Banks and FIs (Based on maturity)

0-6 Months	648,398,714	390,102,732
7-12 Months	89,562,967	10,973,480
Above 12 Months	51,849,147	106,638,437
Total	**789,810,828**	**507,714,649**

As per the Company's policy, fixed deposits with banks (FDR) not forming part of the day to day cash management are considered as short-term investments instead of cash and cash equivalents. Some of the above FDRs are hypothecated against borrowings.

10 Advances, deposits and prepayments

	Amount in BDT 30-Jun-21	30-Jun-20
Advances		
Advance Income Tax (note-10.1)	229,063,154	209,302,038
Advance paid for marketing and selling expenses	27,810,192	28,790,646
Advance paid for showroom/service centers	68,763,698	102,948,470
Advance to employees	12,137,748	33,404,160
Advance paid to suppliers	64,282,028	58,803,442
Advances for showroom rent (note- 10.2)	39,449,419	45,026,382
	441,506,239	**478,275,137**
Deposits		
Mymensing Palli Bidduth Samity	3,345,526	3,345,526
Dhaka Power Distribution Co Ltd.	408,000	408,000
Bank Guarantee for tender sale	6,830,703	7,545,796
Other Suppliers	5,479,336	5,110,907
	16,063,565	**16,410,229**
Prepayments		
LC margin deposited with Banks	55,273,756	16,296,111
VAT current account (note-10.3)	217,651,336	178,123,038
Prepaid insurance	9,365,947	5,964,851
	282,291,039	**200,384,000**
Total	**739,860,843**	**695,069,366**

Aging schedule of Advances, Deposit & Prepayments

Particulars	1 - 3 Months	3 - 6 Months	> 9 Months	Total
Advances (Excl. Tax)	53,851,958	112,496,759	46,094,368	212,443,085
Deposits	6,994,348	5,316,922	3,752,295	16,063,565
Prepayments (Excl. VAT)	55,193,521	9,446,182		64,639,703

10.1 Advance Income Tax

Opening balance	209,302,038	145,629,802
Addition during the year	81,243,299	63,672,235
	290,545,336	**209,302,038**
Adjustment during the year -		
Against AIT refund	(23,502,354)	-
Against provision for tax	(37,979,828)	-
Total	**229,063,154**	**209,302,038**

All tax assessments up to the accounting year ended 30 June 2016 (assessment year 2016-2017) & 30 June 2018 (assessment year 2018-19) have been completed and related adjustments and refunds have been accounted accordingly.

10.2 Due to the first time adoption of IFRS 16 BDT 1,459,992 has been transferred to right of use of asset (ROU) from advance for showroom rent.

10.3 VAT current account

Opening balance	178,123,038	47,039,857
New deposit during the year	77,718,883	17,158,229
Rebate claim during the year	571,738,695	358,653,334
	827,580,616	**422,851,420**
Adjustment of VAT payable	(609,929,279)	(244,728,382)
Total	**217,651,336**	**178,123,038**

11 Related party receivables

Runner Trade Park Ltd. (RTPL) (Note- 11.1)	26,497,971	45,621,492
Total	**26,497,971**	**45,621,492**

11.1 The Company has supplied its unused parts to RTPL and earned interest on the dues accordingly. Management has obtained confirmation from RTPL and assessed recoverability, upon which satisfied that all these balances are recoverable in full.

12 Other receivables

Accrued interest on FDRs	8,397,610	3,437,112
Rental receivable	17,977,090	9,749,430
Receivable from PF employer contribution (Lapses and forfeiture account)	758,510	-
Dividend receivable	5,776,573	358,594
Advance income tax refund	94,067,939	70,565,585
	126,977,722	**84,110,721**

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.

		Amount in BDT 30-Jun-21	30-Jun-20
13	**Cash and cash equivalents**		
	Cash in hand	11,180,626	5,925,553
	Cash at banks (note -13.1)	278,682,400	558,460,441
	Total	**289,863,027**	**564,385,993**
13.1	Cash at bank		
	Current accounts	114,368,026	226,895,531
	STD account	164,314,375	331,564,909
	Total	**278,682,400**	**558,460,441**
14	**Share capital**		
	Authorized capital		
	200,000,000 Ordinary shares of Tk. 10/- each	2,000,000,000	2,000,000,000
		2,000,000,000	**2,000,000,000**
	Issued, subscribed, called-up and paid up capital		
	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 sharehoders	No of Ordinary Share	% of Shareholdings	Amount in Taka 30 June 2021	Amount in Taka 30 June 2020
01	Sponsors/Directors	56,811,847	50.04%	568,118,470	568,118,470
02	Local Compay/Institutions	31,166,036	27.45%	311,660,360	296,865,300
03	Foreign	9,301	0.01%	93,010	395,650
04	Non-Resident Bangladeshi	73,124	0.06%	731,240	2,995,690
05	General Public	25,479,624	22.44%	254,796,245	267,024,215
Total:		**113,539,932**	**100.00%**	**1,135,399,325**	**1,135,399,325**

14.1 As per requirement of schedule XI,PART I of the Companies Act,1994 the issuance of share at 30 June 2021 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
	1,135,399,325	**1,135,399,325**

14.2 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	Amount (BDT)	Form of
1st Allotment	At the time of	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				**1,135,399,325**	

15 Share premium

	Amount in BDT 30-Jun-21	30-Jun-20
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
	2,030,529,205	**2,030,529,205**

* 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.

16 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 summary of revaluation is shown below:

Opening balance	1,290,824,324	1,292,465,028
Adjustment to property, plant and equipment	-	
Add: Revaluation surplus due to changes in tax rate from 5% to 10%	7,627,045	-
Less: Depreciation on revalued assets	(1,561,189)	(1,640,703)
Total	**1,296,890,181**	**1,290,824,325**

17 Retained earnings

Opening balance	978,502,690	1,069,404,592
Net profit during the year	122,273,038	69,591,672
Realization of revaluation surplus through depreciation charge	1,561,189	1,640,703
Deferred tax credit on revaluation of assets	-	65,628
Dividend declared	(113,539,932)	(162,199,904)
Total	**988,796,984**	**978,502,690**

18 Long term loan net off current portion

Bank	50,105,559	50,778,390
Non Bank Financial Institution	241,309,746	-
Total	**291,415,305**	**50,778,390**

19 Deferred tax liability-net

On revaluation of assets (note - 19.1)	44,005,928	51,632,973
On temporary timing differences (note - 19.2)	70,777,426	33,526,434
	114,783,354	**85,159,407**

19.1 On revaluation of assets

Land	38,824,012	38,824,012
Other than land	5,181,916	12,808,961
	44,005,928	**51,632,973**

19.2 On temporary timing differences

Opening balance	33,526,434	31,126,107
Provision during the year	37,250,992	2,400,327
	70,777,426	**33,526,434**
Less: Adjustment during the year	-	-
	70,777,426	33,526,434

The above balance is netted of as follows:

During the period		
Deferred tax liability on depreciation & amortization	37,884,018	1,713,552
Deferred tax assets on WPPF	(633,026)	686,775
	37,250,992	**2,400,327**

Composition of deferred tax on temporary timing differences

Deferred tax liability on depreciation & amortizaiton	71,659,783	33,775,765
Deferred tax assets on WPPF	(882,357)	(249,332)
	70,777,426	**33,526,434**

Income tax rate of RAL has been changed from 5% to 10% as per the SRO No. 382-Law/Income-tax/2019 dated 11 December 2019 for two wheeler segment and accordingly deferred tax has been changed.

20 Trade and other payables

This is made up as follows:

Local accessories of motorbikes	10,766,453	11,019,344
Others	9,488,257	7,351,185
Total	**20,254,710**	**18,370,528**

		Amount in BDT	
		30-Jun-21	30-Jun-20
21	**Short term loan form banks**		
	Eastern Bank Limited	677,451,909	564,719,736
	Al-Arafah Islami Bank Limited	142,940,002	192,401,136
	Marcentile Bank Limited	447,978,124	657,040,665
	Standard Bank Limited	341,375,753	497,581,393
	BRAC Bank Limited	126,861,568	126,725,540
	BASIC Bank Limited	-	51,914,694
	Bank Asia Limited	592,058,174	-
	Dhaka Bank Limited	250,792,253	745,514,086
	Community Bank Limited	101,327,201	101,901,274
	Jamuna Bank Limited	-	48,578,118
	Lankan Alliance Finance Limited	-	24,007,188
	Premier Bank Limited	231,644,665	216,671,674
	Meghna Bank Limited	333,019,668	-
	Commercial Bank of Ceylon	181,373,691	439,992,134
	Pubali Bank Limited	415,002,778	295,421,915
		3,841,825,786	**3,962,469,553**

These loans are taken to finance working capital requirement of the Company. The average tenure of these facilities are less than 12 months with renewal option. The effective interest /profit charge on these loans vary from 9% to 11 %.The Company has hypothecated some of its assets to secure these loans.

22	**Current portion of long term loan**		
	Premier Bank Limited	16,535,317	12,694,598
	Mercantile Bank Limited	8,160,000	-
	Dhaka Bank Limited	111,443,619	-
	Community Bank Limited	44,052,238	-
	Commerce Bank of cylon	998,946	-
	IPDC Finance Limited	124,530,826	-
	Total	**305,720,946**	**12,694,598**
22.1	**Current portion of finance lease**		
	United Finance Limited	-	338,640
	Total	-	**338,640**
23	**Related party payables**		
	Freedom Motors Ltd	4,498,850	4,883,002
	Total	**4,498,850**	**4,883,002**

All these loans are temporary in nature and repayable on demand. No interest/profit is charged for these loans.

24	**Provision for income tax**		
	Opening balance	160,258,244	137,504,262
	Provision during the year	27,894,688	22,753,982
		188,152,932	160,258,244
	Adjustment made during the year*	(57,750,674)	-
	Total	**130,402,258**	**160,258,244**
	***Prior year income tax**		
	Tax as per accounting base for the year 2017-18	57,750,674	-
	Tax as per assessment order	37,979,828	-
	Prior year income tax benefits	**19,770,846**	-

As per the final assessment order received from the National Board of revenue (NBR) for the income year 2017-18 (assessment year 2018-2019), the final Tax benefits has been calculated as BDT 19,770,846 of which BDT 57,750,674 was kept as provision and BDT 61,482,182 was paid as Advance income tax. Accordingly the management recognised the amount as prior year tax benefits in these statements.

25	**Provision for WPPF and welfare fund**		
	Opening Balance	4,986,631	18,722,134
	Contribution during the year @ 5 %	8,823,572	4,986,631
	Payment during the year	(4,986,631)	(18,722,134)
	Total	**8,823,572**	**4,986,631**
25.1	**WPPF**		
	Workers Profit Participation Fund (80 %)	7,058,858	3,989,304
	Workers Welfare Fund (10%)	882,357	498,663
	Government Welfare Fund (10%) *	882,357	498,663
	Total :	**8,823,572**	**4,986,631**

* The Company has started WPPF in accordance with section 234 of the Bangladesh Labor (Amendment) Act 2013, where 5% of the net profit of each year is required to be transferred to the Fund of which 80% is to be transferred to participation fund, 10% is to be transferred to welfare fund and balance 10% is to be transferred to Government Welfare fund.

26 Liabilities for expenses and other provision

	Amount in BDT	
	30-Jun-21	30-Jun-20
Contributory Provident fund (Note- 26.1)	3,399,426	1,330,166
Provision for warranty (Note- 26.2)	63,142,805	52,880,100
Provision for C & F bill	-	509,522
Provision for selling expense	4,567,613	4,250,995
Salaries and wages	175,880	30,908,818
Provision for audit fees	1,380,000	1,391,500
Provision for inventories	2,260,000	
Provision for bad & doubtful debts (Note- 26.3)	153,624,208	133,747,747
Provision for interest on bank loans & lease	1,159,515	22,635,672
Total	**229,709,448**	**247,654,520**

26.1 Contributory Provident fund

Opening balance	1,330,166	3,204,870
Employees' contribution during the year	10,953,589	10,208,882
Employers' contribution during the year	10,953,589	10,208,882
	23,237,344	**23,622,634**
Payment during the year	(19,837,918)	(22,292,468)
Total	**3,399,426**	**1,330,166**

26.2 Provision for warranty

Opening balance	52,880,100	49,039,720
Provision made for the year	46,726,700	30,268,107
Service charge made	(36,463,995)	(26,427,727)
Closing balance	**63,142,805**	**52,880,100**

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.

26.3 Provision for bad & doubtful debts

Opening balance	133,747,747	127,398,778
Addition during the year	55,398,808	34,750,403
	189,146,555	**162,149,181**
Adjustment during the year	(35,522,346)	(28,401,434)
Total	**153,624,208**	**133,747,747**

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 adjsuted accordingly.

Amount in BDT

	2020-21	2019-20
27 Revenue		
Sales	4,391,653,819	3,639,186,810
Value Added Tax (Note 2.18)	(596,721,454)	(244,728,382)
Net Sales	**3,794,932,365**	**3,394,458,428**

27.1 Motor Cycle sales details as are below-

Particulars	2020 - 21 Sales Revenue	2019 - 20 Sales Revenue
50 CC Motor Cycle	82,025	
80 CC Motor Cycle	436,741,664	429,175,264
100 CC Motor Cycle	146,194,956	232,967,841
110 CC Motor Cycle	359,176,363	272,438,205
125 CC Motor Cycle	239,736,180	230,345,140
150 CC Motor Cycle	360,152,691	241,116,800
165 CC Motor Cycle	177,861,200	-
200 CC Motor Cycle	4,194,325	-
E-EW-Eco	374,850	1,989,000
Service & Parts	133,630,110	91,546,178
Three Wheeler	1,936,788,000	1,894,880,000
Total:	**3,794,932,365**	**3,394,458,428**

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

Local sales	3,790,738,040	3,387,609,321
Export sales	4,194,325	6,849,107
	3,794,932,365	**3,394,458,428**

28 Cost of sales

Raw material consumed (note - 28.1)	2,876,095,191	2,642,650,099
Factory overhead (note - 28.2)	212,023,560	219,040,383
Manufacturing cost	**3,088,118,751**	**2,861,690,483**
Add: Opening work in process	28,502,974	13,521,591
Cost of goods available for use	**3,116,621,726**	**2,875,212,074**
Less: Closing work in process	(5,406,423)	(28,502,974)
Cost of production	**3,111,215,303**	**2,846,709,100**
Add: Opening finished goods	736,900,669	402,356,747
Finished goods available for sale	**3,848,115,972**	**3,249,065,847**
Less: Closing finished goods	(1,030,388,912)	(736,900,669)
Total	**2,817,727,060**	**2,512,165,178**

28.1 Raw materials consumed

Opening stock of raw materials	723,844,874	293,682,881
Add: Purchase of raw materials	2,427,896,342	3,072,812,092
Raw and packing materials available for consumption	**3,151,741,216**	**3,366,494,973**
Less: Closing stock of raw materials	(275,646,025)	(723,844,874)
Raw materials consumed	**2,876,095,191**	**2,642,650,099**

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

Items	Purchases(BDT)			Consumption	% of Consumption of total purchases
	Import	Local	Total		
Raw Materials	2,411,631,557	16,264,785	2,427,896,342	2,876,095,191	84%

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 in foreign currency for the financial year 2021 on account of royalty, know how, professional fees, consultancy fees and interest.

iii) The Company has incurred foreign exchange earnings in respect of export for the financial year 2021.

iv) The Company has not earned any foreign exchange for royalty, know how, professional fees, consultancy fees.

28.2 Factory overheads

	Amount in BDT	
	2020-21	2019-20
Factory wages, salaries and allowances	127,439,244	124,389,195
Telephone	366,683	396,769
Internet	197,048	262,046
Gas, fuel, lubricant and engine oil	317,085	843,524
Labour charges	663,857	761,200
Guard and security expenses	2,790,303	3,207,963
Tours ,traveling and conveyance	161,877	112,111
Entertainment	5,712,755	10,106,248
Printing, stationary and photocopy	52,669	91,456
Uniform	87,120	123,600
Contributed to provident fund	2,675,515	2,518,303
Vehicle repairs and maintenance	777,164	957,168
Repairs and maintenance	1,181,673	1,672,215
Other factory expenses	1,048,111	1,405,422
Rent, rates and taxes	192,130	205,500
Medical expenses	20,467	70,239
Utility expenses	9,748,830	9,750,964
Depreciation	53,089,773	56,665,204
Insurance premium	5,501,256	5,501,256
Total	**212,023,560**	**219,040,383**

29 Administrative expenses

Salary and allowances	64,492,854	61,923,559
Telephone, mobile and internet	1,206,135	1,163,756
Board meeting fees	253,000	304,750
Stationery and photocopy	813,076	1,568,851
Tours ,traveling and conveyance	1,154,459	2,543,163
Consultancy, legal and professional fees	3,317,012	7,507,901
Office expenses-documentation	1,226,475	1,555,629
Directors' remuneration	24,532,710	23,273,621
Guard and security expenses	952,196	1,093,025
Internet and IT expenses	238,447	207,995
Training and recruitment	14,000	50,000
Entertainment	2,183,747	2,101,663
Repair and maintenance	1,385,064	2,921,338
Gas, fuel and lubricant	388,785	1,582,583
Uniform	40,553	1,500
Utility expenses	7,511,468	7,715,761
Contributed to Provident fund	2,998,076	2,864,268
Gardening expenses	479,350	865,724
Audit and professional fees	1,380,000	1,391,500
Medical expenses	523,940	1,090,751
Insurance premium	1,916,926	2,391,644
Depreciation and amortizations	22,385,308	21,060,757
AGM and annual day expense	367,500	704,279
Listing expense	2,266,160	1,373,044
Total	**142,027,241**	**147,257,062**

30 Selling and distribution expenses

	Amount in BDT 2020-21	2019-20
Salary and allowance	111,497,432	98,057,276
Bad and doubtful debts	55,398,808	34,750,403
Telephone, mobile and internet expense	6,952,619	7,648,768
Project R&D expenses (note - 30.1)	5,839,649	6,761,133
Rent rates and taxes	42,421,929	40,952,347
Vehicle repairs and maintenance	951,495	1,022,648
Tours, traveling and conveyance	8,374,954	10,446,389
Advertisement and promotional expenses	165,510,284	150,205,227
Other selling and distribution expenses	1,749,796	3,613,796
Postage and stamp	612,358	848,922
Contributed to Provident fund	5,174,286	4,719,791
Printing, stationery and photocopy	1,108,158	1,828,626
Entertainment	2,233,124	3,281,481
Repair and maintenance	2,151,495	2,178,331
Provision for spare parts	2,260,000	-
Service and parts expenses	46,176,823	34,483,893
Total	**458,413,210**	**400,799,030**

An amount of BDT 2,260,000 has been kept as a provision against slow moving spare parts for two wheelers. This amount is shown under note: 26 "Provision for inventories".

30.1 Project R & D expenses

Salary and allowance	3,148,188	3,362,759
Mobile bill and internet	187,030	185,800
Contributed to Provident fund	105,712	106,521
Entertainment	168,868	260,109
Travelling and conveyance	180,331	369,451
Motorcycle testing and parts testing	356,691	376,032
Photocopy, stationery and postage	528,098	749,999
Other R&D expenses	630,074	706,686
Sample parts	534,656	643,776
Total	**5,839,649**	**6,761,133**

31 Finance costs

Term Loan Interest	19,908,469	17,830,891
Letter of Trust Receipts/Trust Receipts Interest	98,230,296	83,747,045
Mudaraba Post Import interest	10,494,034	9,197,237
Revolving Loan /Import Loan Interest	14,506,345	12,938,830
Bank Charges	8,411,039	7,496,061
Demand Loan interest	84,742,653	84,434,276
Overdraft Interest	78,038,673	76,855,729
Finance cost of lease assets	341,311	-
Mortgage Expenses	756,439	691,080
STL Interest	29,523,375	26,400,698
Total	**344,952,633**	**319,591,847**

Consistent with prior periods banks charges and mortgage expenses are included as finance costs.

32 Other income/(expense)

Interest income from Bank and FI's	35,143,768	45,262,119
Interest income from related party	3,376,479	5,193,433
Rental income	14,324,460	13,634,580
Dividend income from Subsidiary	83,250,000	33,300,000
Gain/loss on sale of PPE and marketable share	(4,143,158)	10,518
Unrealized gain / (loss) on marketable securities	11,699,738	(12,727,865)
Income from PF employer contribution (Lapses and forfeiture account)	758,510	-
Dividend income on marketable securities	810,553	640,106
Expenses of BO account	(561,127)	(225,591)
Total	**144,659,223**	**85,087,300**

33 Income tax

	Amount in BDT 2020-21	2019-20
Total current tax	27,894,688	22,753,983
Prior year tax benefit	(19,770,846)	-
Deferred tax (expense)/credit (Note: 19.2)	37,250,992	2,400,327
Total income tax	**45,374,834**	**25,154,309**
Business income	34,625,344	3,619,557
Capital gain- Share	-	1,578
Dividend income	16,812,111	6,788,021
Income from house property	2,408,729	2,131,265
Other income	11,299,497	12,613,888
	65,145,680	**25,154,309**
Deferred tax (expense)/credit (Note: 19.2)	(37,250,992)	(2,400,327)
Current tax expenses	**27,894,688**	**22,753,983**

The Company enjoys concessional rate of income tax on its business income and also there are different rate of tax applies to various components of the Company's income. Accordingly, the amount of income tax has been calculated by reference to the segregation of various types of income.The Company has not received any final refund warrant in the yaer, so no prior year tax adjustments is required.

34 Earning Per Share (EPS)

Basic Earning Per Share		
The computation of EPS is given below:		
(a) Earning attributable to the ordinary shareholders	122,273,038	69,591,672
(b) Total weighted average number of share on 30 June	113,539,933	113,539,933
Calculation of weighted average number of share		
Opening number of share on 01 July 2013	15,000,000	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
Total weighted average number of share on 30 June	**113,539,933**	**113,539,933**
Basic EPS *	**1.08**	**0.61**

Diluted earnings per share
No diluted earnings per share is required to be calculated for the year as there was no scope for dilution in the amount reported above.

* Comparing to last year EPS incresed by 77% for increase in sales, lower interest rate and growth in credit business.

35 Net Asset Value (NAV) per share at reporting date

a) Net Asset as on the reporting date	5,451,615,695	5,435,255,545
b) Total number of shares outstandings	113,539,932	113,539,932
NAV per share	**48.01**	**47.87**

36 Net Operating Cash Flow (NOCF) per share

a) Net Operating Cash Flow for the year	225,285,700	(1,506,633,960)
b) Number of weighted average number of shares	113,539,933	113,539,933
NOCF per share *	**1.98**	**(13.27)**

* There has been significant deviation noticed in the NOCF for the year as compared with last year for the improvement in the collection for the effectiveness of new policy and stringent of credit recovery process.

Amount in BDT

37 Segment reporting

	2020-21			2019-20
	2 Wheelers	3 Wheelers	Total	
Revenue	1,858,144,365	1,936,788,000	3,794,932,365	
Less: Cost of sales	(1,224,474,399)	(1,593,252,661)	(2,817,727,060)	
Gross profit	**633,669,966**	**343,535,339**	**977,205,305**	
Less: Administration & selling expenses	(451,132,742)	(149,307,709)	(600,440,451)	
Operating profit	**182,537,224**	**194,227,631**	**376,764,854**	
Less: Interest expenses	(185,435,555)	(159,517,078)	(344,952,633)	
Add: Other income	144,659,223	-	144,659,223	
Profit before contribution to WPPF	**141,760,892**	**34,710,553**	**176,471,445**	
Less: Contribution to WPPF	(7,088,045)	(1,735,528)	(8,823,572)	
Profit before tax	**134,672,847**	**32,975,025**	**167,647,872**	
Less:Total income tax expenses	(19,628,195)	(25,746,640)	(45,374,834)	
Current tax	(6,239,258)	(21,655,430)	(27,894,688)	
Prior year tax	10,960,605	8,810,241	19,770,846	
Deferred tax	(24,349,541)	(12,901,451)	(37,250,992)	
Net profit for the year	**115,044,652**	**7,228,386**	**122,273,038**	
Other comprehensive income	-	-	-	
Total comprehensive income for the year	**115,044,652**	**7,228,386**	**122,273,038**	

38 Reconciliation of net income with cash flows from operating activities

In accordance with Bangladesh Securities and Exchange Commission Notification No: BSEC/CMRRCD/2006-158/206/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 changed in operating accruals has been required and calculated as under.

Cash flow from operating activities:

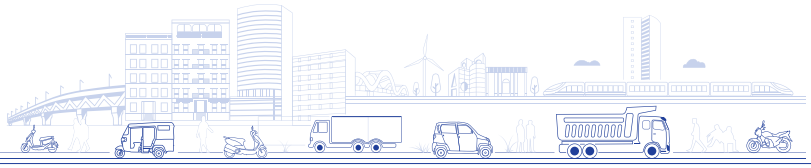
Cash Generated from operations:		
Net profit for the year	122,273,038	69,591,672
WPPF & tax charged for the year	54,198,407	30,140,939
Finance cost for the year	344,952,633	319,591,847
Depreciation expense	75,475,081	77,725,961
Non-operating income	(144,659,223)	(85,087,300)
(Increase)/Decrease of trade receivables	(302,169,660)	(833,167,659)
(Increase)/Decrease of rental receivables	(8,227,660)	24,484,313
(Increase)/Decrease of inventories	215,245,221	(829,653,748)
(Increase)/Decrease of advances, deposits & prepayments (except advance for capex)	(50,987,473)	(191,326,021)
Increase/(Decrease) of trade payable	1,884,182	(16,019,960)
Increase/(Decrease) of liabilities for expenses (Operating)	3,531,084	9,480,365
Cash generated from operations	**311,515,629**	**(1,424,239,592)**
Tax paid during the year	(81,243,299)	(63,672,235)
WPPF paid during the year	(4,986,631)	(18,722,134)
Cash from operational activities	**225,285,700**	**(1,506,633,960)**

39 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.

40 Commission, brokerage or discount against sales

The Company has incurred and paid commission to distributors, agents against the retail sales and collection of 2w & 3W during the period.



41 Related party transactions

Amount in BDT

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	2020 - 2021	2019 - 2020
Runner Motors Ltd.	Subsidiary	Rental Income	2,232,000	2,232,000
Freedom Motors Ltd	Subsidiary	Short term loan	(4,498,850)	(4,883,002)
Runner Bricks Ltd.	Inter Company	Rental Income	-	240,000
Runner Properties Ltd.	Inter Company	Rental Income	1,724,400	1,724,400
Varendra University	Inter Company	Rental Income	240,000	240,000
Promita Oil & Gas	Inter Company	Rental Income	480,000	480,000
Runner Trade Park Ltd.	Inter Company	Business transaction	26,497,971	45,621,492
Runner Lube & Energy Ltd.	Inter Company	Rental Income	224,400	224,400
Deen Impex	Accounts Receivable	Revenue Income	6,068,909	4,867,971
Venus Autos	Accounts Receivable	Revenue Income	1,152,252	1,216,235
Islam & Company	Accounts Receivable	Revenue Income	13,557,040	9,198,114

* Remuneration & attendance fees of the board members has been disclosed in the Note 47 & 47.1 in details.

41.1 Details of transactions

Name of Parties	Opening balances	Provided during the year	Adjusted during the year	Closing balances
	Taka	Taka	Taka	Taka
Freedom Motors Ltd	(4,883,002)	-	(384,152)	(4,498,850)
Runner Trade Park Ltd.	45,621,492	3,376,479	(22,500,000)	26,497,971

42 Status of income tax assessment

Income year	Assessment year	Present status
2019-20	2020-21	Return submitted to DCT
2018-2019	2019-20	Appeal Filed against the order of DCT to Appellate
2017-2018	2018-2019	Fully completed
2016-2017	2017-2018	Appeal Filed against the order of DCT to Appellate

43 Commitments and contingencies:

43.1 Guarantees

Mymenshingh Palli Bidduth Samity	3,345,526	3,345,526
Dhaka Power Distribution Co Ltd.	408,000	408,000
Central Medical Store Depot (CMSD)	2,541,860	254,186
The Register & Director General, Department of Cooperative	-	1,205,000
Upazilla Governance and Development Project *	2,165,000	2,165,000
Commissionerate of Customs, Excise & VAT*	222,260	222,260
Chief Enginner, Health Enginnering	250,000	230,000
Chittagonj Wasa	-	45,000
PD, BBS, Agargaon, Dhaka	-	180,000
The PD,SMODMRPA, Ministry of Disaster Management and Relief	-	1,217,000
The DG, Customs Intelligence & investigation Directoratite	-	69,650
The JD, Procurement & Store Section, Bangladesh Agriculture Research	85,000	85,000
Strengthening The Operational, RAB HQ	-	69,000
PD, Strenghting Seed Corporation	130,000	130,000
Bangladesh Border Guard	870,000	870,000
The Project Director , BRDB	-	125,000
Enhancing the capability of vegetable seed production processing	18,000	-
Teesta River Bridge *	50,000	70,400
Primary education	260,283	-
The DG, BARI,joydebpur, gazipur	25,000	-
15 million consumer connection through Rural Electrification, REB	213,300	213,300
The Asst. Commissioner, Customs, Excise & VAT (South) Dhaka	-	45,000
Inspector General, Bangladesh Police	-	350,000
	10,584,229	11,299,322

The above margin and deposits have been included in advances, deposits and pre-payments.

* Bank guarantee was provided for tender sale purpose.

43.2 In reference with published ammended use of proceeds the Company is commited to incur Tk 630,000,000 for the establishment of 3W project within 23 February 2022 . Beside that, there is no capital commitment either contracted or work order as on the reporting date.

43.3 Runner Automobiles Limited has become the gurrantor for supply chain financing of its dealers from Eastern Bank Limited throughout the year. As on 30 June, 2021 the contingent liability of Guarrantee for Dealer Financing amounts to 347,326,291 (2020: 606,665,196).

43.4 Except fifty five showrooms and service center, other operation of the Company are on its own premises. The average remaining rent term for showrooms are less than five years. The rent obligation per year is approximately Tk. 34,273,271.

43.5 Runner Automobiles Ltd. 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 compnay, 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 similiar 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 guranttee against the total limit of RAL.

44 Production capacity

	Amount in BDT	
	2020-21	2019-20
Installed capacity (In unit yearly)	100,000	100,000
Production (In Unit yearly)	25,038	22,442
Capacity utilized (%)	**25%**	**22%**

45 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	1,203
	1,153	1,203

46 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 their in.

47 Attendance status of Board meeting of Directors

During the period from 01.07.2020 to 30.06.2021 there were 4 (Four) 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	4	4
2	Mr. Md. Mozammel Hossain	Vice Chairman	4	4
3	Reazul Haque Chowdhury	Managing Director and CEO	4	4
4	Mr. Md. Jahurul Alam	Director	4	4
5	Mr. Taslim Uddin Ahmed	Director	4	4
6	Mr. Mohammad Ali Deen	Director	4	4
7	Faruq Ahmad Siddiqi	Independent Director	4	2
8	Dr. Muhammad Abdul Mazid	Independent Director	4	2
9	Oliver R. Harms	Independent Director	4	4
10	Mr. Khalid Shahidul Quadir	Director	4	4
11	Mr. Muallem A Choudhury FCA	Director	4	4

For Board Meeting, attendance fees were paid to the Directors of the Company @ BDT 10,000 & VAT for (Sl 4 to 6) and @ BDT 25,000 & VAT for (Sl 7&8) per meeting.

47.1 Key Management personnel compensation

Particulars		
Remuneration	24,532,710	23,273,621
Total:	**24,532,710**	**23,273,621**

Key Management personnel compensation includes benefits for employees of the rank of directors and above represents short term employee benefits.

	Amount in BDT	
	2020-21	2019-20

47.2 Disclosure as per requirements of Schedule XI, 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, know 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	

47.3 Disclosure as per requirement of schedule XI, 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 30 June 2021

IV. Debt due by Common Management

Disclosed under related party transaction (note - 41)

V. The maximum amount due by Directors or other officers of the Company

There are no such debt in this respect as on 30 June 2021.

48 Proposed dividend

10% cash dividend has been recommended by the Board of Directors in the meeting held on 27 October 2021.

Runner Automobiles Limited
Schedule of Fixed Assets
As at 30 June 2021

Annexure I

Amount in taka

Sl No	Particulars	Cost					Depriciation				Written Down Value as at 30.06.2021	Written Down Value as at 30.06.2020
		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 *	593,618,194	1,294,133,741	525,300	-	1,888,277,235	-		-	-	1,888,277,235	1,887,751,935
2	Building & Other Construction	885,870,496	58,433,056	907,976	-	945,211,528	186,163,912	18,955,698	-	205,119,610	740,091,918	758,139,640
3	Plant & Machineries	555,965,714	4,740,289	10,993,904	-	571,699,907	285,730,088	27,672,000	-	313,402,088	258,297,819	274,975,915
4	Furniture & Fixture	105,025,035	-	5,046,977	-	110,072,012	36,849,572	6,873,624	-	43,723,196	66,348,816	68,175,463
5	Office Equipment	66,600,021	-	954,589	-	67,554,610	34,919,827	3,215,217	-	38,135,044	29,419,566	31,680,194
6	Motor Vehicle	89,162,368	4,533,290	2,973,791	-	96,669,449	59,080,540	7,038,671	-	66,119,211	30,550,238	34,615,118
7	Computer & Accessories	37,870,290	-	743,132	-	38,613,422	27,607,405	2,607,006	-	30,214,411	8,399,011	10,262,885
	Total PPE	**2,334,112,117**	**1,361,840,376**	**22,145,669**	-	**3,718,098,162**	**630,351,343**	**66,362,216**	-	**696,713,559**	**3,021,384,602**	**3,065,601,150**
Right of use assets												
1	Showroom Space	-	-	8,706,843	-	8,706,843	-	2,870,748	-	2,870,748	5,836,095	-
Intangible assets (IA)												
1	Local Software	1,100,000	-	2,474,733		3,574,733	934,982	185,623	-	1,120,605	2,454,128	165,018
2	Foreign Software	69,019,872	-			69,019,872	8,454,934	6,056,494	-	14,511,428	54,508,444	60,564,938
	Total IA	**70,119,872**	-	**2,474,733**	-	**72,594,605**	**9,389,916**	**6,242,117**	-	**15,632,033**	**56,962,572**	**60,729,956**
	Grand Total	**2,404,231,989**	**1,361,840,376**	**33,327,245**	-	**3,799,399,610**	**639,741,259**	**75,475,081**	-	**715,216,340**	**3,084,183,269**	**3,126,331,106**

* The Company has mortgaged some of the above assets with various banks and financial institutions to secure its loans and borrowings.

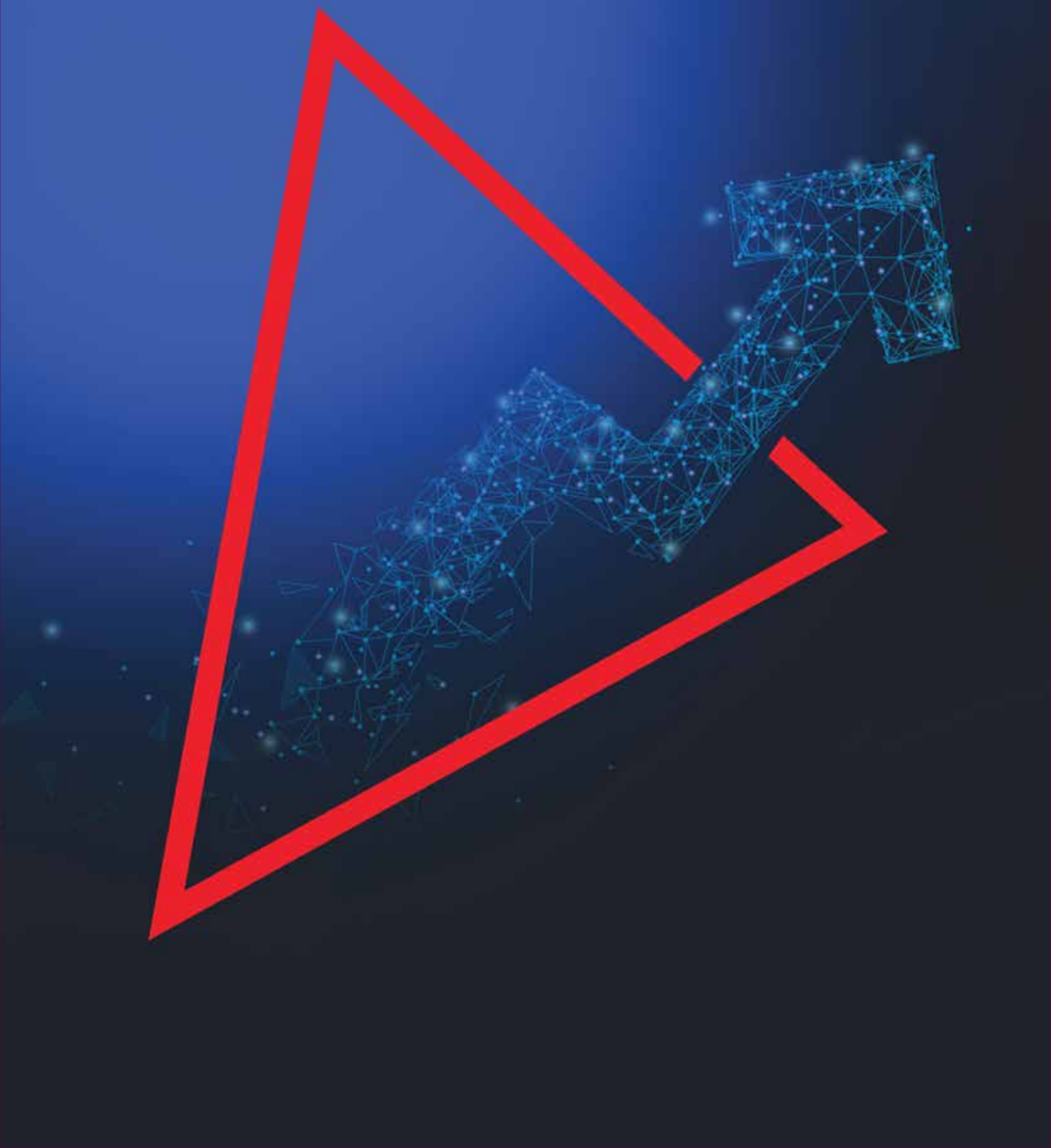
** The Company has revaluated its property, plant and equipments on 2011 & 2014.

Depreciation & ammortization Allocation:

Accounts Head	2020-21	2019-20
Factory Overhead	53,089,773	56,665,204
Administrative Expenses	22,385,308	21,060,757
Total:	**75,475,081**	**77,725,961**

FINANCIAL STATEMENTS OF RUNNER MOTORS LIMITED

FOR THE YEAR ENDED 30 JUNE 2021



Independent Auditor's Report to the shareholders of Runner Motors Limited

Report on the Audit of the financial Statements

Opinion

We have audited the financial statements of Runner Motors Limited (the "Company") which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 30 June 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as explained in note 2.

Basis of 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 the report. We are independent of the Company in accordance with 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.

Responsibilities of Management and Those Charge with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs as explained in note 2, the companies Act 1994 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

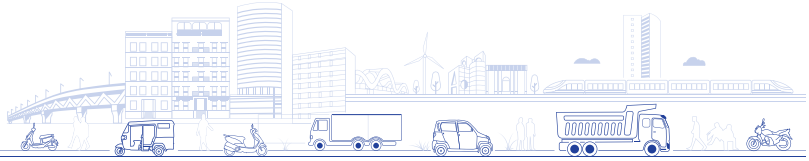
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

(a) 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;

(b) 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; and

(c) the statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Sd/-

Sabbir Ahmed FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 27 October 2021
DVC No: 2111060770AS586426

Runner Motors Limited
Statement of Financial Position
As at 30 June 2021

Amount in Taka

	Notes	30-Jun-21	30-Jun-20
Assets			
Non-current assets		**6,882,674,060**	**5,837,150,826**
Property, plant and equipment	3	1,441,812,935	1,388,398,546
Intangible assets	3.1	18,410,477	20,456,085
Capital work in progress	3.2	186,881,605	237,198,825
Trade and other receivables	5	5,235,569,043	4,191,097,370
Current assets		**6,354,502,972**	**6,586,191,951**
Inventories	4	785,805,756	1,305,004,328
Trade and other receivables	5	2,819,152,562	2,796,286,777
Short term investment	6	1,626,306,336	1,234,206,650
Advances, deposits, prepayments and others	7	964,391,637	1,005,831,362
Cash and cash equivalents	8	158,846,681	244,862,834
Total assets		**13,237,177,032**	**12,423,342,777**
Shareholders' equity and liabilities			
Shareholders' equity		**3,335,465,563**	**3,035,201,009**
Share capital	9	90,000,000	90,000,000
Share premium	9.1	115,905,000	115,905,000
General reserve	10	232,300,000	232,300,000
Revaluation surplus	11	611,864,037	614,480,405
Retained earnings	12	2,285,396,525	1,982,515,604
Non-current liabilities		**4,312,238,492**	**3,529,453,444**
Long term loan net off current portion	13	4,273,025,871	3,485,870,416
Deferred tax liability	14	39,212,621	43,583,028
Current liabilities		**5,589,472,978**	**5,858,688,324**
Trade and other payables	15	2,072,528,336	1,753,568,338
Short term loan from banks	16	1,708,095,960	2,260,373,256
Current portion of long term loan	18	1,006,565,754	871,467,604
Provision for income tax	19	225,449,593	361,695,735
Provision for contribution to WPPF and welfare fund	20	39,565,718	23,538,685
Liabilities for expenses and other provisions	21	537,267,617	588,044,706
Total equity and liabilities		**13,237,177,032**	**12,423,342,777**

The annexed notes form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

See annexed Auditor's report to the Shareholders of even date

Sd/-
Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC:2111060770AS586426
Dhaka, 27 October 2021

Runner Motors Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Notes	Amount in Taka 2020-21	2019-20
Revenue	22	6,346,828,280	6,070,399,589
Cost of sales	23	(4,487,520,198)	(4,450,252,369)
Gross profit		**1,859,308,082**	**1,620,147,221**
Operating expenses		**(1,083,580,344)**	**(1,030,911,394)**
Administrative expenses	24	(218,960,136)	(218,586,498)
Selling and distribution expenses	25	(864,620,207)	(812,324,897)
Operating profit		**775,727,739**	**589,235,827**
Finance costs	26	(223,991,830)	(321,822,936)
Non-operating income	27	239,578,452	203,360,812
Profit before tax and WPPF		**791,314,361**	**470,773,703**
Contribution to WPPF and welfare fund		(39,565,718)	(23,538,685)
Profit before income tax and share of profit		**751,748,643**	**447,235,018**
Share of profit from associate		-	-
Profit before income tax		**751,748,643**	**447,235,018**
Income tax expenses		(316,484,088)	(142,761,743)
Current tax	28	(225,449,593)	(147,836,433)
Prior year tax		(95,404,901)	-
Deferred tax		4,370,406	5,074,690
Net profit for the year		**435,264,554**	**304,473,275**
Other comprehensive income		-	-
Total comprehensive income		**435,264,554**	**304,473,275**
Basic earning per share (EPS)	**29**	**48.36**	**33.83**

The annexed notes form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

See annexed Auditor's report to the Shareholders of even date

Sd/-
Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC:2111060770AS586426
Dhaka, 27 October 2021

Runner Motors Limited
Statement of Changes in Equity
For the year ended 30 June 2021

Particulars	Share Capital	Share Premium	Revaluation Surplus	General Reserve	Retained Earnings	Total
Balance as at 30 June 2019	**90,000,000**	**115,905,000**	**617,234,475**	**232,300,000**	**1,729,288,258**	**2,784,727,733**
Issuance of new shares						-
Net profit after tax					304,473,275	304,473,275
Realization of revaluation surplus through depreciation charged			(2,754,071)		2,754,071	-
Dividend					(54,000,000)	(54,000,000)
Balance as at 30 June 2020	**90,000,000**	**115,905,000**	**614,480,405**	**232,300,000**	**1,982,515,604**	**3,035,201,009**
Issuance of new shares						-
Net profit after tax					435,264,554	435,264,554
Realization of revaluation surplus through depreciation charged			(2,616,367)		2,616,367	-
Dividend					(135,000,000)	(135,000,000)
Balance as at 30 June 2021	**90,000,000**	**115,905,000**	**611,864,037**	**232,300,000**	**2,285,396,526**	**3,335,465,563**

The annexed notes form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Runner Motors Limited
Statement of Cash Flows
For the year ended 30 June 2021

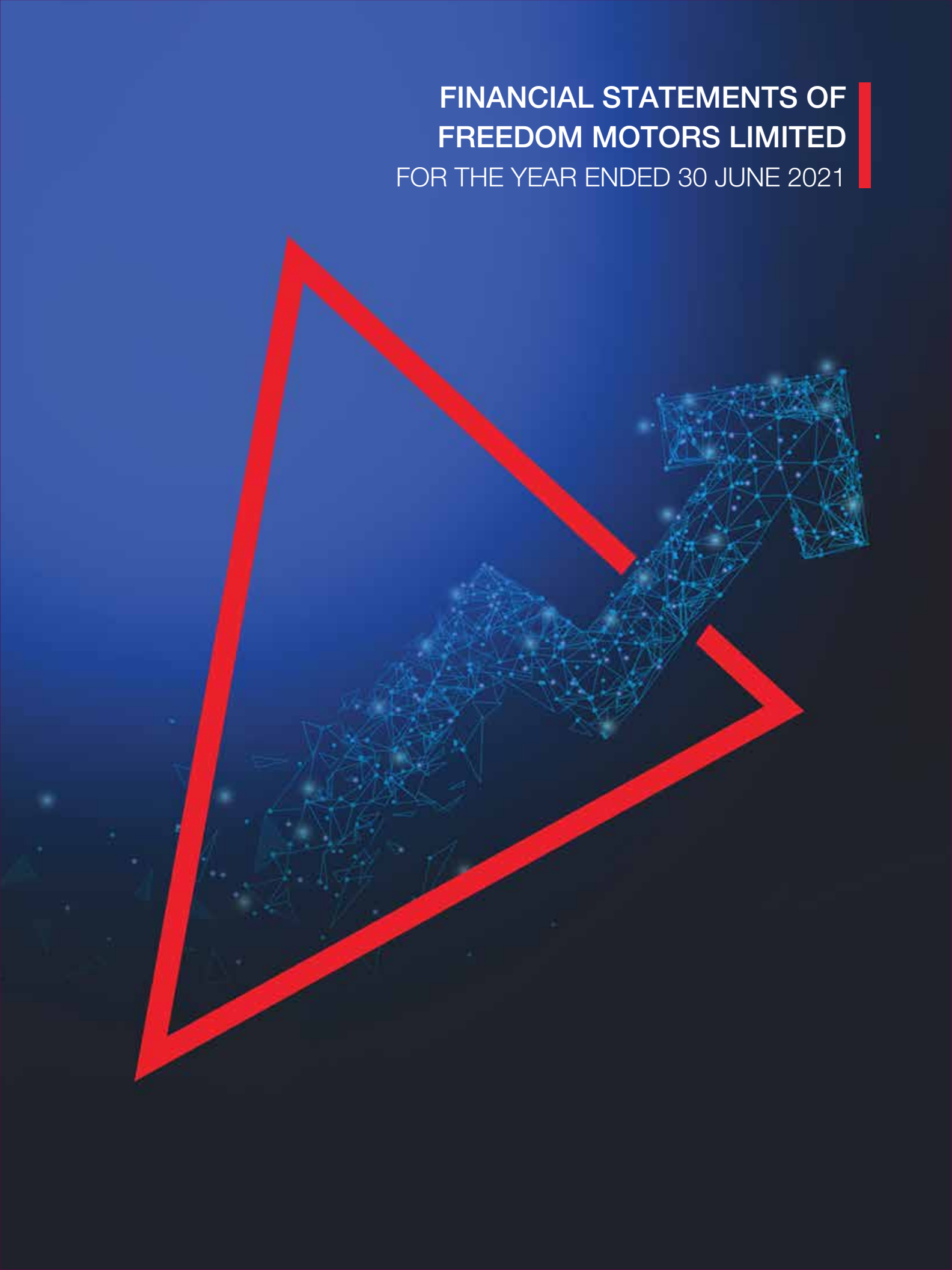
	Amount in Taka	
	2020-21	2019-20
Cash flow from operating activities		
Receipts from customers	5,279,490,822	4,814,203,662
Payments to suppliers and employees	(4,971,352,935)	(5,519,757,974)
Cash generated from operating activities	**308,137,886**	**(705,554,313)**
Income tax paid	(188,023,202)	(139,724,738)
Net cash generated from operating activities	**120,114,685**	**(845,279,051)**
Cash flows from investing activities		
Net investment in financial assets	(392,099,686)	(300,561,244)
Receipt from investment income	238,650,637	203,360,812
Payments for property, plant and equipment	(22,352,738)	(134,451,886)
Proceeds from property, plant and equipment	1,341,462	
Receipt from related party	-	(41,047,748)
Net cash used in investing activities	**(174,460,325)**	**(272,700,065)**
Cash flows from financing activities		
Proceeds from borrowings	8,668,771,868	6,336,105,051
Repayments of borrowings:		
Principal	(8,298,795,561)	(4,703,231,422)
Finance costs (note - 2.6)	(279,876,819)	(258,711,679)
Dividends Paid	(121,770,000)	(102,330,000)
Net cash flows from financing activities	**(31,670,512)**	**1,271,831,950**
Net increase/(decrease) in cash and cash equivalents	**(86,016,153)**	**153,852,836**
Cash and cash equivalents at the beginning of the year	244,862,834	91,009,998
Cash and cash equivalents at the end of the year	**158,846,681**	**244,862,834**

The annexed notes form an integral part of these financial statements

Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director**
Sd/-		Sd/-
Chief Financial Officer		**Company Secretary**

FINANCIAL STATEMENTS OF FREEDOM MOTORS LIMITED

FOR THE YEAR ENDED 30 JUNE 2021



Independent Auditor's Report to the Shareholders of Freedom Motors Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Freedom Motors Limited (the "Company") which comprise the statement of financial position as at 30 June 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respect, of the financial position of the Company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

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 Auditors' 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2, 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 these 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 intends 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.

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 omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 we also report that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) in our opinion, proper books of account as required by law have been kept by the Company's so far as it appeared from our examination of those books; and

(iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account.

Sd/-
Sabbir Ahmed FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountant

Dhaka, 27 October 2021
DVC No: 2111060770AS402336

Freedom Motors Limited
Statement of Financial Position
As at 30 June 2021

	Notes	Amount in Taka 30-Jun-21	30-Jun-20
Assets			
Non-current assets		**55,709**	**64,938**
Property, plant and equipment	3	55,709	64,938
Current assets		**36,960,474**	**37,236,919**
Inventories	4	397,399	397,399
Trade and other receivables	5	1,023,082	1,023,082
Short term investment	6	1,363,806	1,296,756
Advances, deposits and prepayments	7	86,932	78,391
Related party receivables	8	33,648,942	34,033,094
Other receivables	9	178,069	152,120
Cash and cash equivalents	10	262,244	256,077
Total assets		**37,016,183**	**37,301,857**
Shareholders' equity and liabilities			
Shareholders' equity		**35,362,358**	**35,739,410**
Share capital	11	6,855,000	6,855,000
Retained earnings	12	28,507,358	28,884,410
Current liabilities		**1,653,825**	**1,562,447**
Provision for bad and doubtful debts	13	1,023,082	1,023,082
Provision for inventories	14	397,399	397,399
Liabilitiy for expenses		57,500	-
Provision for tax	15	175,844	141,966
Total shareholder's equity and liabilities		**37,016,183**	**37,301,857**

The annex notes form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

See annexed Auditor's report to the Shareholders of same date

Sd/-
Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC: 2111060770AS402336
Dhaka, 27 October 2021

Freedom Motors Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Notes	Amount in Taka 2020-2021	2019-2020
Revenue	16	-	-
Cost of sales	17	-	-
Gross profit		-	-
Operating expenses		**(456,101)**	**(78,391)**
Administrative expenses	18	(456,101)	(78,391)
Provision for bad and doubtful debts	13	-	-
Provision for inventories	14	-	-
Operating profit		**(456,101)**	**(78,391)**
Other income	19	112,928	124,191
Profit before tax		**(343,173)**	**45,800**
Provision for tax		(33,878)	(40,362)
Net profit / (loss) for the year		**(377,052)**	**5,438**
Other comprehensive income		-	-
Total comprehensive income		**(377,052)**	**5,438**

The annex notes form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

See annexed Auditor's report to the Shareholders of same date

Sd/-
Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC: 2111060770AS402336
Dhaka, 27 October 2021

Freedom Motors Limited
Statement of Changes in Equity

For the year ended 30 June 2021

Particulars	Share capital	Retained earnings	Total
Balance as on 01 July 2019	**6,855,000**	**28,878,973**	**35,733,973**
Net profit / (loss) after tax	-	5,437	5,439
Total as on 30 June 2020	**6,855,000**	**28,884,410**	**35,739,412**
Balance as on 01 July 2020	6,855,000	28,884,410	35,739,412
Net profit / (loss) after tax	-	(377,052)	(377,052)
Total as on 30 June 2021	**6,855,000**	**28,507,358**	**35,362,358**

The annex notes form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Freedom Motors Limited
Statement of Cash Flows

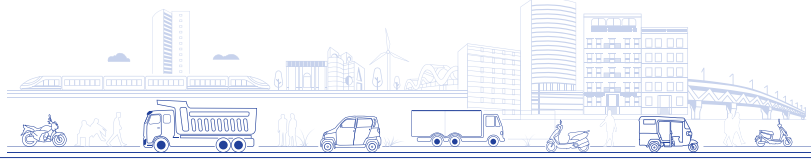
For the year ended 30 June 2021

	Amount in Taka	
	2020-21	2019-20
Cash flows from operating activities		
Receipt from customers and dealers	-	-
Payment to suppliers and employees	(5,220)	(10,043)
Net cash used for operating activities	**(5,220)**	**(10,043)**
Income tax paid	(8,541)	(9,875)
Net cash used in operating activities	**(13,761)**	**(19,918)**
Cash flows from investing activities		
Net proceeds from sale /(purchase of) financial assets	(67,050)	(73,475)
Interest income	86,979	94,348
Net cash used in investing activities	**19,929**	**20,873**
Cash flows from financing activities		
Proceeds from issue of equity instrument	-	-
Proceeds from borrowings	-	-
Repayments of borrowings	-	-
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents for the year	**6,168**	**955**
Cash and cash equivalents at the beginning of the year	256,077	255,122
Cash and cash equivalents at the end of the year	**262,244**	**256,077**

The annex notes form an integral part of these financial statements

Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director**
Sd/-		Sd/-
Chief Financial Officer		**Company Secretary**

NOTE



RUNNER AUTOMOBILES LTD.

138/1, Tejgaon Industrial Area, Dhaka-1208

PROXY FORM

Revenue Stamp Tk. 20/-

I/We.....Of.....

.....being a member of Runner Automobiles Ltd., do hereby appoint

a) Mr./Mrs.....

of.....

b) Mr./Mrs.....

of.....either of them may, in writing, appoint anyone to act as my proxy at the 21st Annual General Meeting (AGM) to be held on Monday, 23 December 2021 at 11.30 A.M. virtually by using Digital Platform at any adjournment thereof.

As witness my/our hand this.....day of ..... 2021.

..... (Signature of Proxy)

..... (Signature of Share Holder)

Folio / BO ID No. | | | | | | | | | | | | | | | | |

No. of Shares held: .....

Notes:

1. A member entitled to attend and vote in the AGM may appoint a Proxy to attend and vote on his/her behalf.
2. The Proxy Form, duly filed and stamped must be deposited at the Registered Office of the Company, by 11.30 A.M. of 20 December 2021.
3. Signature of the Member(s) must be in accordance with the Specimen Signature recorded with the Company

Attendance Slip

I/We do hereby record my/our attendance at the 21st Annual General Meeting (AGM) of the Company being held on Thursday, 23 December 2021 at 11.30 A.M. virtually by using Digital Platform.

Name of the Shares Holder (s)/Proxy.....

BO ID No. of Share Holder:

No. of Shares held.....

.....

Signature of the Shares Holder (s)/Proxy

Note: Please present this attendance slip at the registration counter on or before 11.30 A.M. on the AGM date.

RUNNER

Runner Automobiles Limited has been setting up the progressive manufacturing plant in its own factory premises with the collaboration of Indian large automobile conglomerate, Bajaj Auto Limited to revamp the excellence in mass production of 3 Wheeler automobiles to grab the large existing market portfolio. With the new manufacturing unit, the company will produce around 30,000 units per year.

BAJAJ THREE WHEELER MANUFACTURING PLANT

BAJAJ

RUNNER motorcycles

জন্ম থেকেই বাংলাদেশী

EXPORT QUALITY

RUNNER AUTOMOBILES LIMITED
138/1, Tejgaon Industrial Area, Dhaka-1208
Call Us: 09611222000, 16273 (only from mobile) Fax: +88 02 8870172
www.runnerautomobiles.com | RunnerMotorcycles