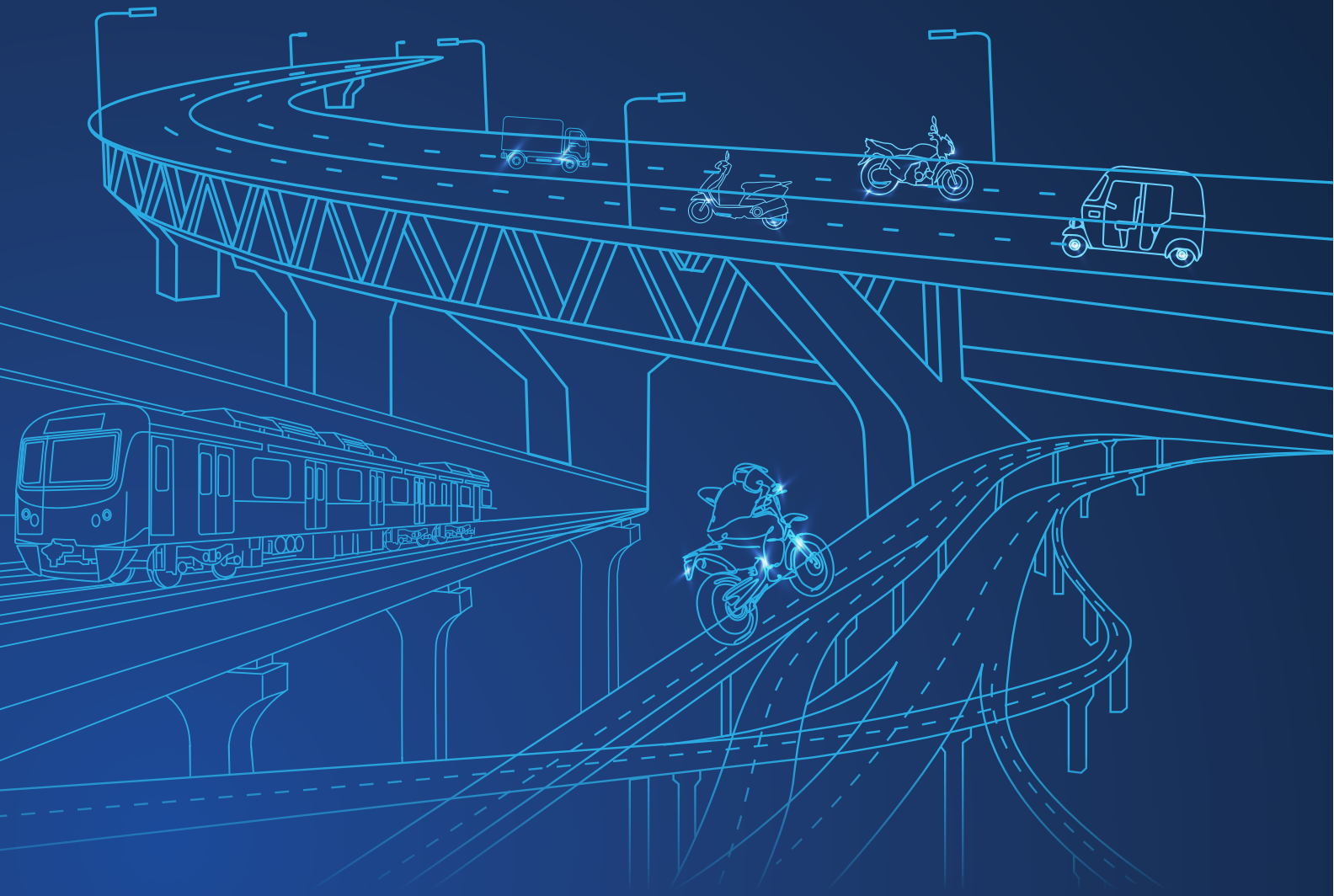


RUNNER[®]

Annual Report 2023-2024
RUNNER AUTOMOBILES PLC



STRENGTHENING FOUNDATIONS
BUILDING RESILIENCE

DIRECTORS' REPORT TO SHAREHOLDERS

Dear Esteemed Members

The Board of Directors of Runner Automobiles PLC (RAPLC) is pleased to present the Director's Report for the financial year ended 30 June 2024 (FY2023-24), before the honorable Members (Shareholders). The Directors' Report is presented in accordance with the provisions of Section 184 of the Companies Act 1994, The Securities and Exchange Rules, 2020, Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission. It provides a comprehensive overview of our performance, the key market trends, and the strategic initiatives we have undertaken to drive long-term growth and resilience.

Business Profile

Runner Automobiles PLC (RAPLC), the flagship company of the Runner Group, was founded in 2000 with the vision of becoming Bangladesh's first local 2-wheeler maker. Today, we are a leading name in the automotive sector, offering a diverse portfolio that includes non-electric and electric two-wheelers, as well as multi-fuel three-wheelers.

Our core operations encompass the manufacturing, distribution, and financing of two- and three-wheelers, with a strong foothold in the local market and exports to regional countries. Runner has established a dominant position, particularly in the sub-100cc motorcycle category and the three-wheeler segment, solidifying its leadership in the industry.

Manufacturing and Operational Excellence

Our manufacturing plant is located in Mymensingh, Bhaluka, situated approximately 75 kilometers from Dhaka, is equipped with modern technologies and integrated systems for the production of motorcycles, scooters, and three-wheelers under the Runner brand.

We have prioritized quality control, safety, and environmental sustainability across our manufacturing processes. Our workforce is highly skilled and continuously trained to uphold the highest standards in production, while comprehensive welfare programs ensure the health and safety of all employees, contributing to a productive and positive work environment.

A notable achievement this year was the establishment of Bangladesh's first 'Made in Bangladesh' three-wheeler autocar plant. Located adjacent to our two-wheeler facility, this plant has an annual production capacity of 30,000 autocars.

Runner Automobiles continues to invest in innovation, particularly in electric vehicles (EVs). Our strategic partnership with Yadea, the world's largest electric two-wheeler manufacturer, reflects our commitment to providing sustainable transportation solutions for Bangladesh.

Looking ahead, our key priorities are:

- Expanding our electric vehicle (EV) offerings to meet the growing demand for eco-friendly transportation.
- Modernizing our two-wheeler portfolio to cater to the preferences of urban youth, who seek premium, lifestyle-oriented motorcycles.
- Enhancing after-sales services to ensure customer satisfaction and loyalty.
- Expanding our dealer and showroom network across the country to improve accessibility and service.

Principal Business Activities

The fiscal year 2023-24 posed challenges, including supply chain disruptions, rising material costs, and economic pressures such as currency depreciation and inflation. These factors impacted demand for vehicles.

In response, we are focusing on local sourcing, expanding our electric and hybrid vehicle portfolio, and strengthening financial management. We are also advocating for government policies that promote local manufacturing and EV infrastructure.



For our three-wheeler business, 2023-24 will mark the full operationalization of our new plant, and we are restructuring this segment to meet growing demand. Efforts include revitalizing the dealer network, facilitating customer credit, and securing key manufacturing parts.

Challenges Faced

- **Supply Chain Disruptions:** Shortages, particularly in semiconductor availability, affected production and inventory levels.
- **Rising Costs:** Increased costs for raw materials and imported components led to higher vehicle prices, impacting consumer purchasing decisions.
- **Regulatory Compliance:** Stricter emissions regulations necessitated significant investment in technology and compliance measures.

Industry Outlook and Future Developments

Despite global challenges, Bangladesh's automobile industry remains resilient. Demand for electric vehicles is strong, supported by government incentives and the infrastructure for EVs is expected to improve.

Opportunities for Growth:

- **Electric Vehicle Adoption:** Government initiatives are fostering a favorable environment for EV manufacturers.
- **Local Manufacturing:** Investments can enhance cost efficiency and reduce import dependence.
- **Technological Advancements:** Integrating smart technologies can drive innovation.

Strategic Recommendations

- **Invest in R&D:** Focus on expanding our EV offerings and enhancing product innovation.
- **Strengthen Supply Chain Resilience:** Develop strategies to mitigate global supply chain risks.
- **Focus on Consumer Education:** Increase awareness of EV benefits to drive market acceptance.

Future Outlook

The automobile industry is poised for transformative growth, particularly in the electric vehicle segment. By adapting to market dynamics and investing in sustainable practices, Runner Automobiles aims to secure a prosperous path forward. Also at the same time, conventional two-wheelers continue to be a strong pillar of the business, with robust domestic demand and growing export potential.

Segment-Wise Performance

Sales Revenues: Our financial performance across different segments reflects both challenges and opportunities. While the overall market faced declines, certain segments such as the 150cc category showed resilience, aided by improved after-sales services.

Discussion on Financial Performance

- **Extraordinary Gains or Losses:** Details of extraordinary gains/losses will be discussed in the financial statements.
- **Related Party Transactions:** All related party transactions were conducted at arm's length and disclosed appropriately.

Market Performance and Trends

The two-wheeler and three-wheeler segments faced significant transformations:

- **Two-Wheeler Trends:**
 - **Overall Market Decline:** The motorcycle industry saw a 17% decline due to economic instability, inflation, and political uncertainty.
 - **Runner Automobiles Performance:** Experienced a 46% growth in its motorcycle segment.
 - **Category Growth:** The 150-165cc segment experienced a slight decline in growth.



- Changing Consumer Preferences: More buyers are opting for motorcycles as lifestyle products in addition to transportation.
- Focus on After-Sales Service: Continued customer loyalty despite market challenges.
- Shift to Electric Two-Wheelers: Growing interest in E-2Ws, with the launch of Yadea T5 and Yadea M6 models receiving positive market response.
- Three-Wheeler Trends:
 - Increased Demand: Growing interest in electric three-wheelers (E-3Ws), supported by an expanded dealer network.
 - Challenges: Import restrictions and limited new vehicle permissions have impacted growth.
 - Brand Loyalty: Bajaj brand continues to enjoy strong customer loyalty, with high demand for spare parts and services.
 - Future Outlook: Expectation of growth driven by pent-up demand in the three-wheeler segment.

Competitor Actions

Competitors have enhanced their after-sales services, focusing on customer loyalty and trust. This has necessitated a renewed focus on our own service offerings.

Capacity Utilization

- Three-Wheeler Plant: Achieved 26% capacity utilization.
- Two-Wheeler Plant: Achieved 12% capacity utilization.

Future Plans

We are finalizing a rooftop solar power plant to significantly reduce electricity costs and implementing an LPG bullet project to lower operating costs.

Certifications

We are proud to announce that we received the following certifications:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- Environmental Clearance Certificate

Segment-Wise Performance

Amount in BDT mn

Segment particulars	July'23 – June'24	July'22 – June'23
	Sales revenue	Sales revenue
80 cc motorcycles	88	195
100 cc motorcycles	34	72
110 cc motorcycles	132	298
125 cc motorcycles	110	234
150 cc motorcycles	76	139
165 cc motorcycles	42	160
Electric two-wheelers	98	17
Service and parts	126	150
Credit business income	146	291
Three-wheelers	3,831	1,315
Total:	4,687	2,877



Risks and Concerns

In FY 2023-24, Runner Automobiles PLC (RAPLC) encountered several risks and challenges that could impact our growth and profitability. One of the most significant concerns was the ongoing economic instability in Bangladesh. Currency depreciation and rising inflation led to higher costs for imported components, putting pressure on profit margins. These factors, combined with reduced consumer purchasing power, especially in the price-sensitive two-wheeler segment, negatively affected demand. Furthermore, political instability remains a potential risk, as strikes, transport blockades and public unrest can disrupt operations and reduce market confidence.

Supply chain disruptions were another key challenge. The global semiconductor shortage and rising raw material costs affected our production capacity and led to higher vehicle prices. While we have focused on increasing local sourcing and streamlining operations, the global supply chain remains fragile and any prolonged disruptions could further impact our ability to meet market demand. Additionally, changes in government policies, such as stricter emissions regulations or new import taxes, could lead to increased costs and impact product pricing, potentially reducing consumer demand.

On the competitive front, the automotive industry in Bangladesh is becoming increasingly competitive, particularly in the premium motorcycle segment. Our market share in the mid-range segment could be threatened by competitors improving their after-sales services and offering more advanced products. Moreover, the shift toward electric vehicles (EVs) presents both an opportunity and a challenge. Although government support for EVs is growing, consumer adoption remains slow due to high upfront costs, limited charging infrastructure, and lack of awareness. This slower-than-expected uptake could delay the expected growth of our EV segment.

However, despite these initial setbacks and uncertainties, the EV market holds a bright future. As awareness increases and infrastructure develops, demand for electric vehicles is expected to surge. At Runner Automobiles, we are committed to staying ahead of this curve by continuing to invest in EV technology, enhancing product affordability and collaborating with stakeholders to improve charging networks. By focusing on innovation, customer education and the expansion of our EV lineup, we are confident that we will capitalize on this emerging market and establish a strong presence in the electric vehicle sector in the years to come.

Lastly, rising interest rates pose financial risks, increasing the cost of borrowing and potentially slowing down our expansion plans. At the same time, fluctuations in the demand for motorcycles and three-wheelers, combined with a shrinking consumer base in the lower-cost segments, may further exacerbate the situation. To address these concerns, RAPLC is focusing on mitigating risks by investing in local sourcing, enhancing our EV portfolio, improving after-sales services and closely monitoring macroeconomic conditions and regulatory changes. Through these strategies, we aim to safeguard our long-term growth and maintain a competitive edge in a challenging market environment.

Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

Despite a rise in the overall cost of goods sold in 2023-24, the Company's focus on efficiency and cost management led to a positive gross profit, demonstrating strong operational discipline.

Extraordinary Gain or Loss

There was no extraordinary gain or loss that may be deemed to be construed as excessive gain or loss occurring 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.

Related Party Transactions

All transactions with related parties have been made in the normal course of business. Details of related party transactions have been disclosed on page no 265 in Note 47 of Standalone Audited Financial Statements of the Company, as per the relevant IFRS requirements.

Issuance of Runner Auto Sustainability Bond and Green Initiatives

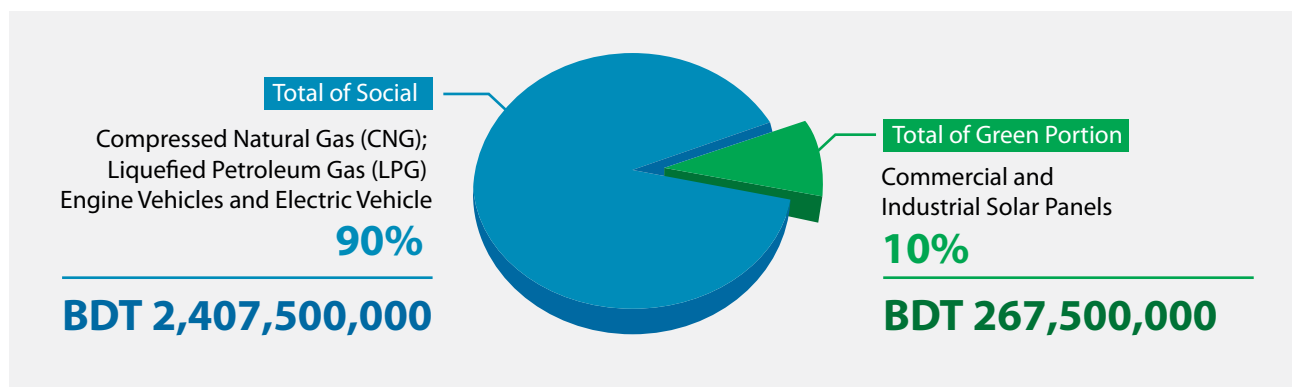
In FY 2023-24, Runner Automobiles PLC issued an Unsecured, Redeemable, Non-Convertible, Guaranteed, Sustainability Bond worth BDT 267.50 crore, the first internationally certified sustainability bond in Bangladesh. This bond issuance reflects our commitment to the United Nations' Sustainable Development Goals (SDGs), focusing on environmental and social impact.



Of the raised funds, BDT 26.75 crore is earmarked for a 4MW rooftop solar plant at our manufacturing facility to enhance sustainability and energy efficiency. Through this initiative, we are reducing our carbon footprint and driving green energy solutions in line with our long-term sustainability goals.

Proceeds from the Bond Issue

The 90% of the proceeds from the Sustainability Bond have been dedicated to providing credit support to rural customers for acquiring fuel-efficient 3W vehicles such as LPG, CNG, and electric three-wheelers. This initiative empowers low-income families to generate income and improve their living standards, while also ensuring children have access to education. Additionally, part of the proceeds has supported the creation of a driver-training center, with a grant from GuarantCo, to equip 3W drivers with the necessary skills for safe vehicle operation. Runner Automobiles PLC received a favorable credit rating from Credit Rating Agency of Bangladesh (CRAB) for its Sustainability Bond, enhancing investor confidence and reinforcing its sustainable finance leadership.



Financial Performance and Annual Financial Statement

No significant variations have occurred between the quarterly and annual financial performance of the Company for the year 2023-24. During the first half of the year, the Company worked to achieve revenue growth, but local challenges such as supply chain disruptions, rising costs, and inflation impacted performance, while economic uncertainties affected consumer demand in the motorcycle sector.

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 FY2023-24, attendance fees in connection with Board and Board sub-committee meetings stood at Tk. 10,08,078 also see in page no 260 of this report.

Directors' Statement on Financial Reporting

The Board is committed to presenting an accurate and fair view of the Company's financial performance and position, as a part of its good governance practices. Towards 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 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 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.



Going Concern

The Company has sufficient 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.

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 applicable rules, acts and regulations of Bangladesh.

Declaration of the CEO and CFO on the Financial Statements

In accordance with the requirements of the BSEC Corporate Governance Code, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have provided a declaration to the Board regarding the financial statements for the year 2023-24. Both the CEO and CFO have certified to the Board that, to the best of their knowledge and belief, no transactions have been entered into by the Company during the year that are fraudulent, illegal, or in violation of the Company's Code of Conduct. The signed declaration of CEO and CFO is given on page no 78.

Internal Control

The Board of Directors assures shareholders that the Company has a robust internal audit and risk management system in place to maintain effective internal controls. While not all risks in the automotive sector can be predicted, the Company takes proactive steps to identify material risks and regularly reviews them in light of changing internal and external factors. The Audit Committee has provided a detailed report on these internal controls, ensuring they are adequate to address both known and unknown risks.

Internal Audit and Reporting

The Internal Audit Report for the year has been shared with the Audit Committee and discussed in detail at the Board of Directors meeting. We continue to prioritize transparency, risk management, and internal controls to ensure the effective functioning of our operations.

Credit Rating Report

Runner Automobiles PLC has received a credit rating report, which evaluates the Company's financial stability and risk profile. Additionally, the Company has also obtained a credit rating for the Runner Auto Sustainability Bond, a key financial instrument that supports our ongoing sustainability initiatives.

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 and enhance the interests of all stakeholders, including the rights of minority shareholders, while promoting trust, integrity, transparency and accountability. The Board of Directors shall always act in a manner that is in the best long-term interest of the Company.

Key operating and financial data of preceding five years

The Directors are pleased to present the standalone operating results of Runner Automobiles PLC for the past five years.

(Amount in Tk. mn)

Particulars	For the year ended				
	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Revenue	4,387.81	2,526.24	3,783.48	4,144.65	3,394.46
Cost of sales	(3,009.42)	(1,895.23)	(2,675.20)	(2,817.73)	(2,512.17)
Gross profit	1,378.39	631.02	1,108.27	1,326.92	882.29



Particulars	For the year ended				
	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Operating expenses	(584.20)	(678.15)	(620.52)	(730.71)	(548.06)
Administrative expenses	(193.44)	(187.95)	(148.83)	(142.03)	(147.26)
Selling and distribution expenses	(390.77)	(490.20)	(471.69)	(588.68)	(400.80)
Operating profit	794.19	(47.13)	487.75	596.21	334.24
Financial expenses	(931.51)	(674.26)	(553.87)	(580.01)	(319.59)
Other income/(expenses)	245.23	129.78	167.47	160.27	85.09
Profit before WPPF	107.91	(591.62)	101.35	176.47	99.73
Provision for contribution to WPPF and welfare fund	(5.40)	-	(4.83)	(8.82)	(4.99)
Profit before Income tax	102.51	(591.62)	96.52	167.65	94.75
Income tax expenses	(80.74)	(103.99)	(68.43)	(45.37)	(25.15)
Current tax	(51.54)	(37.83)	(68.88)	(27.89)	(22.75)
Prior year tax benefit		1.05	0.63	19.77	-
Prior year tax expenses	(4.09)	(41.76)	-	-	-
Deferred tax expenses	(25.12)	(25.46)	(0.17)	(37.25)	(2.40)
Net profit for the year	21.77	(695.62)	28.10	122.27	69.59

Other financial results (standalone) for last 5 (five) years

Amount in Tk. mn

Particulars	As on				
	30/06/24	30/06/23	30/06/22	30/06/21	30/06/20
Non-current assets	8,561.12	8,488.79	6,518.56	4,342.66	3,661.89
Current assets	5,772.61	4,523.51	6,960.67	6,060.68	6,346.09
Shareholders' equity	5,118.42	5,096.52	5,352.21	5,451.62	5,435.26
Non-current liabilities	5,175.70	2,795.32	2,263.31	406.19	135.94
Current liabilities	4,039.61	5,120.46	5,863.71	4,545.53	4,436.79

Key Operating and Financial Data of Preceding Five Years

The Directors are pleased to present the consolidated operating results of the group for the past five years.

Amount in Tk. mn

Particulars	For the year ended				
	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Revenue	8,363.58	6,629.63	11,118.35	11,228.33	9,464.86
Cost of sales	(5,646.63)	(4,513.94)	(7,449.66)	(7,305.25)	(6,962.42)
Gross profit	2,716.95	2,115.69	3,668.69	3,923.09	2,502.44
Operating expenses	(1,198.45)	(1,633.56)	(1,794.29)	(1,871.58)	(1,579.05)
Administrative expenses	(357.43)	(426.40)	(379.01)	(361.44)	(365.92)
Selling and distribution expenses	(841.02)	(1,207.17)	(1,415.28)	(1,510.14)	(1,213.12)
Operating profit	1,518.50	482.12	1,874.40	2,051.50	923.39
Financial expenses	(1,580.73)	(1,416.56)	(1,319.41)	(1,378.00)	(641.41)
Other income/(expenses)	234.48	186.50	241.06	210.70	255.27



Particulars	For the year ended				
	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Profit before WPPF	(172.24)	(747.94)	796.05	884.19	537.25
Provision for contribution to WPPF and welfare fund	(14.05)	-	(41.09)	(48.39)	(28.53)
Profit before Income tax	158.19	(747.94)	754.96	835.80	508.73
Income tax expenses	(203.15)	(212.87)	(287.89)	(361.89)	(167.99)
Current tax	(172.90)	(141.51)	(266.47)	(253.38)	(170.63)
Prior year tax income	-	1.05	0.63	-	-
Prior year tax (expenses)	(4.09)	(41.76)	-	(75.63)	-
Deferred tax (expenses)/income	(26.16)	(30.65)	(22.05)	(32.88)	2.67
Net profit for the year	(44.95)	(960.81)	467.06	473.91	340.77

Other financial results (consolidated) for last 5 (five) years

Amount in Tk. mn

Particulars	As on				
	30/06/24	30/06/23	30/06/22	30/06/21	30/06/20
Non-current assets	12,147.65	14,152.94	12,397.73	11,079.79	9,354.83
Current assets	12,504.23	9,813.05	14,464.45	12,447.64	12,963.31
Shareholders' equity	7,549.77	7,110.30	7,550.56	7,398.60	7,197.44
Non-current liabilities	7,617.51	6,301.97	6,570.37	6,348.38	3,665.39
Current liabilities	7,915.64	9,243.33	11,462	8,502.21	10,292.16

Despite the challenges faced in the year under review, we are optimistic about the future. Our strategy of product diversification, market expansion, and cost optimization will help us recover market share and capitalize on emerging opportunities in both the electric vehicle and premium motorcycle segments.

The three-wheeler plant in Mymensingh, with its focus on localization, is expected to contribute significantly to both revenue growth and job creation. As the economy recovers, we anticipate a rebound in both our motorcycle and three-wheeler segments.

Information and Performance of Subsidiaries of Runner Automobiles PLC

■ Runner Motors Limited

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 operation on 19 February 2005. Eicher Motors Ltd of India appointed RML as an exclusive distributor for the renowned Eicher brand (LCV and MCV) of trucks in Bangladesh. Eicher trucks are manufactured by Volvo Eicher Commercial Vehicles Ltd (VECV), India, which is a joint venture of Volvo Group and Eicher Motors.

RML's turnover for the year ended 30th June 2024 was BDT 3,975.77 million, slightly down from BDT 4,103.38 million in the previous financial year (2022-23). Despite the decline in turnover, the company achieved a net profit of BDT 42.73 million reflecting a 120% growth compared to the previous year. Earnings per share (EPS) stood at BDT 4.75, a significant turnaround from the loss of BDT 23.46 per share in the prior year.

■ Freedom Motors

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 are held by Runner Automobiles PLC. With the company primarily in the incubation phase, it had limited operational activities during the period.



Standalone Financial Results

For the year ended 30 June 2024, standalone revenues amounted to BDT 4,387.81 million, marking a significant 73% growth over the previous year (2022-23: BDT 2,526.24 million). The standalone gross profit margin experienced a remarkable increase of 118% during the year.

Consolidated Financial Results

For the year ended 30 June 2024, consolidated revenues stood at BDT 8363.58, 26% Higher than the previous year (2022-23 BDT 6,629.63 mn). Gross profit margin increased by 28% during the year under report.

Comparison of Financial Performance with the Peer Industry Scenario

RAPLC is currently a listed motorcycle manufacturing company in Bangladesh. While there are several unlisted entities in the local motorcycle industry, including Honda Bangladesh Ltd. (manufacturer of Honda), ACI Motors Limited (marketer of Yamaha), Uttara Motors Limited, TVS Auto, Rancon Motors, and Niloy Motors Ltd. (marketer of Hero), these companies operate in a slightly different market segment and business structure. Given the unique nature of the motorcycle manufacturing business, it is challenging to make a direct comparison of RAPLC's financial position and cash flows with those of its unlisted peers. As such, a meaningful financial comparison with these companies is not feasible due to the differences in operational models, market presence and financial structures.

Events Subsequent to the Statement of Financial Position

For the year ended 30th June 2024, the Board of Directors recommended 11% cash dividend for general shareholders and 1% cash dividend for sponsor directors. Apart from this, there are no other material events identified after the close of the year in the statement of financial position.

Dividend

The Board of Directors has declared an 11% cash dividend for general shareholders and 1% cash dividend for sponsor directors for the financial year 2023-24 subject to approval at the upcoming 24th Annual General Meeting (AGM). This decision, made with careful consideration, prioritizes the company's long-term stability and recovery.

The company recognizes the support and confidence shown by the general shareholders and this has been reciprocated with this dividend. Company believes that, with the return of stability in the country's economic indicators, Runner will strengthen its position, and shareholders will be rewarded in the true sense in the future.

Stock and Interim Dividends

The Board of Directors has resolved that no stock dividend or interim dividend will be declared or issued for the financial year 2023-24. The Company remains committed to its long-term growth strategy, and any future dividend decisions will be made based on the financial performance and business requirements of the Company.

Auditor's Report Opinion

We are pleased to report that the Auditors' Report for the financial year 2023-24 contains no adverse remarks. A. Qasem & Co., Chartered Accountants, have issued an unqualified opinion, confirming that the financial statements provide a true and fair view of the Company's financial position for the year.

In accordance with Section 184(3) of the Companies Act, 1994, the Board is required to disclose any reservations, qualifications or adverse remarks in the Auditors' Report. As there are no such remarks, no further information is required.

Unclaimed cash Dividend & Dividend Distribution Policy

Runner Automobiles is fully compliant with the Corporate Governance Code, 2018, the Listing Regulations of the Dhaka Stock Exchange, and the directives issued by the Bangladesh Securities and Exchange Commission (BSEC). The total unclaimed, unsettled, or undistributed cash dividend amounts to BDT 11,55,930, which is broken down as follows: BDT 3,93,418 for FY 2020-21, BDT 1,66,016 for FY 2021-22, BDT 1,22,528 as unspecified dividend (unreturned or uncashed) for FY 2020-21, BDT 2,37,719 as unspecified dividend for FY 2021-22, and BDT 2,36,250 as dividend disbursed but returned for FY 2021-22.



RAPLC has a “Dividend Distribution Policy” approved by the Board, which is given on page no 148 and is also available on the corporate website: <https://runnerautomobiles.com/investors>

Contribution to the National Exchequer

During the year under review, the Company contributed Tk. 1,790 mn to the national exchequer in the form of income tax, customs duties, supplementary duty, regulatory duty and value-added tax. This contribution is our small and humble way to give back to the society and help strengthen government resources for public welfare.

Commitment to Sustainability

Sustainability remains a core focus of our business strategy. As we expand our portfolio of electric vehicles, we are also committed to reducing our carbon footprint and supporting the transition to a greener future. By promoting the adoption of electric two-wheelers and three-wheelers, we are actively contributing to environmental preservation while offering affordable and sustainable mobility solutions for our customers.

Board of Directors’ Meeting and Attendance

The number of Board meetings held during the year 2023-24 and attendance of Directors is presented below:

SL. No	Name of Directors	Position	Meetings held	Meetings attended
1	Mr. Hafizur Rahman Khan	Chairman	7	7
2	Mr. Md. Mozammel Hossain	Vice Chairman	7	7
3	Mr. Subir Kumar Chowdhury	Managing Director and CEO	7	7
4	Mr. Md. Jahurul Alam	Director	7	6
5	Mr. Taslim Uddin Ahmed	Director	7	4
6	Mr. Muallem A Choudhury FCA	Nominee Director	7	7
7	Mr. Mohammad Ali Deen	Director	7	6
8	Mr. Amid Sakif Khan	Nominee Director	7	2
9	Prof. Maksudur Rahman Sarker FCMA	Independent Director	7	5
10	Dr Muhammad Abdul Mazid	Independent Director	7	6

Board of Directors

As at 30 June 2024, the Board of Directors of the Company comprised of 10 (Ten) members, including 2 (two) Independent Directors. The composition of the Board of Directors who held office during the year is given below:

1. Mr. Hafizur Rahman Khan, Chairman
2. Mr. Md. Mozammel Hossain, Vice Chairman
3. Mr. Subir Kumar Chowdhury, MD & CEO
4. Mr. Muallem A Choudhury FCA, Nominee Director
5. Mr. Taslim Uddin Ahmed, Director
6. Mr. Mohammad Ali Deen, Director
7. Mr. Md. Jahurul Alam, Director
8. Mr. Amid Sakif Khan, Nominee Director
9. Prof. Maksudur Rahman Sarker FCMA, Independent Director
10. Dr. Muhammad Abdul Mazid, Independent Director

The names and profiles, including the qualifications of each Director are stated in detail in the ‘Directors’ Profile’ section on page no 30 of this Annual Report.



Changes in the Board

During the financial year 2023-24, the Board welcomed Mr. Amid Sakif Khan as a Nominee Director from Runner Lube & Energy Ltd. This appointment reflects a positive shift in the Board's composition, ensuring stability and continuity while also infusing youthful enthusiasm into our leadership. The consistent expertise among current members, combined with fresh perspectives, enhances our decision-making and strategic planning efforts. With no other changes to the Board, we are well-positioned to harness this blend of experience and innovation to drive progress and restore financial momentum while staying true to our mission.

Directors Proposed for Re-Election

With regards to retirement and re-election of Directors, the Company is governed by its Articles of Association, Companies Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the 24th Annual General Meeting. They are, however, eligible for re-appointment:

1. Taslim Uddin Ahmed, Director
2. Mr. Muallem A Choudhury FCA, Nominee Director

As per the Corporate Governance Code 2018, after the appointment or re-appointment of Director/s by the Board, the proposal is placed before shareholders for their approval at the Annual General Meeting. A brief profile of the Directors being proposed for re-appointment is given on page no 33 & 34 in this report, which fulfils condition 1(5)(xxiv) of the Corporate Governance Code of BSEC.

Training of Directors

As part of our commitment to good corporate governance, a dedicated training session has been organized for the Directors of the Company. The training aims to enhance the Directors' understanding of the evolving regulatory and business landscape, empowering them to make informed and strategic decisions in the best interests of the Company.

Pattern of Shareholding and Shareholding Information

The pattern of shareholding and distribution of shareholding of the Company as on June 30, 2024 are presented on page no 97 & 98 respectively of this Annual Report.

Statutory Auditors

As per the Companies Act, 1994 and the Articles of Association of Runner Automobiles PLC, the company re-appointed A. Qasem & Co., Chartered Accountants, as Statutory Auditor of the Company. On the suggestion of the Audit Committee, the Board recommended their appointment for the financial year 2024-25, subject to approval at the forthcoming 24th AGM by the shareholders.

Compliance Auditor

In compliance with BSEC Corporate Governance Code, the Board has appointed M/s Jasmin & Associates as Corporate Governance Compliance Auditor of the company for the financial year 2024-25 and the said appointment will be placed for approval by the shareholders during the forthcoming 24th AGM.

Reporting and Compliance of Corporate Governance

A Certificate of Compliance as provided by A. Qasem & Co., Chartered Accountants, has been presented on page no 151 of this Annual Report. Furthermore, status of compliance as per the Code has been presented on page no 152 of this Annual Report.

Upcoming Products

Runner Automobiles PLC is set to launch a range of innovative products across key segments in collaboration with different



international partners. In the scooter segment, we will launch stylish, fuel-efficient models for urban commuters. Our electric vehicle (EV) lineup will expand with new electric two-wheelers and three-wheelers, in partnership with Yadea, while we also develop higher-CC motorcycles for performance enthusiasts. Additionally, the Bajaj RE three-wheeler will be upgraded with better fuel efficiency, comfort and electric variants. These innovations reflect our focus on meeting consumer demand for performance, sustainability, and eco-friendly transportation.

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 no 94.

Compliance with Laws and Regulations

The Company was not engaged in any activity in contravention to the laws and regulations of the country. All members of the Company are responsible for ensuring alignment with provisions stipulated by various laws and regulations and we have done so within the specified regulatory timeframe.

Environmental Protection

The pressing issue of climate change has prompted a significant shift towards sustainable products across various industries, including the automotive sector. In response to stricter emission regulations and government incentives for electric vehicle adoption, consumer preferences are increasingly leaning towards environmentally friendly options.

At RAPLC, we are proud to announce the introduction of our new line of electric vehicles (EVs), a key initiative in our commitment to sustainability. Leveraging our robust R&D capabilities, we aim to manufacture these EVs with a focus on efficiency and environmental responsibility. Our electric vehicles are designed to meet stringent emission standards while offering cutting-edge technology and performance.

In addition to our EV initiative, we ensure that all our motorcycles comply with local emission standards and maintain high environmental practices. Our Bhaluka manufacturing plant features 60% green area coverage, promoting environmental balance and acting as an effective carbon sink. Furthermore, our ISO certification reflects our adherence to the highest environmental and occupational health and safety standards.

To the best of the Board's knowledge, the Company has not engaged in any activities harmful to the environment. On the contrary, we have implemented various initiatives aimed at ecological conservation while actively working to maintain environmental balance.

Corporate Social Responsibility & Sustainability

RAPLC is committed to making a positive impact through its Corporate Social Responsibility (CSR) and sustainability efforts. We support education by providing financial assistance to a school for children with autism and contribute to local healthcare programs to improve access to essential services. Our sponsorship of sports events encourages healthy lifestyles and community engagement. In line with our sustainability goals, RAPLC undertakes initiatives such as tree planting and the issuance of the Runner Auto Sustainability Bond to fund green projects. Additionally, our Bhaluka manufacturing plant features 60% green area coverage, promoting environmental balance and acting as a carbon sink. These efforts reflect our dedication to fostering a sustainable future while positively impacting the communities we serve.





Our CSR Focus Areas



Community Sustenance

Our community support initiatives aim to foster positive relationships with local communities surrounding our operations while enhancing their quality of life in a sustainable and responsible manner. We recognize the needs of residents near our facilities and are committed to offering assistance whenever possible.



Health Care

We prioritize the health and safety of our employees, especially those on the shop floor, by mandating personal protective equipment (PPE) like gloves and helmets. We've partnered with hospitals nationwide to provide medical services for employees and their families. Additionally, we promote safe working practices to prevent accidents and ensure a secure environment.



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 and also in higher education, we are also establishing our presence through Varendra University, an initiative of Runner.



Sports

At Runner, we acknowledge the profound ability of sports to unite people across cultural and regional divides. Through strategic collaborations with our sports partners, we strive to create a brighter future for individuals and communities, empowering them to chase their dreams. Together, we are making significant strides toward a more optimistic tomorrow.



Maximizing Impact Through Partnerships

To amplify our social impact and create sustainable value, we actively seek partnerships with organizations that align with our commitment to community sustainability, healthcare, and education. We are particularly focused on generating employment opportunities for underprivileged individuals by providing access to credit facilities, fostering economic independence and growth.



Human Resources

At RAPLC, we place a high value on human resources, recognizing that our employees are vital to our success. We aim to provide opportunities that enable them to achieve their professional goals, contribute positively to society, and harness their creative potential. Our HR strategy emphasizes respect, teamwork, growth, and alignment with our core values, creating an environment where employees can thrive.

Building a strong, trust-based relationship between management and staff is essential for achieving these objectives. We are dedicated to ensuring job security and enhancing working conditions, striving for a safe, inclusive, and friendly workplace.



Health, Safety, and Security

The health and safety of our employees are our top priorities. We implement ongoing training and awareness programs on safe workplace practices, especially for our shop floor personnel. The mandatory use of personal protective equipment is enforced to minimize injury risks, demonstrating our commitment to occupational health and safety.



Learning and Development



Our Human Resources Department (HRD) is committed to developing our employees' skills and competencies through strategic recruitment and resource allocation. We emphasize talent transformation and skill enhancement to foster personal and professional growth.

In our approach to learning and development, we prioritize both managerial and technical skill advancement. We cultivate a high-performance culture grounded in meritocracy. Our structured individual development plans include a variety of training programs, workshops, and seminars designed to meet assessed needs and align with corporate objectives.

Compliance with Labor Laws



Runner Automobiles PLC remains fully committed to complying with all relevant labor laws in Bangladesh. Our policies strictly prohibit child labor, and we ensure that all legal requirements relating to workers' rights, health, and safety are adhered to in our operations.

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 a 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 no 152.

Other Regulatory Disclosures



Pursuant to the Corporate Governance Code, the Board also reports that:

- There was no extraordinary gain or loss during the financial year;
- The company's Initial Public Offering (IPO) was in the year 2019 and fully utilized the raised fund within the stipulated time. No further issue of any instrument was made during the year;
- There is a significant variance between the quarterly financial performance and annual financial statements;
- The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity; and
- Proper books of accounts of the company have been maintained.

Acknowledgements

As we reflect on the challenges of FY 2023-24, we extend our sincere thanks to all stakeholders—employees, customers, partners, and investors—for your unwavering support during this period. Your trust has been crucial to our resilience.

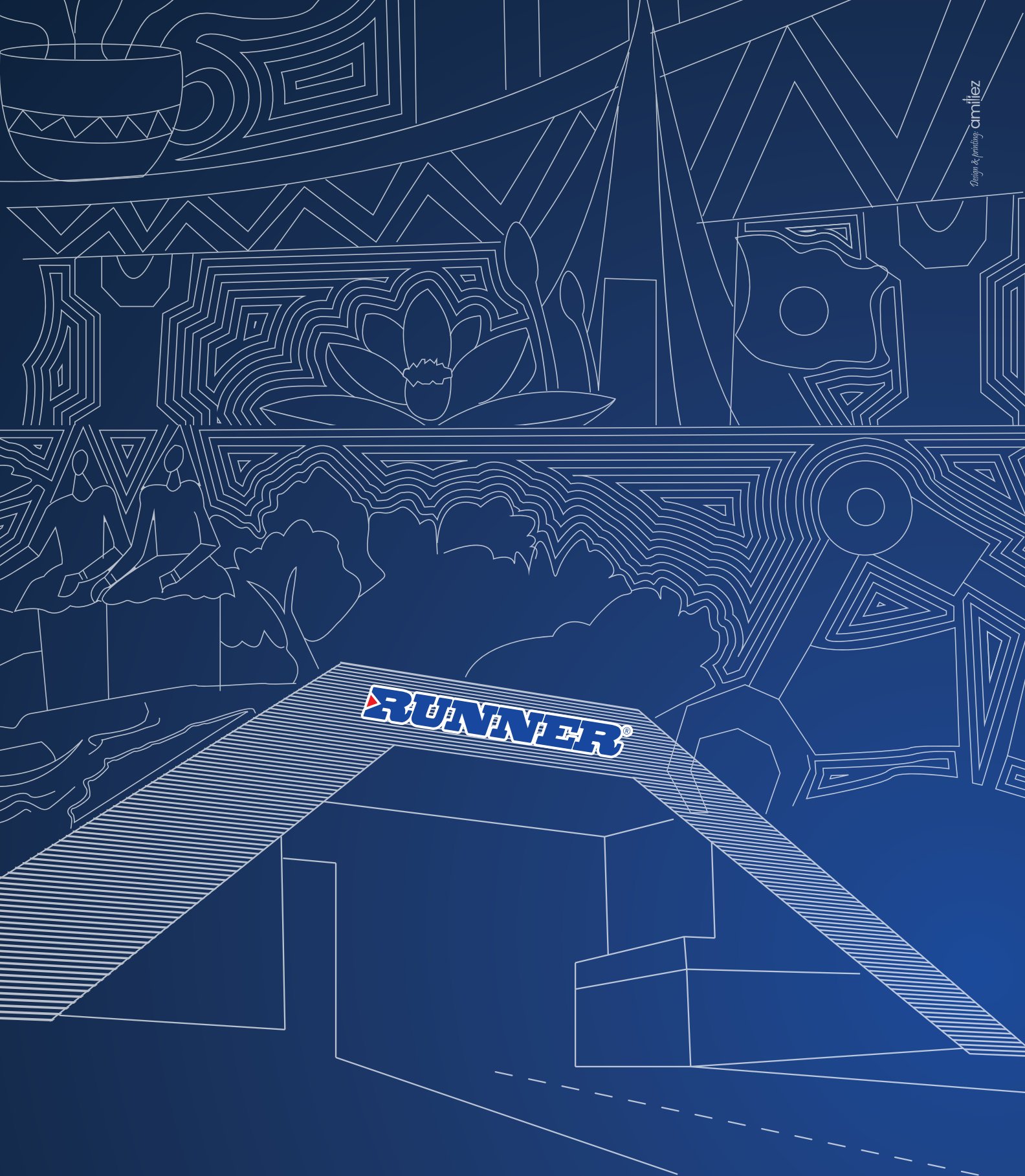
Looking ahead, Runner Automobiles PLC remains committed to innovation, customer satisfaction and sustainability. We are confident that our strong foundation in local manufacturing, technological collaboration and market leadership will help us navigate the challenges of the future and seize the opportunities that lie ahead.

We thank you, our valued shareholders, for your continued trust and support. Together, we look forward to an exciting and prosperous future for Runner Automobiles and the automotive industry of Bangladesh.


(Hafizur Rahman Khan)
Chairman


(Subir Kumar Chowdhury)
Managing Director & CEO





RUNNER[®]

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