

“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”

“Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before making their investment decisions.”

Public offer of [•] ordinary shares

Issue Date of Red Herring Prospectus: **July 02, 2018**

Offer price at BDT [•] per share, total size of fund to be raised BDT 1,000 million

Opening date for subscription: [•]

Closing date for subscription: [•]

## Red-Herring Prospectus

### ISSUER



#### Runner Automobiles Limited

138/1, Tejgaon I/A, Tejgaon, Dhaka 1208

Telephone: 8870160, Fax: 8870164, 8870174, Website: www.runnerbd.com

### ISSUE MANAGER



#### IDLC Investments Limited

D R Tower (4<sup>th</sup> Floor), 65/2/2 Bir Protik Gazi Golam Dostogir Road

Purana Paltan, Dhaka 1000

Telephone: 16409, +8809609994352, Fax: 9571171, Website: www.idlc.com

### Credit Rating Status

Particulars	Long Term	Short Term
Entity Rating	A <sub>2</sub>	ST-3
Date of Rating	October 26, 2017	October 26, 2017
Validity of Rating	September 30, 2018	September 30, 2018
Rating By	<b>Credit Rating Agency of Bangladesh Limited</b>	

## Preliminary Information and Declarations

<b>Company</b>	<b>Contact person</b>	<b>Contact Number</b>
<b>Runner Automobiles Limited</b> 138/1, Tejgaon I/A Tejgaon, Dhaka1208	<b>Muhammad Nazrul Islam FCA</b> Chief Financial Officer  <b>Md. Mizanur Rahman</b> Company Secretary	Tel: 8870160 Fax: 8870164, 8870174 E-mail: nazrul@runnerbd.com mizan@runnerbd.com Website: www.runnerbd.com
<b>Manager to the Issue</b>	<b>Contact person</b>	<b>Contact Number</b>
<b>IDLC Investments Limited</b> D R Tower (4th Floor) 65/2/2 Bir Protik Gazi Golam Dostogir Road, Purana Paltan Dhaka 1000	<b>Md. Moniruzzaman, CFA</b> Managing Director	Tel: 16409, +8809609994352 Fax: 9571171 E-mail: mzaman@idlc.com Website: www.idlc.com
<b>Registrar to the Issue</b>	<b>Contact person</b>	<b>Contact Number</b>
<b>LankaBangla Investments Limited</b> City Center, Level – 24 90/1 Motijheel C/A, Dhaka 1000	<b>Hassan Zabed Chowdhury</b> Chief Executive Officer	Tel: 9512621 Fax: 9561107 E-mail: zabed@lankabangla- investments.com Website: www.lankabangla- investments.com
<b>Underwriters</b>	<b>Contact person</b>	<b>Contact Number</b>
<b>IDLC Investments Limited</b> D R Tower (4th Floor) 65/2/2 Bir Protik Gazi Golam Dostogir Road, Purana Paltan Dhaka 1000	<b>Md. Moniruzzaman, CFA</b> Managing Director	Tel: 16409, +8809609994352 Fax: 9571171 E-mail: mzaman@idlc.com Website: www.idlc.com
<b>IIDFC Capital Limited</b> Eunoos Trade Center (Level 7) 52-53 Dilkusha C/A, Dhaka 1000	<b>Mohammad Saleh Ahmed</b> Chief Executive Officer	Tel: 9514637-8 Fax: 9514641 Email: icl@iidfc.com Website: www.iidfc.com
<b>LankaBangla Investments Limited</b> City Center, Level – 24 90/1 Motijheel C/A, Dhaka 1000	<b>Hassan Zabed Chowdhury</b> Chief Executive Officer	Tel: 9512621 Fax: 9561107 E-mail: zabed@lankabangla- investments.com Website: www.lankabangla- investments.com
<b>Auditor</b>	<b>Contact person</b>	<b>Contact Number</b>
<b>Hoda Vasi Chowdhury &amp; Co. Chartered Accountants</b> BTMC Bhaban (8th Floor) 7-9, Kawran Bazar Dhaka 1215	<b>Sabbir Ahmed, FCA</b> Partner	Tel: 8121114, 9120090 Fax: 8119298 E-mail: sabbir@hodavasi.com Website: www.hodavasi.com
<b>Credit Rating Company</b>	<b>Contact person</b>	<b>Contact Number</b>
<b>Credit Rating Agency of Bangladesh Limited (CRAB)</b> D H Tower, Level 15 6 Panthapath, Dhaka 1215	<b>Mohammed Tajul Islam</b> Senior Vice President & Chief Rating Officer	Tel: 55013678-79 Fax 55013679 E-mail: info@crab.com.bd Website: www.crab.com.bd
<b>Valuer</b>	<b>Contact person</b>	<b>Contact Number</b>
<b>Rahman Rahman Huq</b> 9 Mohakhali C/A (11th & 12th floors) Bir Uttam AK Khandakar Rd Dhaka	<b>Ali Ashfaq, FCA</b> Partner	Tel: 988 6450-2 Fax: 9886449 E-mail: aashfaq@kpmg.com Website: www.kpmg.com/bd

A person interested to get a prospectus may obtain from the issuer, and the issue manager.

**“If you have any query about this document, you may consult the issuer, issue manager and underwriter”**

“CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE OR OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2015. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER, MANAGING DIRECTOR, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, ISSUE MANAGER, ISSUE MANAGER’S CHIEF EXECUTIVE OFFICER, UNDERWRITERS, AUDITOR(S), VALUER AND/OR CREDIT RATING COMPANY (IF ANY).”

### **Risks in relation to the First Issue**

"This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the securities is Tk. 10.00 (ten) and the issue price is Tk [•], i.e. '[•]-times' of the face value. The issue price has been determined and justified by the issuer and the issue manager or bidding by the eligible investors as stated under the paragraph on “Justification of Issue Price” should not be taken to be indicative of the market price of the securities after listing. No assurance can be given regarding an active or sustained trading of the securities or the price after listing."

### **General Risk**

"Investment in securities involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offer. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended by the Bangladesh Securities and Exchange Commission (BSEC) nor does BSEC guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'risk factors' given on page number(s) 160-167"

### **Issuer’s Absolute Responsibility**

"The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this red-herring prospectus contains all material information with regard to the issuer and the issue, that the information contained in the red-herring prospectus are true, fair and correct in all material aspects and are not misleading in any respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

## Availability of the Prospectus

Prospectus of Runner Automobiles Limited may be obtained from following addresses

Company	Contact person	Contact Number
<b>Runner Automobiles Limited</b> 138/1, Tejgaon I/A Tejgaon, Dhaka 1208	<b>Muhammad Nazrul Islam FCA</b> Chief Financial Officer  <b>Md. Mizanur Rahman</b> Company Secretary	Tel: 8870160 Fax: 8870164, 8870174 Email: nazrul@runnerbd.com mizan@runnerbd.com Website: www.runnerbd.com

Manager to the Issue	Contact person	Contact Number
<b>IDLC Investments Limited</b> D R Tower (4th Floor), 65/2/2 Bir Protik Gazi Golam Dostogir Road Purana Paltan, Dhaka 1000	<b>Md. Moniruzzaman, CFA</b> Managing Director	Tel: 16409, +8809609994352 Fax: 9571171 Email: mzaman@idlc.com Website: www.idlc.com

Stock Exchanges	Available at	Contact Number
<b>Dhaka Stock Exchange Limited</b> 9/F Motijheel C/A, Dhaka 1000	DSE Library	Tel: 9564601,9576210-18 Fax: 9564727, 9569755 Website: www.dsebd.org
<b>Chittagong Stock Exchange Limited</b> CSE Building, 1080, Sheikh Mujib Road Agrabad, Chittagong 4100	CSE Library	Tel: 031-720871-3 031-714632-3 Fax: 031-714101 Website: www.cse.com.bd

Prospectus would also be available on the web site of BSEC ([www.sec.gov.bd](http://www.sec.gov.bd)), DSE ([www.dsebd.org](http://www.dsebd.org)), CSE ([www.cse.com.bd](http://www.cse.com.bd)), Runner Automobiles Limited ([www.runnerbd.com](http://www.runnerbd.com)) and Issue Manager ([www.idlc.com](http://www.idlc.com)) and Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

### Publication of abridged version of prospectus

SI No	Name of Newspaper	Date of Publication
1.	[•]	[•]
2.	[•]	[•]
3.	[•]	[•]
4.	[•]	[•]

## Definitions and Acronyms/Elaborations

<b>A</b>		<b>L</b>	
<b>Allotment</b>	Allotment of shares	<b>LC</b>	Letter of Credit
<b>B</b>		<b>N</b>	
<b>BAS</b>	Bangladesh Accounting Standards	<b>NAV</b>	Net Asset Value
<b>BFRS</b>	Bangladesh Financial Reporting Standards	<b>NBR</b>	National Board of Revenue
<b>BDT</b>	Bangladeshi Taka	<b>NRB</b>	Non Resident Bangladeshi
<b>BO Account</b>	Beneficiary Owner's Account	<b>N/A</b>	Not Applicable
<b>BSEC</b>	Bangladesh Securities and Exchange Commission		
<b>C</b>		<b>P</b>	
<b>CAGR</b>	Compound Annual Growth Rate	<b>P/NAV</b>	Price to Net Asset Value
<b>CC</b>	Cubic Centimeter	<b>PE</b>	Price to Earnings
<b>CDBL</b>	Central Depository Bangladesh Limited		
<b>CDC</b>	Commonwealth Development Corporation		
<b>CFO</b>	Chief Financial Officer		
<b>CIB</b>	Credit Information Bureau	<b>R</b>	
<b>Companies Act</b>	The Companies Act, 1994	<b>RAL/ Issuer</b>	Runner Automobiles Limited
<b>CRAB</b>	Credit Rating Agency of Bangladesh Limited	<b>RJSC</b>	Registrar of Joint Stock Companies and Firms
<b>CSE</b>	Chittagong Stock Exchange Limited		
<b>D</b>		<b>S</b>	
<b>DSE</b>	Dhaka Stock Exchange Limited	<b>Sponsors</b>	Sponsor shareholders of the company
		<b>SRO</b>	Statutory Regulatory Order
<b>E</b>		<b>T</b>	
<b>Exchanges</b>	Stock Exchanges	<b>TIN</b>	Tax Identification Number
<b>F</b>		<b>U</b>	
<b>FC Account</b>	Foreign Currency Account	<b>USD</b>	United States Dollar
<b>FDR</b>	Fixed Deposit Receipt		
<b>FMO</b>	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	<b>V</b>	
<b>FY</b>	Fiscal Year	<b>VAT</b>	Value Added Tax
<b>G</b>			
<b>GBP</b>	Great Britain Pound		
<b>GOB</b>	Government of Bangladesh		
<b>H</b>		<b>I</b>	
<b>HS Code</b>	Harmonized System Code	<b>IFC</b>	International Finance Corporation
		<b>IPO</b>	Initial Public Offering
		<b>Issue Manager/IDLC</b>	IDLC Investments Limited

## Certain Defined Terms and Conventions

In this Prospectus, all references to:

- “Articles” or “Articles of Association” refer to our articles of association;
- “Bangladesh” or “Bangladeshi” refer to the People’s Republic of Bangladesh and the “Bangladeshi Government” or “Government” refer to the Government of the People’s Republic of Bangladesh;
- “Banker to the Issue” refers to a bank to collect money as subscription against security;
- “BAS” refers to Bangladesh Accounting Standards;
- “BFRS” refers to Bangladesh Financial Reporting Standards;
- “Board” or “Board of Directors” refer to our Board of Directors;
- “Commission” means the Bangladesh Securities and Exchange Commission (BSEC) established under the Securities & Exchange Commission Act 1993 (Act No. XV of 1993);
- “Companies Act” refers to the Companies Act, 1994 (Act No. XVIII of 1994);
- “Depository Act” refer to the Depository Act, 1999, as amended;
- “IDLC” or “Issue Manager” refers to IDLC Investments Limited;
- “Initial Public Offering” means first offering of security by an issuer to the general public;
- “Issuer” means any person who has issued or proposes to issue any security;
- “Merchant Banker” means person who, on behalf of client, undertakes fund management or is in underwriting business, or is involved with securities as underwriter, manager or adviser or provides service as corporate adviser in respect of performing all activities relating to issue management;
- “Memorandum” or “Memorandum of Association” refer to our memorandum of association;
- “NAV” refers to Net Asset Value;
- “Non-Resident Bangladeshi (NRB)” refers to an expatriate Bangladeshi or who has dual citizenship or possesses a foreign passport bearing an endorsement from the concerned Bangladesh Embassy to the effect that no visa is required for him to travel Bangladesh;
- “Offering Price” refers to issue price of the ordinary shares of Runner Automobiles Limited;
- “Public Issue” means to public issue of security through initial public offering or repeat public offering;
- “Public Offering” refer the offering of [•] ordinary shares of Runner Automobiles Limited to the public of Bangladesh;
- “Runner Automobiles Limited”, “RAL”, the “Company”, the “Issuer”, “we”, “our”, “ourselves”, or “us” refer to Runner Automobiles Limited, a public limited company incorporated in Bangladesh;
- “Securities” refer to shares of Runner Automobiles Limited;
- “Stock Exchange” means any person who maintains or provides a market place or facilities for bringing together buyers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a Stock Exchange, as that term is generally understood, and includes such market place and facilities;
- “Taka”, “Tk.” Or “BDT” refer to the legal currency of Bangladesh, “U.S dollar”, “US\$” or “USD” refer to the legal currency of the United States of America.

## Table of Contents

Particulars		Page No.
<b>Section I: Executive Summary</b>		<b>1-7</b>
(a)	About the industry	1
(b)	About the Issuer	1
(c)	Financial Information	2
(d)	Features of the issue and its objects	2
(e)	Legal and Other Information	2
(f)	Promoters' background	2
(g)	Capital structure and history of capital raising	6
(h)	Summary of valuation report of securities	6
(i)	Others	7
<b>Section II: Conditions Imposed by Commission in the Consent Letter</b>		<b>8</b>
	Disclosure in respect of issuance of security in Dematerialized Form	8
	Conditions Imposed by Commission Under Rule 4(2) of the Bangladesh Securities And Exchange Commission (Public Issue) Rules, 2015	8
<b>Section III: Declaration and Due Diligence Certificates</b>		<b>9-14</b>
Annex- A	Declaration about the responsibility of the directors, including the CEO of the issuer in respect of the red-herring prospectus	9
Annex- B	Due diligence certificate of the manager to the issue	10
Annex- C	Due diligence certificate of the underwriter(s)	12
<b>Section IV: About the Issuer</b>		<b>15-16</b>
(a)	Name of the issuer, dates of incorporation and commencement of its commercial operations, its logo, addresses of its registered office, other offices and plants, telephone number, fax number, contact person, website address and e-mail address	15
(b)	The names of the sponsors and directors of the issuer	15
(c)	The name, logo and address of the auditors and registrar to the issue, along with their telephone numbers, fax numbers, contact persons, website and e-mail addresses	16
(d)	The name(s) of the stock exchanges where the specified securities are proposed to be listed	16
<b>Section V: Corporate Directory of the Issuer</b>		<b>17</b>
<b>Section VI: Description of the Issuer</b>		<b>18-106</b>
	<b>Summary</b>	
(a)	(i) The summary of the industry and business environment of the issuer	18
	(ii) Summary of consolidated financial, operating and other information	19
	<b>General Information</b>	
	(i) Name and address, telephone and fax numbers of the registered office, corporate head office, other offices, factory, business premises and outlets of the issuer	20
	(ii) The board of directors of the issuer	22
	(iii) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the chairman, managing director, whole time directors, etc. of the issuer	22
(b)	(iv) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the CFO, company secretary, legal advisor, auditors and compliance officer	23
	(v) Names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the issue manager(s), registrar to the issue etc.	23
	(vi) (a) The names of all the credit rating agencies from which credit rating has been obtained	24
	(b) The details of all the credit ratings obtained for the issue and the issuer	24

Particulars			Page No.
	(c)	The rationale or description of the rating(s) so obtained, as furnished by the credit rating agency(s)	24
	(d)	Observations and risk factors as stated in the credit rating report	24
	(vii)	(a) The names, addresses, telephone numbers, fax numbers, contact persons and e-mail addresses of the underwriters and the amount underwritten by them	25
		(b) Declaration by the underwriters that they have sufficient resources as per the regulatory requirements to discharge their respective obligations	25
		(c) Major terms and conditions of the underwriting agreements	26
	<b>Capital Structure</b>		
	(i)	Authorized, issued, subscribed and paid up capital (number and class of securities, allotment dates, nominal price, issue price and form of consideration)	27
	(ii)	Size of the present issue, with break-up (number of securities, description, nominal value and issue amount)	27
	(iii)	Paid up capital before and after the present issue, after conversion of convertible instruments (if any) and share premium account (before and after the issue)	28
	(iv)	Category-wise shareholding structure with percentage before and after the present issue and after conversion of convertible instruments (if any)	28
	(v)	Where shares have been issued for consideration in other than cash at any point of time, details in a separate table, indicating the date of issue, persons to whom those are issued, relationship with the issuer, issue price, consideration and valuation thereof, reasons for the issue and whether any benefits have been accrued to the issuer out of the issue	28
	(vi)	Where shares have been allotted in terms of any merger, amalgamation or acquisition scheme, details of such scheme and shares allotted	33
	(vii)	Where the issuer has issued equity shares under one or more employee stock option schemes, date-wise details of equity shares issued under the schemes, including the price at which such equity shares were issued	33
(c)	(viii)	If the issuer has made any issue of specified securities at a price lower than the issue price during the preceding two years, specific details of the names of the persons to whom such specified securities have been issued, relation with the issuer, reasons for such issue and the price thereof	33
	(ix)	The decision or intention, negotiation and consideration of the issuer to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue	33
	(x)	The total shareholding of the sponsors and directors in a tabular form, clearly stating the names, nature of issue, date of allotment, number of shares, face value, issue price, consideration, date when the shares were made fully paid up, percentage of the total pre and post issue capital, the lock in period and the number and percentage of pledged shares, if any, held by each of them	34
	(xi)	The details of the aggregate shareholding of the sponsors and directors, the aggregate number of specified securities purchased or sold or otherwise transferred by the sponsor and/or by the directors of the issuer and their related parties within six months immediate preceding the date of filing the red-herring prospectus or prospectus or information memorandum	38
	(xii)	The name and address of any person who owns, beneficially or of record, 5% or more of the securities of the issuer, indicating the amount of securities owned, whether they are owned beneficially or of record, and the percentage of the securities represented by such ownership including number of equity shares which they would be entitled to upon exercise of warrant, option or right to convert any convertible instrument	38



Particulars		Page No.
	(xiii) The number of securities of the issuer owned by each of the top ten salaried officers, and all other officers or employees as group, indicating the percentage of outstanding shares represented by the securities owned	38
	<b>Description of Business</b>	
—	(i) The date on which the issuer company was incorporated and the date on which it commenced operations and the nature of the business which the company and its subsidiaries are engaged in or propose to engage in	39
	(ii) Location of the project	41
	(iii) Plant, machinery, technology, process, etc.	41
	(iv) Details of the major events in the history of the issuer, including details of capacity or facility creation, launching of plant, products, marketing, change in ownership and/or key management personnel etc.	42
	(v) Principal products or services of the issuer and markets for such products or services. Past trends and future prospects regarding exports (if applicable) and local market, demand and supply forecasts for the sector in which the product is included with source of data	42
	(vi) If the issuer has more than one product or service, the relative contribution to sales and income of each product or service that accounts for more than 10% of the company's total revenues	42
	(vii) Description of associates, subsidiary and holding company of the issuer and core areas of business thereof	43
	(viii) How the products or services are distributed with details of the distribution channel. Export possibilities and export obligations, if any	43
	(ix) Competitive conditions in business with names, percentage and volume of market shares of major competitors	43
	(x) Sources and availability of raw materials, names and addresses of the principal suppliers and contingency plan in case of any disruption	44
(d)	(xi) Sources of, and requirement for, power, gas and water; or any other utilities and contingency plan in case of any disruption	44
	(xii) Names, address(s), telephone number, web address, e-mail and fax number of the customers who account for 10% or more of the company's products or services with amount and percentage thereof	45
	(xiii) Names, address(s), telephone number, web address, e-mail and fax number of the suppliers from whom the issuer purchases 10% or more of its raw material or finished goods with amount and percentage thereof	45
	(xiv) Description of any contract which the issuer has with its principal suppliers or customers showing the total amount and quantity of transaction for which the contract is made and the duration of the contract. If there is not any of such contract, a declaration is to be disclosed duly signed by CEO or MD, CFO and Chairman on behalf of Board of Directors	45
	(xv) Description of licenses, registrations, NOC and permissions obtained by the issuer with issue, renewal and expiry dates	46
	(xvi) Description of any material patents, trademarks, licenses or royalty agreements	48
	(xvii) Number of total employees and number of full-time employees	48
	(xviii) A brief description of business strategy	48
	(xix) A table containing the existing installed capacities for each product or service, capacity utilization for these products or services in the previous years, projected capacities for existing as well as proposed products or services and the assumptions for future capacity utilization for the next three years in respect of existing as well as proposed products or services. If the projected capacity utilization is higher than the actual average capacity utilization, rationale to achieve the projected levels	48
(e)	<b>Description of Property</b>	

Particulars		Page No.	
	(i)	Location and area of the land, building, principal plants and other property of the company and the condition thereof	49
	(ii)	Whether the property is owned by the company or taken on lease	49
	(iii)	Dates of purchase, last payment date of current rent and mutation date of lands, deed value and other costs including details of land development cost, and current use thereof	50
	(iv)	The names of the persons from whom the lands has been acquired or proposed to be acquired along with the cost of acquisition and relation, if any, of such persons to the issuer or any sponsor or director thereof	53
	(v)	Details of whether the issuer has received all the approvals pertaining to use of the land, if required	54
	(vi)	If the property is owned by the issuer, whether there is a mortgage or other type of charge on the property, with name of the mortgagee	54
	(vii)	If the property is taken on lease, the expiration dates of the lease with name of the lessor, principal terms and conditions of the lease agreements and details of payment	55
	(viii)	Dates of purchase of plant and machineries along with sellers name, address, years of sale, condition when purchased, country of origin, useful economic life at purchase and remaining economic life, purchase price and written down value	58
	(ix)	Details of the machineries required to be bought by the issuer, cost of the machineries, name of the suppliers, date of placement of order and the date or expected date of supply, etc.	76
	(x)	In case the machineries are yet to be delivered, the date of quotations relied upon for the cost estimates given shall also be mentioned	76
	(xi)	If plant is purchased in brand new condition then it should be mentioned	76
	(xii)	Details of the second hand or reconditioned machineries bought or proposed to be bought, if any, including the age of the machineries, balance estimated useful life, etc. as per PSI certificates of the said machineries as submitted to the Commission	76
	(xiii)	A physical verification report by the issue manager(s) regarding the properties as submitted to the Commission	76
	(xiv)	If the issuer is entitled to any intellectual property right or intangible asset, full description of the property, whether the same are legally held by the issuer and whether all formalities in this regard have been complied with	80
	(xv)	Full description of other properties of the issuer	80
	<b>Plan of Operation and Discussion of Financial Condition</b>		
	(a)	Internal and external sources of cash	81
	(b)	Any material commitments for capital expenditure and expected sources of funds for such expenditure	82
	(c)	Causes for any material changes from period to period in revenues, cost of goods sold, other operating expenses and net income	82
	(d)	Any seasonal aspects of the issuer's business	83
	(e)	Any known trends, events or uncertainties that may have material effect on the issuer's future business	83
(f)	(f)	Any assets of the company used to pay off any liabilities	83
	(g)	Any loan taken from or given to any related party or connected person of the issuer with details of the same	83
	(h)	Any future contractual liabilities the issuer may enter into within next one year, and the impact, if any, on the financial fundamentals of the issuer	83
	(i)	The estimated amount, where applicable, of future capital expenditure	83
	(j)	Any VAT, income tax, customs duty or other tax liability which is yet to be paid, including any contingent liabilities stating why the same was not paid prior to the issuance of the prospectus. Updated income tax status for the last 5 years or from commercial operation, which is shorter	83

Particulars		Page No.	
(k)	Any financial commitment, including lease commitment, the company had entered into during the past five years or from commercial operation, which is shorter, giving details as to how the liquidation was or is to be effected	84	
(l)	Details of all personnel related schemes for which the company has to make provision for in future years	85	
(m)	Break down of all expenses related to the public issue	86	
(n)	If the issuer has revalued any of its assets, the name, qualification and experiences of the valuer and the reason for the revaluation, showing the value of the assets prior to the revaluation separately for each asset revalued in a manner which shall facilitate comparison between the historical value and the amount after revaluation and giving a summary of the valuation report along with basis of pricing and certificates required under the revaluation guideline of the Commission	86	
(o)	Where the issuer is a holding or subsidiary company, full disclosure about the transactions, including its nature and amount, between the issuer and its subsidiary or holding company, including transactions which had taken place within the last five years of the issuance of the prospectus or since the date of incorporation of the issuer, whichever is later, clearly indicating whether the issuer is a debtor or a creditor	91	
(p)	Financial Information of Group Companies and Companies under common ownership by more than 50%: following information for the last three years based on the audited financial statements, in respect of all the group companies of the issuer, wherever applicable, along with significant notes of auditors: 1. Date of Incorporation 2. Nature of Business 3. Equity Capital 4. Reserves 5. Sales 6. Profit after tax 7. Earnings per share and Diluted Earnings Per Share 8. Net Asset Value	92	
	9. The highest and lowest market price of shares during the preceding six months with disclosures for changes in capital structure during the period, if any securities of the group are listed with any exchange	95	
	10. Information regarding significant adverse factors relating to the group	95	
	11. Any of the group companies has become sick or is under winding up	95	
	12. The related business transactions within the group and their significance on the financial performance of the issuer	95	
	13. Sales or purchase between group companies or subsidiaries or associate companies when such sales or purchases exceed in value in the aggregate ten percent of the total sales or purchases of the issuer and also material items of income or expenditure arising out of such transactions	95	
	(q)	Where the issuer is a banking company, insurance company, non-banking financial institution or any other company which is regulated and licensed by another primary regulator, a declaration by the board of directors shall be included in the prospectus stating that all requirements of the relevant laws and regulatory requirements of its primary regulator have been adhered to by the issuer	95
	(r)	A report from the auditors regarding any allotment of shares to any person for any consideration otherwise than cash along with relationship of that person with the issuer and rationale of issue price of the shares	96
(s)	Any material information, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public	97	
(t)	Business strategies and future plans	97	

Particulars		Page No.
	Discussion on the results of operations shall inter-alia contain the following:	
	1. A summary of the past financial results after adjustments as given in the auditor's report containing significant items of income and expenditure	98
	2. A summary of major items of income and expenditure	98
	3. The income and sales on account of major products or services	99
(u)	4. In case, other income constitutes more than 10% of the total income, the breakup of the same along with the nature of the income, i.e., recurring or nonrecurring	99
	5. If a material part of the income is dependent upon a single customer or a few major customers, disclosure of this fact along with relevant data. Similarly if any foreign customer constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business considering exchange rate fluctuations	99
	6. In case the issuer has followed any unorthodox procedure for recording sales and revenues, its impact shall be analyzed and disclosed	99
	Comparison of recent financial year with the previous financial years on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure, inter-alia, containing the following:	99
	1. Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.	100
	2. Significant economic changes that materially affect or are likely to affect income from continuing operations	100
(v)	3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations	100
	4. Future changes in relationship between costs and revenues, in case of events such as future increase in labor or material costs or prices that will cause a material change are known	100
	5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices	101
	6. Total turnover of each major industry segment in which the issuer operated	101
	7. Status of any publicly announced new products or business segment	101
	8. The extent to which the business is seasonal	101
(w)	Defaults or rescheduling of borrowings with financial institutions or banks, conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same etc. during the history of operation of the company	101
(x)	Details regarding the changes in the activities of the issuer during the last five years which may had a material effect on the profits or loss, including discontinuance of lines of business, loss of agencies or markets and similar factors	101
(y)	Injunction or restraining order, if any, with possible implications	101
(z)	Technology, market, managerial competence and capacity built-up	101
(aa)	Changes in accounting policies in the last three years	102
(bb)	Significant developments subsequent to the last financial year: A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the red-herring prospectus or prospectus or information memorandum and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months	103
(cc)	If any quarter of the financial year of the issuer ends after the period ended in the audited financial statements as disclosed in the prospectus or information	103

Particulars		Page No.
	memorandum, unaudited financial statements for each of the said quarters duly authenticated by the CEO and CFO of the issuer or information memorandum, unaudited financial statements for each of the said quarters duly authenticated by the CEO and CFO of the issuer;	
(dd)	Factors that may affect the results of operations	103
<b>Section VII: Management's Discussion and Analysis of Financial Condition</b>		
(a)	Overview of business and strategies	104
(b)	SWOT ANALYSIS	104
(c)	Analysis of the financial statements of last five years with reason(s) of fluctuating revenue or sales, other income, total income, cost of material, finance cost, depreciation and amortization expense, other expense; changes of inventories, net profit before and after tax, EPS etc.	105
(d)	Known trends demands, commitments, events or uncertainties that are likely to have an effect on the company's business	106
(e)	Trends or expected fluctuations in liquidity	106
(f)	Off-balance sheet arrangements those have or likely to have a current or future effect on financial condition	106
<b>Section VIII: Directors and Officers</b>		<b>107-121</b>
(a)	Name, Father's name, age, residential address, educational qualification, experience and position of each of the directors of the company and any person nominated or represented to be a director, showing the period for which the nomination has been made and the name of the organization which has nominated him	107
(b)	The date on which he first became a director and the date on which his current term of office shall expire	108
(c)	If any director has any type of interest in other businesses, names and types of business of such organizations. If any director is also a director of another company or owner or partner of any other concern, the names of such organizations	108
(d)	Statement of if any of the directors of the issuer are associated with the securities market in any manner. If any director of the Issuer company is also a director of any issuer of other listed securities during last three years then dividend payment history and market performance of that issuer	11
(e)	Any family relationship (father, mother, spouse, brother, sister, son, daughter, spouse's father, spouse's mother, spouse's brother, spouse' sister) among the directors and top five officers	111
(f)	A very brief description of other businesses of the directors	111
(g)	Short bio-data of each director	113
(h)	Loan status of the issuer, its directors and shareholders who hold 10% or more shares in the paid-up capital of the issuer in terms of the CIB Report of Bangladesh Bank	115
(i)	Name with position, educational qualification, age, date of joining in the company, overall experience (in year), previous employment, salary paid for the financial year of the Chief Executive Officer, Managing Director, Chief Financial Officer, Company Secretary, Advisers, Consultants and all Departmental Heads. If the Chairman, any director or any shareholder received any monthly salary than this information should also be included	115
(j)	Changes in the key management persons during the last three years. Any change otherwise than by way of retirement in the normal course in the senior key management personnel particularly in charge of production, planning, finance and marketing during the last three years prior to the date of filing the information memorandum. If the turnover of key management personnel is high compared to the industry, reasons should be discussed	116
(k)	A profile of the sponsors including their names, father's names, age, personal addresses, educational qualifications, and experiences in the business, positions or posts held in the past, directorship held, other ventures of each sponsor and present position	117

<b>Particulars</b>		<b>Page No.</b>
(l)	If the present directors are not the sponsors and control of the issuer was acquired within five years immediately preceding the date of filing prospectus details regarding the acquisition of control, date of acquisition, terms of acquisition, consideration paid for such acquisition etc.	120
(m)	If the sponsors or directors do not have experience in the proposed line of business, the fact explaining how the proposed activities would be carried out or managed	120
(n)	Interest of the key management persons	120
(o)	All interests and facilities enjoyed by a director, whether pecuniary or non-pecuniary	120
(p)	Number of shares held and percentage of shareholding (pre issue)	120
(q)	Change in board of directors during last three years	121
(r)	Director's engagement with similar business	121
<b>Section IX: Certain Relationships and Related Transactions</b>		<b>122-124</b>
(a)	The prospectus shall contain a description of any transaction during the last five years, or any proposed transactions certified by the auditors, between the issuer and any of the following persons, giving the name of the persons involved in the transaction, their relationship with the issuer, the nature of their interest in the transaction and the amount of such interest, namely : (i) Any director or sponsor or executive officer of the issuer (ii) Any person holding 5% or more of the outstanding shares of the issuer (iii) Any related party or connected person of any of the above persons	122
(b)	Any transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries or holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus	124
(c)	Any loans either taken or given from or to any director or any person connected with the director, clearly specifying details of such loan in the prospectus, and if any loan has been taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan, rate of interest applicable, date of loan taken, date of maturity of loan. and present outstanding of such loan	124
<b>Section X: Executive Compensation</b>		<b>125-126</b>
(a)	The total amount of remuneration or salary or perquisites paid to the top five salaried officers of the issuer in the last accounting year and the name and designation of each such officer	125
(b)	Aggregate amount of remuneration paid to all directors and officers as a group during the last accounting year	125
(c)	If any shareholder director received any monthly salary or perquisite or benefit it must be mentioned along with date of approval in AGM or EGM, terms thereof and payments made during the last accounting year	125
(d)	The board meeting attendance fees received by the director including the managing director along with date of approval in AGM or EGM	125
(e)	Any contract with any director or officer providing for the payment of future compensation	126
(f)	If the issuer intends to substantially increase the remuneration paid to its directors and officers in the current year, appropriate information regarding thereto	126
(g)	Any other benefit or facility provided to the above persons during the last accounting year	126
<b>Section XI: Options Granted to Directors, Officers and Employees</b>		<b>127</b>
<b>Section XII: Transaction with the Directors and Subscribers to the Memorandum</b>		<b>128-129</b>
(a)	The names of the directors and subscribers to the memorandum, the nature and amount of anything of value received or to be received by the issuer from the above persons, or by	128

<b>Particulars</b>		<b>Page No.</b>
	the said persons, directly or indirectly, from the issuer during the last five years along with the description of assets, services or other consideration received or to be received	
(b)	If any assets were acquired or to be acquired within next two financial years from the aforesaid persons, the amount paid for such assets and the method used to determine the price shall be mentioned in the prospectus, and if the assets were acquired by the said persons within five years prior to transfer those to the issuer, the acquisition cost thereof paid by them	129
<b>Section XIII: Ownership of the Company's Securities</b>		<b>130-146</b>
(a)	The names, addresses, BO ID Number of all shareholders of the company before IPO, indicating the amount of securities owned and the percentage of the securities represented by such ownership, in tabular form	130
(b)	There shall also be a table showing the name and address, age, experience, BO ID Number, TIN number, numbers of shares held including percentage, position held in other companies of all the directors before the public issue	134
(c)	The average cost of acquisition of equity shares by the directors certified by the auditors	137
(d)	A detail description of capital built up in respect of shareholding (name-wise) of the issuer's sponsors or directors	138
(e)	Detail of shares issued by the company at a price lower than the issue price	146
(f)	History of significant (5% or more) changes in ownership of securities from inception	146
<b>Section XIV: Corporate Governance</b>		<b>147-152</b>
(a)	A disclosure to the effect that the issuer has complied with the requirements of Corporate Governance Guidelines of the Commission	147
(b)	A compliance report of Corporate Governance requirements certified by competent authority	147
(c)	Details relating to the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committees operate	151
<b>Section XV: Valuation Report of Securities Prepared by the Issue Manager</b>		<b>153-155</b>
(i)	Net asset value at historical or current costs	154
(ii)	Earning-based-value calculated on the basis of weighted average of net profit after tax for immediate preceding five years or such shorter period during which the issuer was in commercial operation	154
(iii)	Average market price per share of similar stocks for the last one year immediately prior to the offer for common stocks with reference and explanation of the similarities or in case of repeat public offering, market price per share of common stock of the issuer for the aforesaid period	155
<b>Section XVI: Debt Securities</b>		<b>156</b>
<b>Section XVII: Parties Involved and their Responsibilities</b>		<b>157</b>
(a)	Issue manager(s)	157
(b)	Underwriters	157
(c)	Statutory Auditors	157
(d)	Cost Auditor	157
(e)	Valuer	157
(f)	Credit Rating Company	157
(g)	Registrar to the Issue	157

<b>Particulars</b>		<b>Page No.</b>
<b>Section XVIII: Material Contracts</b>		<b>158</b>
(a)	Major agreements entered into by the issuer	158
(b)	Material parts of the agreements	158
(c)	Fees payable to different parties	158
<b>Section XIX: Litigations, Fine or Penalty</b>		<b>159</b>
<b>Section XX: Risk Factors and Management's Perceptions about the Risks</b>		<b>160-167</b>
(i)	Internal risk factors	160
(ii)	External risk factors	165
<b>Section XXI: Description of the Issue</b>		<b>168</b>
(a)	Issue size	168
(b)	Number of securities to be issued	168
(c)	Authorized capital and paid-up capital	168
(d)	Face value, premium and offer price per unit of securities	168
(e)	Number of securities to be entitled for each category of applicants	168
(f)	Holding structure of different classes of securities before and after the issue	168
(g)	Objective of the issue including financing requirements and feasibility in respect of enhanced paid-up capital	168
<b>Section XXII: Use of Proceeds</b>		<b>169-180</b>
(a)	Use of net proceeds of the offer indicating the amount to be used for each purpose with head-wise break-up	169
(b)	Utilization of the total amount of paid-up capital and share premium, if any, including the sponsors' contribution and capital raised of the issuer at the time of submission of prospectus, in details with indication of use of such funds in the financial statements	175
(c)	If one of the objects is an investment in a joint venture, a subsidiary, an associate or any acquisition, details of the form of investment, nature of benefit expected to accrue to the issuer as a result of the investment, brief description of business and financials of such venture	176
(d)	If IPO proceeds are not sufficient to complete the project, then source of additional fund must be mentioned. In this connection, copies of contract to meet the additional funds are required to be submitted to the Commission. The means and source of financing, including details of bridge loan or other financial arrangement, which may be repaid from the proceeds of the issue along with utilization of such funds	176
(e)	A schedule mentioning the stages of implementation and utilization of funds received through public offer in a tabular form, progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, the approximate date of completion of the project and the projected date of full commercial operation etc. The schedule shall be signed by the Chief Executive Officer or Managing Director, Chief Financial Officer and Chairman on behalf of Board of Directors of the issuer	176
(f)	If there are contracts covering any of the activities of the issuer for which the proceeds of sale of securities are to be used, such as contracts for the purchase of land or contracts for the construction of buildings, the issuer shall disclose the terms of such contracts, and copies of the contracts shall be enclosed as annexure to the prospectus	177
(g)	If one of the objects of the issue is utilization of the issue proceeds for working capital, basis of estimation of working capital requirement along with the relevant assumptions, reasons for raising additional working capital substantiating the same with relevant facts and figures and also the reasons for financing short with long term investments and an item-wise break-up of last three years working capital and next two years projection	177
(h)	Where the issuer proposes to undertake one or more activities like diversification, modernization, expansion, etc., the total project cost activity-wise or project-wise, as the case may be	177



<b>Particulars</b>		<b>Page No.</b>
(i)	Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phases, if any, which have already been implemented	177
(j)	The details of all existing or anticipated material transactions in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies	177
(k)	Summary of the project appraisal or feasibility report by the relevant professionals not connected with the issuer, issue manager and registrar to the issue with cost of the project and means of finance, weaknesses and threats, if any, as given in the appraisal or feasibility report	177
<b>Section XXIII: Lock-In</b>		<b>181-183</b>
(a)	Provisions for lock-in as per these Rules	181
(b)	Statement of securities to be locked in for each shareholder along with BO account number, lock-in period and number of securities to be locked in	181
<b>Section XXIV: Markets for the Securities being Offered</b>		<b>184</b>
<b>Section XXV: Description of Securities Outstanding or being Offered</b>		<b>185</b>
(a)	Dividend, voting and preemption rights	185
(b)	Conversion and liquidation rights	185
(c)	Dividend policy	185
(d)	Other rights of the securities holders	185
<b>Section XXVI: Financial Statements</b>		<b>186-308</b>
(a)	Audited Financial Statement for the year ended June 30, 2017	187
(b)	Information as is required under section 186 of the Companies Act, 1994 relating to holding company	262
(c)	Selected ratios as specified in Annexure-D	276
(d)	Auditors report under Section 135(1), Paragraph 24(1) of Part II of Schedule III of the Companies Act 1994. The report shall include comparative income statements and balance sheet and aforementioned ratios for immediate preceding five accounting years of the issuer. If the issuer has been in commercial operation for less than five years, the above mentioned inclusion and submission will have to be made for the period since commercial operation	279
	Auditor's Additional Disclosures related to Section 135	283
(e)	Financial spread sheet analysis for the latest audited financial statements	286
(f)	Earnings Per Share (EPS) on fully diluted basis (with the total existing number of shares) in addition to the weighted average number of shares basis.	288
(g)	All extra-ordinary income or non-recurring income coming from other than core operations should be shown separately while showing the Net Profit as well as the Earnings Per Share	288
(h)	Quarterly or half-yearly EPS should not be annualized while calculating the EPS	288
(i)	Net asset value (with and without considering revaluation surplus or reserve) per unit of the securities being offered at the date of the latest audited statement of financial position	288
	Following statements for the last five years or any shorter period of commercial operation certified by the auditors:	289
(k)	(i) Statement of long term and short term borrowings including borrowing from related party or connected persons with rate of interest and interest paid or accrued	290
	(ii) Statement of principal terms of secured loans and assets on which charge have been created against those loans with names of lenders, purpose, sanctioned amount, rate of interest, primary security, collateral or other security, repayment schedule and status	292
	(iii) Statement of unsecured loans with terms and conditions	298

Particulars		Page No.
(iv)	Statement of inventories showing amount of raw material, packing material, stock-in-process and finished goods, consumable items, store and spares parts, inventory of trading goods etc.	299
(v)	Statement of trade receivables showing receivable from related party and connected persons	300
(vi)	Statement of any loan given by the issuer including loans to related party or connected persons with rate of interest and interest realized or accrued	301
(vii)	Statement of other income showing interest income, dividend income, discount received, other non-operating income	302
(viii)	Statement of turnover showing separately in cash and through banking channel	303
(ix)	Statement of related party transaction	304
(x)	Reconciliation of business income shown in tax return with net income shown in audited financial statements	305
(xi)	Confirmation that all receipts and payments of the issuer above Tk.5,00,000/- (five lac) were made through banking channel	306
(xii)	Confirmation that Bank Statements of the issuer are in conformity with its books of accounts	307
(xiii)	Statement of payment status of TAX, VAT and other taxes or duties	308
<b>Section XXVII: Credit Rating Report</b>		<b>309-322</b>
<b>Section XXVIII: Public Issue Application Procedure</b>		<b>323</b>
<b>Section XXIX: Others</b>		<b>324-355</b>
	Management's Additional Disclosures	324
	Auditor's Additional Disclosure	328
	Unaudited financial statements for the period ended March 31, 2018	339

## SECTION I : EXECUTIVE SUMMARY

### a) About the industry

The market for 2 Wheelers is on the rise in Bangladesh riding on an increase in disposable income among the general population. This is exemplified by the rise in the number of 2 Wheelers registered with Bangladesh Road Transport Association (BRTA) from 114,616 in 2011 to 206,387 during January to August 31, 2017. The aggregate number of 2 Wheelers registered in the last seven years more than doubled from 759,257 up to 2010 to 1,930,756 till August 31, 2017.<sup>1</sup> Sales of 2 Wheelers in the country have boomed in remote areas in particular, helped by financing schemes.

The automobile industry in Bangladesh is largely dominated by imported 2 Wheelers primarily from China, India and Taiwan. Recently local assembling has increased as local businesses have begun collaborations with foreign companies such as Hero, Yamaha, and Honda. There are 14-16 large marketers in Bangladesh, among them 5-6 have their own assembling facilities. Others are sole distributors or importers.

### b) About the issuer

**RUNNER** automobiles is pioneering 2 Wheelers manufacturer and assembler in Bangladesh. It has a state of the art factory on 3800 decimal of land in Bhaluka capable of producing at least 100,000 units in a year.

**RUNNER** has the highest sale in sub 100 cc 2 Wheelers with models ranging between 50cc to 150cc meeting the needs of customers of all incomes and profiles.

**RUNNER's** subsidiary Runner Motors Limited is one of the largest distributor in the trucks and light vehicles sector and sells a range of Volvo Eicher trucks.

**RUNNER** has a unique shareholding structure and board composition. One set of sponsors includes experts from the 2 Wheelers industry with in-depth knowledge about the market and its preferences. This group helps the board to make the right decision about products and marketing strategies. Another set of sponsors include the Frontier Fund, a private equity fund whose sponsors include international institutional investors such as the International Finance Corporation, and the Dutch development bank FMO. These investors have supported the Company in adopting best practice in the area of governance and environmental issues, and in bringing international industry expertise to the company.

**RUNNER** has strong board with an Audit Committee chaired by Mr. Johannes (Phil) N.H van Haarlem – an Independent Director who is a Dutch national with extensive experience in automobiles industries.

**RUNNER's** management team is led by Mr. Mukesh Sharma, Managing Director and Chief Executive Officer, who has strong engineering and marketing background with a rich 23+ years experience of working with world class 2 Wheelers manufacturers like Hero MotoCorp Ltd. (formerly Hero Honda Motors Ltd.). Apart from being a subject matter expert in Sales & Marketing, he has extensive knowledge in fields of Research & Development, New product Development, Quality Control Processes and Project Management.

**RUNNER** has successfully raised BDT 326 mn through private placement from 24 individual and institutional investors.

**RUNNER** produces 2 Wheelers at competitive prices. Recently BAJAJ Autos Ltd. of India appointed RAL as a distributor for famous BAJAJ RE brand (LPG, Diesel, Passenger and Cargo) 3 Wheelers (3W) in Bangladesh. Since incorporation, the Company has been organizing its dealer network and well covered service supports countrywide. RAL's product range varies from 50 cc to 150 cc with some 13 models of 2 Wheelers and scooters. The products are sold through dealers and Company Owned Company Operated (COCO) stores as well as directly to corporates, through tenders and online. The company's motorcycle brands are AD 80S, AD 80S Deluxe, Cheeta, F 100- 6A, DY 50, Bullet, Royal +, Knight Rider, Turbo, Turbo 125, Freedom, Kite, Kite+.

**RUNNER** is expanding its footprint into the international market. Currently, Runner motorcycles are being exported to Nepal.

**RUNNER** is an ISO 9001:2015, ISO 14001:2015 & BS OHSAS 18001:2007 certified company.

---

<sup>1</sup> Source: <http://www.brta.gov.bd/newsite/en/whole-bangladesh-up-to-sep-2016/>

### c) Financial Information

Particulars	2016-17		2015-16	
	Stand alone	Consolidated	Stand alone	Consolidated (Restated)
Revenue	2,410,036,191	6,494,673,830	1,550,187,260	5,164,999,397
Gross profit	681,451,172	1,648,714,185	430,704,062	1,340,650,895
Operating expenses	(327,161,281)	(768,686,382)	(199,226,612)	(571,484,217)
Operating profit	354,289,891	880,027,803	231,477,450	769,166,678
Net profit before income tax	222,230,837	560,582,681	88,010,426	533,219,190
Net profit after tax	190,899,829	393,489,689	73,975,688	363,771,173
Profit for the year attributable to equity holders of the parent	-	303,319,719	-	252,463,357
EPS	2.03	3.22	0.81	2.78
Total Assets	6,286,968,758	13,800,401,400	5,661,470,895	12,499,180,745
Shareholder's Equity	4,005,614,226	5,246,918,730	3,814,714,398	4,943,599,011
Number of ordinary shares	94,202,921	94,202,921	94,202,921	94,202,921
NAV (with revaluation)	42.52	55.70	40.49	52.48
NAV (without revaluation)	28.76	41.94	26.72	38.70

### d) Feature of the issue and its objects

The Company plans to raise BDT 1,000 mn through IPO and utilize the IPO proceeds in business expansion, IPO expenses and repayment of bank loan. In particular, the Company plans to develop new models of 2 Wheelers in the range of 110cc to 150cc such as Cruiser bikes & Street bike as well as development of existing 80cc to 150cc bike and also introduce Scooter series, for local and international market which will be financed from IPO proceeds and company's business generated income.

The company plans to revamp its press shop with new dies and moulds for manufacturing its new models. The enhanced quality of the new 2 Wheelers will help Runner to get a competitive edge in 2 Wheelers market. Dies, Moulds, new product design and machineries will be purchased from various countries, primarily from Taiwan, China, India, Korea and Japan. The total project cost would be **BDT 787.69 mn**. The new design of 2 Wheelers will be marketed **within 19 months of obtaining IPO proceeds** and the expansion through this project will increase the overall profitability of the company.

### e) Legal and other Information

Runner Automobiles Limited is a public company limited by shares and is domiciled in Bangladesh. Initially established as a proprietorship business named M/S Runner, it was later incorporated as Runner Automobiles Limited with the Registrar of Joint Stock Companies and Firms in Bangladesh as a private company limited by shares on July 4, 2000 vide incorporation no C-40658 (17)/2000 under Companies Act, 1994. The company was converted into a public limited company on January 26, 2012 under the Companies Act, 1994. The denomination of face value of shares was converted to BDT 10 on December 26, 2011.

### f) Promoter's Background

There is no definition of promoter in Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 and amendments to the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.

Sponsor means any person whose name appears as subscriber to the Memorandum and Articles of Association of a company.

When the Company was incorporation time following persons were the subscribers to the Memorandum and Articles of Association-

Sl. No.	Name
1.	Hafizur Rahman Khan
2.	Md. Mozammel Hossain
3.	Md. Mohammad Ali Deen
4.	Md. Jahurul Alam
5.	Taslim Uddin Ahmed
6.	Md. Amjad Ali
7.	Md. Sairul Islam
8.	Mohammad Nazim Uddin
9.	Sk. Abul Kalam Azad
10.	Md. Borhanul Ahasan Chowdhury
11.	Amir Hossain Khokon
12.	Md. Ahsan Sayed
13.	Rafiqul Islam Chowdhury
14.	Rabindranath Ghosh
15.	Manjarul Alam
16.	Anjuman Ara Begum
17.	Md. Shamsul Alam
18.	Parveen Alam
19.	Md. Rafiqul Islam

Their background is stated below-

**Hafizur Rahman Khan**  
**Chairman**

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 and is actively involved in the operations of the company. 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 2013-2014.

**Md. Mozammel Hossain**  
**Vice Chairman**

Md. Mozammel Hossain, born in 1955, is the Vice Chairman of Runner Automobiles Limited. He completed B. Com (Hons), M. Com (Marketing) from University of Dhaka. Upon completion of education he started his career in 1980 in Singer Bangladesh Limited and worked there till 1985. Then he joined HS Enterprise Limited and served there from 1985 to 1999 as General Manager (Marketing). He is actively involved in Runner Automobiles Limited since inception. He is one of the most experienced industrialists in the automobile and electronics sector.

**Md. Mohammad Ali Deen**  
**Director**

Mohammad Ali Deen, born in 1956, is a Director of Runner Automobiles Limited and also a Member of Audit Committee of the company. He achieved his Bachelor of Science in 1978. Mr. Mohammad Ali Deen has 37 years of business experience in the automobile sector and various other business areas in Bangladesh. He is the Chairman of Deen Impex. In addition, Mr. Deen is currently serving as the Vice President of Commonwealth of Independent State-Bangladesh Chamber of Commerce & Industry (CIS-BCCI) and 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). In addition to his involvements with various business associations, Mr. Deen is actively engaged with different other sports, educational and socio-cultural activities. He is the First Vice President of Bangladesh Tennis Federation, Vice President of Naogaon Tennis Club, Executive Member of Bangladesh Olympic Association and a Permanent Member of Dhaka Club Ltd. He is serving as a

Member of Board of Trustees of Varendra University and Director of Bangladesh Automobile Assemblers and Manufacturing Association (BAAMA).

**Md. Jahurul Alam**  
**Director**

Md. Jahurul Alam, born in 1948, is a Director of Runner Automobiles Limited. He is a graduate in Science (Applied Chemistry) from University of Dhaka. He has 26 years of business experience in dealership (Sales & Service).

**Taslim Uddin Ahmed**  
**Director**

Taslim Uddin Ahmed, born in 1948, is a Director of Runner Automobiles Limited. He is a graduate in Science from Politechnique Institutes of Dinajpur. He has more than 38 years' experience in 2 Wheelers marketing and selling.

**Md. Amjad Ali**  
**Sponsor**

Md. Amjad Ali, born in 1949 in Rajshahi, was a sponsor shareholder of Runner Automobiles Limited. He has completed M. Com (Management) from Rajshahi University and has widespread business experience of 34 years in two wheeler business. He is also the owner of Nupu Corporation & other business in the northern side of this country. However, currently he is no longer a shareholder of the company.

**Md. Sairul Islam**  
**Sponsor**

Md. Sairul Islam, born in 1963 in Bogra, is a sponsor shareholder of Runner Automobiles Limited. He is a Graduate from National University and involved in business. He has broad business experience of 27 years in two wheeler and Real Estate and has been leading this company sincerely from a long time.

**Mohammad Nazim Uddin**  
**Sponsor**

Mohammed Nazim Uddin, born in 1965 in Potia, Chittagong, is a sponsor shareholder of Runner Automobiles Limited. He has completed Diploma in Engineering from Chittagong Polytechnic Institute and involved in two wheeler business. He has an extensive business experience of 31 years in two wheeler out of total 35 years experience and has been leading this company sincerely from a long time.

**Sk. Abul Kalam Azad**  
**Sponsor**

Sk. Abul Kalam Azad, born in 1959 in Thakurgaon, was a sponsor shareholder of Runner Automobiles Limited. He is a Graduate from National University and involved in business along with two wheeler. He has an extensive business experience of 24 years in two wheeler out of total 28 years experience and has been leading this company sincerely from a long time. His long experience & tired less activities reach this company such a top position. However, currently he is no longer a shareholder of the company.

**Md. Borhanul Ahasan Chowdhury**  
**Sponsor**

Md. Borhanul Ahasan Chowdhury was a sponsor of Runner Automobiles Limited. However, currently he is no longer a shareholder of the company. However, currently he is no longer a shareholder of the company.

**Amir Hossain Khokon**  
**Sponsor**

Amir Hossain Khokon was a sponsor of Runner Automobiles Limited. However, currently he is no longer a shareholder of the company.

**Md. Ahsan Sayed**  
**Sponsor**

Md. Ahsan Sayed, born in 1969 in Naogaon, is a sponsor shareholder of Runner Automobiles Limited. He is a Graduate from National University and involved in various business. He has an extensive business experience of 21 years in two wheeler, steel and agriculture.

**Rafiqul Islam Chowdhury**  
**Sponsor**

Rafiqul Islam Chowdhury, born in Dhaka, is a sponsor shareholder of Runner Automobiles Limited He is a graduate and involved in two wheeler business along with other business. He has a far-reaching business experience of 24 years in two wheeler business.

**Rabindranath Ghosh**  
**Sponsor**

Rabindranath Ghosh, born in 1950 in Dhaka, was a sponsor shareholder of Runner Automobiles Limited. He is a graduate and involved in two wheeler business along with other business. He has a far-reaching business experience of 18 years in two wheeler business out of total 30 years experience and has been leading this company sincerely from a long time. His long experience & tired less activities reach this company such a top position.

**Manjarul Alam**  
**Sponsor**

Manjarul Alam was a sponsor of Runner Automobiles Limited. However, currently he is no longer a shareholder of the company.

**Anjuman Ara Begum**  
**Sponsor**

Anjuman Ara Begum was a sponsor shareholder of Runner Automobiles Limited.

**Md. Shamsul Alam**  
**Sponsor**

Md. Shamsul Alam, born in 1956 in Khulna, is a Sponsor shareholder of Runner Automobiles Ltd. He has completed Higher Secondary and involved in two wheeler business. He has an extensive business experience of 40 years in two wheeler out of total 47 years experience and has been leading this company sincerely from a long time.

**Parveen Alam**  
**Sponsor**

Parveen Alam was a sponsor shareholder of Runner Automobiles Limited.

**Md. Rafiqul Islam**  
**Sponsor**

Md. Rafiqul Islam was a sponsor shareholder of Runner Automobiles Limited.

Mentionable here that out of above 19 promoters presently 10 promoters namely Hafizur Rahman Khan, Md. Mozammel Hossain, Mohammad Ali Deen, Md. Jahurul Alam, Taslim Uddin Ahmed, Md. Sairul Islam, Mohammed Nazim Uddin, Md. Ahsan Sayed, Rafiqul Islam Chowdhury and Md. Shamsul Alam are still shareholders of the company. Rest 9 shareholders namely Manjarul Alam, Md. Amjad Ali, Md. Borhanul Ahasan Chowdhury, Sk. Abul Kalam Azad, Amir Hossain Khokon, Rabindranath Ghosh, Anjuman Ara Begum, Parveen Alam and Md. Rafiqul Islam have transferred all of their shares.

**g) Capital Structure and history of capital raising**

Particulars	Allotment Date	Face Value (BDT)	Issue Price (BDT)	No. of Shares	Amount (BDT)	Form of consideration
Authorized Capital		10	-	200,000,000	2,000,000,000	-
<b>Issued, Subscribed &amp; Paid up shares</b>						
1 <sup>st</sup> Allotment (Subscription to the Memorandum & Articles of Association)	At the time of Incorporation	10	10	402,000	4,020,000	Cash
2 <sup>nd</sup> Allotment	11.06.2002	10	10	938,000	9,380,000	Cash
3 <sup>rd</sup> Allotment	17.02.2005	10	10	1,340,000	13,400,000	Bonus
4 <sup>th</sup> Allotment	07.08.2005	10	10	200,000	2,000,000	Cash
5 <sup>th</sup> Allotment	10.02.2009	10	10	40,000	400,000	Cash
6 <sup>th</sup> Allotment	11.07.2010	10	55	20,000	200,000	Cash
7 <sup>th</sup> Allotment	28.08.2010	10	10	5,880,000	58,800,000	Bonus
8 <sup>th</sup> Allotment	01.08.2011	10	10	150,000	1,500,000	Cash
9 <sup>th</sup> Allotment	10.03.2012	10	10	6,030,000	60,300,000	Other than cash
10 <sup>th</sup> Allotment	12.01.2013	10	10	15,000,000	150,000,000	Bonus
11 <sup>th</sup> Allotment	28.09.2013	10	77.91	13,478,261	134,782,610	Cash
12 <sup>th</sup> Allotment	22.02.2015	10	10	21,739,130	217,391,300	Bonus
13 <sup>th</sup> Allotment	22.09.2015	10	10	21,739,130	217,391,300	Bonus
14 <sup>th</sup> Allotment	17.12.2015	10	45	7,246,400	72,464,000	Cash
<b>Total</b>				<b>94,202,921</b>	<b>942,029,210</b>	

In 2013, Brummer Frontier PE II (Mauritius) Limited (“Brummer”) became a significant shareholder of the Company and it presently holds 28.62% shares. It is a private limited company incorporated in Mauritius and provides long-term growth equity capital to companies in Bangladesh. Brummer leverages its local and international networks to support the growth of the companies it invests in.

In 2015 another equity investment came from 24 individual and institutional investors, who invested BDT 326 mn through private placement of ordinary shares of the Company.

**h) Summary of valuation report of securities**

Sl. No.	Valuation Methods	Fair Value (BDT)
1A.	Net Asset Value Per Share (With Revaluation)	55.70
1B.	Net Asset Value Per Share (Without Revaluation)	41.94
2.	Earning based Value per Share	50.26
3.	Average Market Price of Similar Stock Based Valuation	95.65



**i) Others**

**(a) Summary of Revaluation**

<b>Particulars</b>	<b>Revaluation Conducted on Cut-off Date of December 31, 2010</b>	<b>Revaluation Conducted on Cut-off Date of December 31, 2014</b>
Type of Asset Revalued	Fixed Assets	Land & Building
Cut-off Date of Revaluation	December 31, 2010	December 31, 2014
Name of the Valuer	Rahman Rahman Huq (A Category)	Rahman Rahman Huq (A Category)
Value of fixed assets after revaluation	472,931,557	1,823,849,673
Revaluation Amount	1,258,498,190	2,399,354,970
Revaluation surplus	785,566,633	575,505,297

**(b) Declaration regarding any material change including raising of paid-up capital after the date of audited financial statements as included in the prospectus**

**DECLARATION REGARDING ANY MATERIAL CHANGE INCLUDING RAISING OF PAID-UP CAPITAL AFTER THE DATE OF AUDITED FINANCIAL STATEMENTS AS INCLUDED IN THE PROSPECTUS**

This is to declare that Runner Automobiles Limited has not made any material change including raising of paid up capital after the date of audited financial statements as included in the prospectus.

**Sd/-**

**Mukesh Sharma**

Managing Director and CEO  
Runner Automobiles Limited

**(c) Declaration regarding the issue manager or any of its connected persons is in no way connected with the issuer or any of its connected persons nor does hold any securities thereof**

**DECLARATION THAT THE ISSUE MANAGER OR ANY OF ITS CONNECTED PERSONS IS IN NO WAY CONNECTED WITH THE ISSUER OR ANY OF ITS CONNECTED PERSONS NOR DOES HOLD ANY SECURITIES**

This is to declare that IDLC Investments Limited, the issue manager, or any of its connected persons is in no way connected with the issuer Runner Automobiles Limited or any of its connected persons nor does hold any of its securities.

**Sd/-**

**Md. Moniruzzaman**

Managing Director  
IDLC Investments Limited

## **SECTION II : CONDITION IMPOSED BY THE COMMISSION IN THE CONSENT LETTER**

### **Disclosure in respect of issuance of security in Dematerialized Form**

As per provision of the Depository Act, 1999 and regulation made there under, shares will be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (rights/bonus) will be issued in dematerialized form only.

### **CONDITIONS IMPOSED BY COMMISSION UNDER RULE 4(2) OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2015**

To be incorporated after obtaining consent letter from Bangladesh Securities and Exchange Commission.

## SECTION III : DECLARATIONS AND DUE DILIGENCE CERTIFICATES

### Annexure A

#### Declaration about the responsibility of the directors, including the CEO of the issuer in respect of the red-herring prospectus

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

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

Sd/- <b>Hafizur Rahman Khan</b> Chairman	Sd/- <b>Md. Mozammel Hossain</b> Vice Chairman
Sd/- <b>Mukesh Sharma</b> Managing Director and CEO	Sd/- <b>Md. Jahurul Alam</b> Director
Sd/- <b>Taslim Uddin Ahmed</b> Director	Sd/- <b>Mohammad Ali Deen</b> Director
Sd/- <b>Khalid Shahidul Quadir</b> Director (Nominated by Brummer Frontier PE II (Mauritius) Limited)	Sd/- <b>Muallem A Choudhury FCA</b> Director (Nominated by Brummer Frontier PE II (Mauritius) Limited)
Sd/- <b>Johannes (Phil) N.H. van Haarlem</b> Independent Director	Sd/- <b>Faruq Ahmad Siddiqi</b> Independent Director

## **Annexure B**

### **Due Diligence Certificate of the Issue Manager**

**To**  
**The Bangladesh Securities and Exchange Commission**

**Sub: Public Issue of [•] Ordinary Shares of BDT 1,000 million by Runner Automobiles Limited**

**Dear Sir,**

We, the issue manager to the above-mentioned forthcoming issue, state and confirm as follows:

- (1) We have examined all the documents submitted with the application for the above mentioned public issue, visited the premises of the issuer and interviewed the Chairperson, Directors and key management personnel of the issuer in connection with the finalization of the red-herring prospectus pertaining to the said issue;
- (2) On the basis of such examination and the discussions with the directors, officers and auditors of the issuer, other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

**WE CONFIRM THAT:**

- (a) The red-herring prospectus filed with the Commission is in conformity with the documents, materials and papers relevant to the issue;
- (b) All the legal requirements relating to the issue as also in the rules, notification, guidelines, instructions, etc. framed/issued by the Commission, other competent authorities in this behalf and the Government have been duly complied with;
- (c) The disclosures made in red-herring prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 and other applicable laws;
- (d) Besides ourselves, all the intermediaries named in the red-herring prospectus/ prospectus/ information memorandum are registered with the Commission and that till date such registrations are valid;
- (e) We have satisfied ourselves about the capability of the underwriters to fulfill their underwriting commitments;
- (f) The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out till now are valid in terms of the object clause of its Memorandum of Association;
- (g) Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purposes disclosed in the use of proceeds section of the red-herring prospectus;
- (h) All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investor to make a well informed decision;
- (i) We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer, situation at which the proposed business stands, the risk factors, sponsors experiences etc. We also confirm that the due diligence related process, documents and approval memos shall be kept in record by us for the next 5 (five) years after the IPO for any further inspection by the Commission;

- (j) We enclose a checklist confirming rule-wise compliance with the applicable provisions of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 containing details such as the rule number, its text, the status of compliance, page numbers of the red-herring prospectus/ prospectus/ information memorandum where the rules has been complied with and our comments, if any;
- (k) We also declare that we have managed the public issue of following issuers in the last 05 (five) years:

Sl. No.	Name of the Issue	Issue Month/Year	Issue Price in BDT	Dividend Payment History				
				2013	2014	2015	2016	2017
1	GBB Power Limited	May, 2012	40	15% Bonus	15% Bonus	5% Final Cash 10% Interim Cash For 18 months period from January 01, 2015 to June 30, 2016		5% Cash 5% Bonus
2	Paramount Textile Limited	November, 2013	28	12% Bonus	15% Bonus	16% Cash	10% Cash 7% Bonus	5% Cash 10% Bonus
3	Matin Spinning Mills Limited	April, 2014	37	-	25% Cash	27% Cash	23% Cash	15% Cash
4	Far East Knitting & Dyeing Industries Limited	August, 2014	27	-	5% Cash 15% Bonus	5% Cash 10% Bonus	5% Cash 10% Bonus	15% Bonus
5	Tosrifa Industries Limited	June, 2015	26	-	5% Cash 7% Bonus	12% cash	No dividend for January to June 2016	10% Cash

Sd/-

**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

Place: Dhaka  
Date: January 18, 2018

## Annexure C

### DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER (IDLC Investments Limited)

To –  
The Bangladesh Securities and Exchange Commission

Sub: Public offer of [•] Ordinary Shares of BDT 1,000,000,000 of Runner Automobiles Limited

Dear Sir,

We, the under-noted Underwriter(s) to the above mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue, and the contents of the documents and other materials furnished by the issuer company.

#### WE CONFIRM THAT:

- (a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at BDT 2,200 million (Two thousand and two hundred million) and we have the capacity to underwrite a total amount of BDT 11,000 million (Eleven thousand million) as per relevant legal requirements. We have committed to underwrite for up to BDT 320,000,000 (Three Hundred Twenty Million only) for the upcoming issue.
- (b) At present, the following underwriting obligations are pending for us:
  - i. AB Bank Limited (Rights Issue) – BDT 969.20 million
  - ii. Popular Pharmaceuticals Limited- BDT 225 million
  - iii. Ratanpur Steel Rerolling Mills Limited- BDT 50 million
  - iv. Esquire Knit Composite Limited (IPO) – BDT 20 million
  - v. Western Marine Shipyard Limited – BDT 150 million
- (c) All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;
- (d) We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
- (e) This underwriting commitment is unequivocal and irrevocable.

For the Underwriter

Sd/-

**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

Place : Dhaka

Date : January 24, 2018

## DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER (IIDFC Capital Limited)

To  
The Bangladesh Securities and Exchange Commission

**Sub: Public offer of ordinary Shares of Tk. 1000,000,000 of Runner Automobiles Limited**

Dear Sir,

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

### WE CONFIRM THAT:

(a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk. 600,000,000 (Taka Sixty Crore Only) and we have the capacity to underwrite a total amount of Tk. 3,000,000,000 (Taka Three Hundred Crore Only) as per relevant legal requirements. We have committed to underwrite for up to Tk. 15,000,000 (Taka One Crore Fifty Lac Only) for the upcoming issue.

(b) At present, the following underwriting obligations are pending for us:

Sl. No.	Name of The Company	Amount Underwritten (Taka)
1	Mohammed Elias Brothers POY Manufacturing Plant Limited	3,500,000.00
2	AB Bank Limited (Rights Share Offer )	280,000,000.00
3	Bashundhara Paper Mills Ltd.	25,000,000.00
4	Infinity Technology International Limited	52,500,000.00
5	SK Trims & Industries Limited.	25,000,000.00
6	Popular Pharmaceuticals Limited	10,000,000.00
7	Runner Automobiles Limited	15,000,000.00
<b>Total</b>		<b>411,000,000.00</b>

(c) All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;

(d) We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and

(e) This underwriting commitment is unequivocal and irrevocable.

### For the Underwriter:

Sd/-  
**Mohammed Saleh Ahmed**  
Chief Executive Officer  
IIDFC Capital Limited

Date: January 9, 2018

## DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER (LankaBangla Investments Limited)

To

The Bangladesh Securities and Exchange Commission

**Sub: PUBLIC OFFER OF [·] ORDINARY SHARES OF TK. 1,000,000,000/- OF RUNNER AUTOMOBILES LIMITED**

Dear Sir,

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

### WE CONFIRM THAT:

- a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at BDT 1,670,000,000.00 (Taka One Hundred Sixty Seven Crore only) and we have the capacity to underwrite a total amount of BDT. 8,350,000,000.00 (Taka Eight Hundred Thirty Five Crore only) as per relevant legal requirements. We have committed to underwrite for up to BDT. **15,000,000.00** (Taka One Crore Fifty Lacs Only) for the upcoming issue.

- b) At present, the following underwriting obligations are pending for us:

Sl. No.	Name of The Company	Amount Underwritten (in BDT)
1	VFS THREAD DYEING LIMITED	20,000,000.00
2	STS HOLDINGS LIMITED	60,800,000.00
3	DHAKA REGENCY HOTEL AND RESORT LIMITED	52,500,000.00
4	BASHUNDHARA PAPER MILLS LIMITED	50,000,000.00
5	AB BANK LIMITED	800,000,000.00
6	AMAN COTTON FIBROUS LIMITED	20,000,000.00
7	BENGAL POLY AND PAPER SACK LIMITED	10,000,000.00
8	DELTA HOSPITAL LIMITED	8,000,000.00
9	ESQUIRE KNIT COMPOSITE LIMITED	20,000,000.00
10	SHAMSUL ALAMIN REAL ESTATE LIMITED	30,000,000.00
11	DESH GENERAL INSURANCE COMPANY LIMITED	5,600,000.00
12	ENERGY PAC POWER GENERATION LIMITED	410,000,000.00
13	RATANPUR STEEL RE-ROLLING MILLS LTD	100,000,000.00
14	ASHUGANJ POWER STATION COMPANY LIMITED	70,000,000.00
	<b>Total</b>	<b>1,656,900,000.00</b>

- c) All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;
- d) We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
- e) This underwriting commitment is unequivocal and irrevocable.

For the Underwriter:

Sd/-


**Hassan Zabed Chowdhury**  
Chief Executive Officer (Acting)  
LankaBangla Investments Limited

Date: November 8, 2017  
LankaBangla Investments Limited



## SECTION IV : ABOUT THE ISSUER

(a) Name of the issuer, dates of incorporation and commencement of its commercial operations, its logo, addresses of its registered office, other offices and plants, telephone number, fax number, contact person, website address and e-mail address

Name of the Issuer	Runner Automobiles Limited
Date of Incorporation	July 4, 2000
Date of Commencement of Commercial Operation	July 4, 2000
Logo	
Address of Registered Office	138/1, Tejgaon I/A Tejgaon, Dhaka 1208
Address of Other Offices and Plants	Factory: Paragaon, Barachala, Bhaluka, Mymensingh
Telephone Number	8870160
Fax Number	8870164
Contact Person	<b>Muhammad Nazrul Islam FCA</b> Chief Financial Officer  <b>Md. Mizanur Rahman</b> Company Secretary
Website Address	www.runnerbd.com
E-mail Address	nazrul@runnerbd.com, mizan@runner.com

(b) The names of the sponsors and directors of the issuer

### Name of Sponsors

“Sponsor” means any person whose name appears as subscriber to the Memorandum and Articles of Association

- |                         |   |
|-------------------------|---|
| 1. Hafizur Rahman Khan  | 9. Md. Borhanul Ahasan Chowdhury                        |
| 2. Md. Mozammel Hossain | 10. Amir Hossain Khokon                                 |
| 3. Mohammad Ali Deen    | 11. Md. Ahsan Sayed                                     |
| 4. Taslim Uddin Ahmed   | 12. Rafiqul Islam Chowdhury                             |
| 5. Md. Amjad Ali        | 13. Rabindranath Ghosh                                  |
| 6. Md. Sairul Islam     | 14. Md. Jahurul Alam, Manjarul Alam & Anjuman Ara Begum |
| 7. Mohammad Nazim Uddin | 15. Md. Shamsul Alam & Parveen Alam                     |
| 8. Sk. Abul Kalam Azad  | 16. Md. Rafiqul Islam                                   |

### Name of Directors

Sl. no	Name	Position
1	Hafizur Rahman Khan	Chairman
2	Md. Mozammel Hossain	Vice Chairman
3	Mukesh Sharma	Managing Director and CEO
4	Mohammad Ali Deen	Director
5	Md. Jahurul Alam	Director
6	Taslim Uddin Ahmed	Director
7	Khalid Shahidul Quadir	Director, Nominated by Brummer Frontier PE II (Mauritius) Limited
8	Muallem A Choudhury FCA	Director, Nominated by Brummer Frontier PE II (Mauritius) Limited
9	Faruq Ahmad Siddiqi	Independent Director
10	Johannes (Phil) N.H. van Haarlem	Independent Director

(c) The name, logo and address of the auditors and registrar to the issue, along with their telephone numbers, fax numbers, contact persons, website and e-mail addresses

Particulars	Information	
<b>Auditor</b>	Name	<b>Hoda Vasi Chowdhury &amp; Co.</b> , Chartered Accountants
	Logo	No registered logo
	Address	BTMC Bhaban (8 <sup>th</sup> Floor) 7-9, Kawran Bazar, Dhaka 1215
	Telephone Number	8121114, 9120090
	Fax Number	8119298
	Contact Person	Sabbir Ahmed FCA, Partner
	Website	www.hodavasi.com
	E-mail Address	sabbir@hodavasi.com
<b>Registrar to the Issue</b>	Name	<b>LankaBangla Investments Limited</b>
	Logo	
	Address	City Center, Level 24, 90/1 Motijheel C/A, Dhaka 1000
	Telephone Number	95112621
	Fax Number	9561107
	Contact Person	Hassan Zabed Chowdhury, Chief Executive Officer
	Website	www.lankabangla-investments.com
	E-mail Address	zabed@lankabangla-investments.com

(d) The name(s) of the stock exchanges where the specified securities are proposed to be listed

**Dhaka Stock Exchange Limited**

9/F Motijheel C/A, Dhaka 1000

Tel: 9564601, 9576210-18

**Chittagong Stock Exchange Limited**

CSE Building, 1080, Sheikh Mujib Road, Agrabad, Chittagong 4100

Tel: 031-720871-3, 031-714632-3

## SECTION V : CORPORATE DIRECTORY OF THE ISSUER

---

**Registered and Corporate Office** 138/1, Tejgaon I/A, Tejgaon, Dhaka 1208  
Tel: 8870160, Fax: 8870164, 8870174  
Website: www.runnerbd.com

---

**Factory Office** Borochala, Paragaon, Bhaluka, Mymensingh.  
Cell : 01730405353  
Website: www.runnerbd.com

---

**Company's Compliance Officers** **Muhammad Nazrul Islam FCA**  
Chief Financial Officer  
138/1, Tejgaon I/A, Tejgaon, Dhaka 1208  
Tel: 8870160, Fax: 8870164, 8870174

**Md. Mizanur Rahman**  
Company Secretary  
138/1, Tejgaon I/A, Tejgaon, Dhaka 1208  
Tel: 8870160, Fax: 8870164, 8870174

---

## SECTION VI : DESCRIPTION OF THE ISSUER

### (A) SUMMARY

#### (i) Summary of the Industry and business environment of the issuer

Runner Automobiles Limited is a pioneering 2 Wheeler manufacturer and assembler in Bangladesh. It has a state of the art manufacturing facility on 3800 decimal of land in Bhaluka with capabilities to produce at least 100,000 units a year.

Initially established as a proprietorship business named M/S Runner, it was later incorporated as Runner Automobiles Limited with the Registrar of Joint Stock Companies and Firms in Bangladesh as a private company limited by shares on July 4, 2000 vide incorporation no C-40658 (17)/2000 under Companies Act, 1994.

The principal product of the Company is 2 Wheelers. Runner Automobiles Limited produces high quality, high performance 2 Wheelers at competitive prices. RAL's product range varies from 50 cc to 150 cc with some 13 models of 2 Wheelers and scooters. The products are sold to Customers and Corporate clients through Dealers, Company Owned Company Operated (COCO) stores, through tenders and recently initiated online retail mode.

During the year BAJAJ Autos Limited of India appointed RAL as a distributor for famous BAJAJ RE brand (LPG, Diesel, Passenger and Cargo) 3 Wheeler in Bangladesh. Since incorporation, the company appointed 19 dealers with well decorated exclusive showroom and 13 service supports over the country. RAL already imported and sold more than 2,000 units RE Brand 3 Wheeler products in Bangladeshi market during 2017.

The market for 2 Wheelers is on the rise in Bangladesh riding on an increase in disposable income among the general population and rapidly growing middle class. This is exemplified by the rise in the number of 2 Wheelers registered with Bangladesh Road Transport Association (BRTA) from 114,616 in 2011 to 206,387 during January to August 31, 2017. The aggregate number of 2 Wheelers registered in the last seven years more than doubled from 759,257 up to 2010 to 1,930,756 till August 31, 2017.<sup>2</sup> Sales of 2 Wheelers motorcycle in the country have boomed in remote areas in particular, helped by financing schemes.

Automobile industry in Bangladesh is largely dominated by imported 2 Wheelers primarily from China, India and Taiwan. Recently local assembling has increased as local business have begun collaborations with foreign companies such as Hero, Yamaha, and Honda. There are 14-16 large marketers in Bangladesh, among them 5-6 have their own assembling facilities. Others are sole distributors or importers.

In this regard Runner Automobiles Limited has obtained Bangladesh Road Transport Authority (BRTA) approval for the following models of 2 wheelers and 3 wheelers as follows-

SL No	Category	BRTA Approval (reference no. & date)	Country of Imported Engine	Model
01	2 Wheeler	BRTA/4T-2(7/1)/05/2013-73 dated January 10, 2013	Republic of China	AD80 S
02	2 Wheeler	BRTA/4T-2(7/1)/05/2013-73 dated January 10, 2013	Republic of China	AD80 S DELUXE
03	2 Wheeler	BRTA/4T-2(7)/05/2010-890 dated April 06, 2010	Republic of China	DY 50
04	2 Wheeler	BRTA/4T-2(7/1)/05/2012-3372 dated December 30, 2012	Republic of China	TURBO

<sup>2</sup> Source: <http://www.brta.gov.bd/newsite/en/whole-bangladesh-up-to-sep-2016/>

SL No	Category	BRTA Approval (reference no. & date)	Country of Imported Engine	Model
05	2 Wheeler	BRTA/4T-2(7/1)/05/2010-3740 dated November 04, 2010	Republic of China	BULLET
06	2 Wheeler	35.03.0000.003.31.002.2016-1119 dated March 31, 2016	Republic of China	TURBO 125
07	2 Wheeler	BRTA/4T-2(7/1)/05/2012-3371 dated December 30, 2012	Republic of China	ROYAL +
08	2 Wheeler	35.03.0000.003.31.002.2016-1037 dated March 28, 2017	Republic of China	KNIGHTRIDER
09	2 Wheeler	BRTA/4T-2(7/2)/05/2013-1473 dated May 17, 2015	Republic of China	CHEETA
10	2 Wheeler	BRTA/4T-2(7/1)/05/2010-3213 dated December 30, 2010	Republic of China	F100-6A
11	2 Wheeler	BRTA/4T-2(7/2)/05/2013-500 dated February 24, 2014	Republic of China	FREEDOM
12	2 Wheeler	BRTA/4T-2(7/2)/05/2013-501 dated February 24, 2014	Republic of China	KITE
13	2 Wheeler	35.03.0000.003.31.002.2016-1036 dated March 28, 2017	Republic of China	KITE+
14	3 Wheeler	35.03.0000.003.31.022(Part-35).2015-1125 dated August 10, 2017	Republic of India	RE 4S COMPACT LPG (AUTO RICKSHAW)
15	3 Wheeler	35.03.0000.003.31.022(Part-35).2015-1125 dated August 10, 2017	Republic of India	RE MAXIMA (CARGO VAN)
16	3 Wheeler	35.03.0000.003.31.022(Part-36).2015/1146 dated August 29, 2017	Republic of India	RE 4S COMPACT DIESEL (AUTO RICKSHAW)
17	3 Wheeler	35.03.0000.003.31.022(Part-36).2015/1146 dated August 29, 2017	Republic of India	RE MAXIMA (AUTO TEMPO)

**(ii) Summary of Consolidated financial, operating and other information**

Runner Automobiles Limited has two subsidiaries in operation, namely Runner Motors Limited and Freedom Motors Limited. Following is the summary of the audited consolidated financial statements.

Particulars	June 30, 2017	June 30, 2016 (Restated)	June 30, 2015
<b>Revenue</b>	<b>6,494,673,830</b>	<b>5,164,999,397</b>	<b>4,538,909,499</b>
Gross profit	1,648,714,185	1,340,650,895	1,073,597,394
Net profit before tax	560,582,681	533,219,190	451,267,941
Net profit after tax	393,489,689	363,771,173	351,372,255
<b>Profit for the year attributable to equity holders of the parent</b>	<b>303,319,719</b>	<b>252,463,357</b>	<b>294,088,795</b>
Total asset	13,800,401,400	12,499,180,745	11,263,973,984
Share capital	942,029,210	942,029,210	652,173,910
Retained earnings	1,839,030,512	1,533,764,173	1,495,874,440
<b>Total equity attributable to parent company's shareholders</b>	<b>5,246,918,730</b>	<b>4,943,599,011</b>	<b>4,363,285,109</b>
Total Equity	6,086,360,386	5,713,570,696	5,021,948,978

**(B) GENERAL INFORMATION**

(i) Name and address, telephone and fax numbers of the registered office, corporate head office, other offices, factory, business premises and outlets of the issuer

<b>Registered Office and Corporate Head Office</b>	<b>Runner Automobiles Limited</b> 138/1, Tejgaon I/A, Tejgaon, Dhaka-1208 Tel: 8870160, Fax: 8870164, 8870174 Website: www.runnerbd.com
<b>Other Offices</b>	-
<b>Factory</b>	<b>Runner Automobiles Limited</b> Paragaon, Barachala, Bhaluka, Mymensingh Tel: 0173 0405353
<b>Business Premises</b>	-
<b>Flagship Outlets</b>	<b>1. Tejgoan Showroom</b> 340, Teajoaon I/A, Dhaka-1208 Tel: 01730 405433 <b>2. Kazipara Showroom</b> 620, Kazipara, Begum Rokeya Swaroni, Kazipara Mirpur, Dhaka 1216 Tel: 8870160 <b>3. Rangpur Showroom</b> Shapla Chattar, Near RAB Office, College Road Rangpur Tel: 01730405463 <b>4. Madhupur Showroom</b> Mymensingh Road, Madhupur, Tangail Tel: 01730405436 <b>5. Tangail Showroom</b> Mymensingh Road, Old Bus Stand, Tangail Sadar Tel: 01730405454 <b>6. Gazipur Showroom</b> Vogra, National University, Gazipur Mahanagar Gazipur Tel: 01730406445 <b>7. Malibagh Showroom</b> B-19/A, Malibag Chowdhury Para, Mailbag, Dhaka-1219 Tel: 01730405398 <b>8. Khulna Showroom</b> B-3. Mozid Swarani, Sonadhanga C/A, Khulna Tel: 01730406173 <b>9. Natore Showroom</b> Chokrapur, Natore Tel: 01730405417 <b>10. Noakhali Showroom</b> House 144, Uzzalpur Main Road, Majidee Court Sadar Noakhali Tel: 01730405300 <b>11. Sherpur Showroom</b> Fakir Masud Market, C&B Road, Khorompur, Sherpur Tel: 01730406178 <b>12. Jamalpur Showroom</b> Doyamoyi Road, Jamalpur Tel: 01730406196

---

**13. Jatrabari Showroom**

116, Shahid Faruk Sharak, Pashcim Jatrabari  
Dhaka-1204  
Tel: 01730405347

**14. Faridpur Showroom.**

Goyalchamot, Faridpur, Sadar  
Tel: 01730406172

**15. Shyamoli Showroom.**

6/1/A, Mohonpur Ring Road.  
Shyamoli. Adabor. Dhaka.  
Tel: 01730406175

**16. Chittagong Showroom.**

Blossom Garden ,Market Ground Floor GEC Moor  
CDA Avenue, Chittagong  
Tel: 01730406183

**17. Razbari Showroom.**

7,8,9, Pouro Anupom, Super Market  
(Ground Floor), Razbari  
Tel: 01730406142

**18. Goalanda Showroom.**

Main Road Goalanda Bazar ,  
Rajbari Sadar, Rajbari  
Tel: 01730405439

**19. Netrokona Showroom.**

Kurpar, Netrokona,  
Tel: 01730405423

**20. Kashiani Showroom.**

Moin Uddin Super Market, Kashiani  
Tel: 01730406090

**21. Takerhat Showroom.**

Zia Market, Takerhat, Rajoir, Madaripur  
Tel: 01730406420

**22. Gopalganj Showroom.**

Tazim Super Market, Bongobondhu road,  
Kwadanga, Gopalganj  
Tel: 01730406420

**23. Jhalikathi Showroom.**

House 346/2, Shop-346/2, College Moor,  
Purbochadkathi, Jhalkathi  
Tel: 01730406745

**24. Sunamgonj Showroom.**

Bahar Manjil, House-1, Mouchak.  
R/A Mollikpur, Sunamgonj  
Tel: 01730406786

**25. Bhola Showroom.**

House-444-00, Ukil Para, Bhola  
Tel: 01730406794

**26. Keshorhat Showroom.**

Keshorhat bazar, Rajshahi  
Tel: 01730406758

**27. Rajshahi Showroom.**

Madrasha Market, Ranibazar, Rajshahi  
Tel: 01730405365

**28. Laxmipur Showroom.**

Abul Kashem Super Market,  
Laxmipur-Dhaka Road.  
Tel: 01730405460

**(ii) The board of Directors of the Issuer**

Name	Position
Hafizur Rahman Khan	Chairman
Md. Mozammel Hossain	Vice Chairman
Mukesh Sharma	Managing Director and CEO
Mohammad Ali Deen	Director
Md. Jahurul Alam	Director
Taslim Uddin Ahmed	Director
Khalid Shahidul Quadir	Director, Nominated by Brummer Frontier PE II (Mauritius) Limited
Muallem A Choudhury FCA	Director, Nominated by Brummer Frontier PE II (Mauritius) Limited
Faruq Ahmad Siddiqi	Independent Director
Johannes (Phil) N.H. van Haarlem	Independent Director

**(iii) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the chairman, managing director, whole time directors, etc. of the issuer**

Name	Designation	Address	Telephone, Fax and email address
Hafizur Rahman Khan	Chairman	H-31, R-18, Block-J, Banani, Dhaka 1214	Tel: 8870160 Fax: 8870164 Email: chairman@runnerbd.com
Md. Mozammel Hossain	Vice Chairman	Flat-3B, H-38, R-13/A, Dhanmondi, Dhaka 1208	Tel: 8870160 Fax: 8870164 Email: hossain@runnerbd.com
Mukesh Sharma	Managing Director and CEO	Flat C2, House 1, road 36, Gulshan 1, Dhaka 1212	Tel: 8870160 Fax: 8870164 Email: mukeshsharma@runnerbd.com
Mohammad Ali Deen	Director	Deen Tower, 1483-01, Chalkmukter Main Road, Naogaon-6500	Tel: 8870160 Fax: 8870164 Email: deen1856@gmail.com
Md. Jahurul Alam	Director	H-21, Loan Office Para, Jessore-7400	Tel: 8870160 Fax: 8870164 Email: venus_autos@yahoo.com
Taslim Uddin Ahmed	Director	Shekhpura, Dinajpur- 5200	Tel: 8870160 Fax: 8870164 Email: islamandcom@yahoo.com
Khalid Shahidul Quadir	Director [Nominated by Brummer	18 Marina Boulevard, 30-35 Marina Bay, Singapore-018980	Tel: 8870160 Fax: 8870164



Name	Designation	Address	Telephone, Fax and email address
	Frontier PE II (Mauritius) Limited]		Email: khalid.quadir@brummer-bd.com
Muallem A Choudhury FCA	Director [Nominated by Brummer Frontier PE II (Mauritius) Limited]	House 23, Road 2, Sector 13, Uttara	Tel: 8870160 Fax: 8870164 Email: muallem.choudhury@brummer-bd.com
Faruq Ahmad Siddiqi	Independent Director	296 Elephant Road, Dhaka 1205	Tel: 8870160 Fax: 8870164 Email: faruqasiddiqi@yahoo.com
Johannes (Phil) N.H. van Haarlem	Independent Director	Mauvezand 36, 1251 JG Laren NH, Nederland	Tel: 8870160 Fax: 8870164 Email: philvanhaarlem@gmail.com

**(iv) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the CFO, company secretary, legal advisor, auditors and compliance officer**

Name	Designation	Address	Telephone, Fax and email address
<b>Muhammad Nazrul Islam</b> FCA	Chief Financial Officer & Compliance Officer	138/1, Tejgaon I/A, Tejgaon, Dhaka 1208	Tel: 8870160 Fax: 8870164 Email: nazrul@runnerbd.com
<b>Md. Mizanur Rahman</b>	Company Secretary & Compliance Officer	138/1, Tejgaon I/A, Tejgaon, Dhaka 1208	Tel: 8870160 Fax: 8870164 Email: mizan@runnerbd.com
<b>Barrister Shaikh Mohammad Zakir Hossain</b>	Legal Advisor	Supreme Law Chambers, Suite No. 1104 (11 <sup>th</sup> Floor), Baitul Khaer, 48/A-B Purana Paltan, Dhaka 1000	Tel: 01755525543 Email: barristerzakir@gmail.com
<b>Hoda Vasi Chowdhury &amp; Co.,</b> Chartered Accountants	Auditor	BTMC Bhaban (8 <sup>th</sup> Floor) 7-9, Kawran Bazar Dhaka 1215	Tel: 8121114, 9120090 Fax: 8119298 Email: sabbir@hodavasi.com

**(v) Names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the issue manager, registrar to the issue etc**

Particulars	Contact Person	Contact Details
<b>Issue Manager</b>		
<b>IDLC Investments Limited</b> D R Tower (4th Floor) 65/2/2 Bir Protik Gazi Golam Dostogir Road	<b>Mr. Md. Moniruzzaman, CFA</b> Managing Director	Tel: 16409, +8809609994352 Fax: 9571171 Email: mzaman@idlc.com Website: www.idlc.com
<b>Registrar to the Issue</b>		
<b>LankaBangla Investments Limited</b> City Center, Level - 24, 90/1 Motijheel C/A, Dhaka-1000	<b>Hassan Zabed Chowdhury</b> Chief Executive Officer	Tel: 9512621 Fax: 9561107 Email: zabed@lankabangla-investments.com Website: www.lankabangla-investments.com

## **(vi) Details of Credit Rating**

### **(a) The names of all the credit rating agencies from which credit rating has been obtained**

The company has been rated on June 30, 2017 financials by Credit Rating Agency of Bangladesh Limited (CRAB). Other than CRAB, the company has not obtained rating from any other company for June 30, 2017 financials.

### **(b) The details of all the credit ratings obtained for the issue and the issuer**

<b>Particulars</b>	<b>Long Term</b>	<b>Short Term</b>
Entity Rating	A <sub>2</sub>	ST-3
Date of Rating	October 26, 2017	
Validity of Rating	September 30, 2018	
Rating By	Credit Rating Agency of Bangladesh Limited	

<b>Rating</b>	<b>Definition</b>
A <sub>2</sub>	Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.
ST-3	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories.

### **(c) The rationale or description of the ratings (s) so obtained, as furnished by the credit rating agency(s)**

Credit Rating Agency of Bangladesh Ltd. (CRAB) has upgraded the rating of Runner Automobiles Limited (hereafter also referred to as RAL or the Company) to 'A<sub>2</sub>' (pronounced as Single A Two) and loan rating to A<sub>2</sub>(Lr) for BDT 202.7 million aggregate Long Term Outstanding (LTO) and BDT 740.0 million OD/Cash Credit limit in the Long Term. CRAB has also assigned ST-3 rating to BDT 2,265.0 million aggregate fund based limit and BDT 2,360.0 million aggregate non fund based limit of the Company in the Short Term.

CRAB has upgraded the ratings considering substantial growth of sales, increasing trend of profit margin at the top line, improved liquidity position, strong business strength of the Company having further growth prospects following diversified product ranges, new strategies and improved distribution facilities along with brand image.

The assigned ratings consider the nature of business as well as the easy availability of spare parts and quick service through 230 sales service centers of RAL that eventually support the Company to report favorable business performance during the recent competitive situation. Moreover the business risk profile of the Company may be adversely affected by increasing competition in market, cost structure due to raw material price and frequent obsolescence or modification of design of the product.

The assigned ratings also consider the growth potential relation to operating strategies, market position, degree of competition, product/sales diversification, business model and fund management. The assigned ratings also incorporate the management structure & practices, IT infrastructure & MIS system, experienced manpower, sales & marketing strategy and business monitoring system. The assigned ratings take into consideration Runner Group's business profile, financial performance of Runner Motors Ltd where RAL has 61.67% shares and long track record of successful business supported by growing presence in the automobile sector.

### **(d) Observations and risk factors as stated in the credit rating report**

The ratings are constrained by increasing trend of downward pressure on the liquidity position of the Company during the last two years although operating cycle slightly improved in 2017 following the sales growth. Due to the nature of business and sales strategy the receivable collection period still remains high at 186 days while inventory processing period was 125 days in 2017 which eventually puts pressure on timely repayment of debt obligations as well as increased financial expense. Following the inclusion of new products and new strategy the position may remain same in the upcoming year irrespective of increase in sales.

**(vii) Details of Underwriting**

(a) The names, addresses, telephone numbers, fax numbers, contact persons and e-mail addresses of the underwriters and the amount underwritten by them

<b>Name and address of underwriters</b>	<b>Telephone number, Fax number and Email</b>	<b>Contact Person</b>	<b>Amount Underwritten In BDT</b>
<b>IDLC Investments Limited</b> D R Tower (4th Floor) 65/2/2 Bir Protik Gazi Golam Dostogir Road Purana Paltan Dhaka 1000	Tel: +8809609994352 Fax: 9571171 Email: mzaman@idlc.com	<b>Md. Moniruzzaman CFA</b> Managing Director	320,000,000
<b>IIDFC Capital Limited</b> Eunoos Trade Center (Level 7) 52-53 Dilkusha C/A Dhaka 1000	Tel: 9514637-8 Fax: 9514641 Email: icl@iidfc.com	<b>Mohammad Saleh Ahmed</b> Chief Executive Officer	15,000,000
<b>LankaBangla Investments Limited</b> City Center, Level 24 90/1 Motijheel C/A, Dhaka 1000	Tel: 9512621 Fax: 9561107 Email: zabed@lankabangla-investments.com	<b>Hassan Zabed Chowdhury</b> Chief Executive Officer	15,000,000

**(b) Declaration by the underwriters that they have sufficient resources as per the regulatory requirements to discharge their respective obligations**

**Declaration by the Underwriter (IDLC Investments Limited)**

We are one of the underwriters of the Initial Public Offering (IPO) of Runner Automobiles Limited. We will underwrite totaling to BDT 320,000,000 (Taka Three Hundred and Twenty Million) for the upcoming issue on a firm commitment basis. In this connection, we hereby declare that:

We have sufficient resources as per the regulatory requirements to discharge our respective obligations.

For the Underwriter

Sd/-

**Md. Moniruzzaman, CFA**  
Managing Director  
IDLC Investments Limited

Place : Dhaka

Date : November 08, 2017

### **Declaration by the Underwriter (IIDFC Capital Limited)**

We are one of the underwriters of the Initial Public Offering (IPO) of Runner Automobiles Limited. We will underwrite totaling to BDT 15,000,000 (Taka One Crore and Fifty Lac Only) for the upcoming issue on a firm commitment basis. In this connection, we hereby declare that:

We have sufficient resources as per the regulatory requirements to discharge our respective obligations.

For Underwriter

Sd/-

**Mohammad Saleh Ahmed**

Chief Executive Officer

IIDFC Capital Limited

Place: Dhaka

Date: October 11, 2017

### **Declaration by the Underwriter (LankaBangla Investments Limited)**

We are one of the underwriters of the Initial Public Offering (IPO) of Runner Automobiles Limited. We will underwrite **BDT 15,000,000/-** (BDT 9,375,000/- from EI Portion and BDT. 5,625,000/- from General Public Portion) for the upcoming issue on a firm commitment basis. In this connection, we hereby declare that:

We have sufficient resources as per the regulatory requirements to discharge our respective obligations.

For Underwriter

Sd/-

**Hassan Zabed Chowdhury**

Chief Executive Officer

LankaBangla Investments Limited

### **(c) Major terms and conditions of the underwriting agreements**

1. 35% of the issue has been underwritten on a firm commitment basis by the underwriter(s).
2. In case of under-subscription in any category by up to 35% in an initial public offer, the unsubscribed portion of securities shall be taken up by the underwriter(s).
3. In case of under-subscription in any of categories above 35%, an initial public offer shall be considered as cancelled.
4. The Company, in the event of under subscription, shall send notice to the underwriter(s) within 10 (ten) days of closure of subscription calling upon them to subscribe the securities and pay for this in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall be credited into securities subscription account within the said period.
5. Within 7 (seven) days of the expiry of the aforesaid 15 (fifteen) days the Company shall send to the Commission proof of subscription and deposit of the money by the underwriter(s).
6. Notwithstanding anything contained in the agreement in case of inconsistency between the provision of the agreement and the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the Public Issue Rules shall prevail.

### (C) CAPITAL STRUCTURE

(i) Authorized, issued, subscribed and paid up capital (number and class of securities, allotment dates, nominal price, issue price and form of consideration):

Particulars	No. of Shares	Class of Securities	Allotment Date	Nominal Price (BDT)	Issue Price (BDT)	Form of consideration	Amount (BDT)
Authorized Capital	200,000,000	-	-	10	-	-	2,000,000,000
Issued, subscribed and paid up capital of BDT 942,029,210 has been raised in the following manner-							
1 <sup>st</sup> Allotment	402,000	Ordinary Shares	Subscription to the Memorandum & Articles of Association at the time of Incorporation	10	10	Cash	4,020,000
2 <sup>nd</sup> Allotment	938,000	Ordinary Shares	11.06.2002	10	10	Cash	9,380,000
3 <sup>rd</sup> Allotment	1,340,000	Ordinary Shares	17.02.2005	10	10	Bonus	13,400,000
4 <sup>th</sup> Allotment	200,000	Ordinary Shares	07.08.2005	10	10	Cash	2,000,000
5 <sup>th</sup> Allotment	40,000	Ordinary Shares	10.02.2009	10	10	Cash	400,000
6 <sup>th</sup> Allotment	20,000	Ordinary Shares	11.07.2010	10	55	Cash	200,000
7 <sup>th</sup> Allotment	5,880,000	Ordinary Shares	28.08.2010	10	10	Bonus	58,800,000
8 <sup>th</sup> Allotment	150,000	Ordinary Shares	01.08.2011	10	10	Cash	1,500,000
9 <sup>th</sup> Allotment	6,030,000	Ordinary Shares	10.03.2012	10	10	Other than cash	60,300,000
10 <sup>th</sup> Allotment	15,000,000	Ordinary Shares	12.01.2013	10	10	Bonus	150,000,000
11 <sup>th</sup> Allotment	13,478,261	Ordinary Shares	28.09.2013	10	77.91	Cash	134,782,610
12 <sup>th</sup> Allotment	21,739,130	Ordinary Shares	22.02.2015	10	10	Bonus	217,391,300
13 <sup>th</sup> Allotment	21,739,130	Ordinary Shares	22.09.2015	10	10	Bonus	217,391,300
14 <sup>th</sup> Allotment	7,246,400	Ordinary Shares	17.12.2015	10	45	Cash	72,464,000
<b>Total</b>	<b>94,202,921</b>						<b>942,029,210</b>

(ii) Size of the present issue, with break-up (number of securities, description, nominal value and issue amount)

Particulars	No. of Shares	Description	Nominal Value	Issue Amount
Capital to be issued as IPO	[•]	[•] Ordinary Shares of BDT 10 each at an issue price of BDT [•]	[•]	[•]

**(iii) Paid up capital before and after the present issue, after conversion of convertible instruments (if any) and share premium account (before and after the issue)**

Particulars	Amount (BDT)
Pre-IPO Paid-up Capital as on June 30, 2017 (as per audited accounts)	942,029,210
Paid-up Capital (Post-IPO)	[•]
Paid-up Capital after conversion of convertible instrument (if any)	N/A
Share Premium before IPO	1,169,832,705
Share Premium after IPO	[•]

**(iv) Category wise shareholding structure with percentage before and after the present issue and after conversion of convertible instruments (if any)**

Category of Shareholders	No. of Shares	Pre-IPO % of Shareholding	Post-IPO % of Shareholding
Sponsors/Directors*	54,106,521	57.44%	[•]
Institutional	22,397,000	23.78%	[•]
Individual	17,699,400	18.78%	[•]
<b>Total</b>	<b>94,202,921</b>	<b>100%</b>	<b>[•]</b>

\* Shareholding of Brummer Frontier PE II (Mauritius) Limited, an institutional shareholder has been considered under the category of Sponsors/Directors as it has two nominated directors in RAL's board

The company did not issue any convertible instruments till date.

**(v) Where shares have been issued for consideration in other than cash at any point of time, details in a separate table, indicating the date of issue, persons to whom those are issued, relationship with the issuer, issue price, consideration and valuation thereof, reasons for the issue and whether any benefits have been accrued to the issuer out of the issue**

Date of issue	Share issued to	Relationship with the issuer	Issue price (BDT)	Consideration and valuation thereof	Reason for the issue	Whether any benefit have been accrued to the issuer out of the issue
17.2.2005	Mr. Hafizur Rahman Khan	Chairman	10	Bonus	Increasing paid up capital	Structuring capital base
	Mr. Md. Mozammel Hossain	Vice Chairman				
	Mr. Taslim Uddin Ahmed	Director				
	Mr. Mohammad Ali Deen	Director				
	Mr. Md. Amjad Ali	Shareholder				
	Mr. Md. Sairul Islam	Shareholder				
	Mr. Mohammad Nazim Uddin	Shareholder				
	Mr. SK. Abul Kalam Azad	Shareholder				
	Mr. Md. Borhanul Ahasan Chowdhury	Shareholder				
	Mr. Amir Hossain Khokon	Shareholder				
	Mr. Md. Ahsan Sayed	Shareholder				
	Mr. Rafiqul Islam Chowdhury	Shareholder				
	Mr. Rabindranath Ghosh	Shareholder				

Date of issue	Share issued to	Relationship with the issuer	Issue price (BDT)	Consideration and valuation thereof	Reason for the issue	Whether any benefit have been accrued to the issuer out of the issue
28.8.2010	Mr. Md. Jahurul Alam, Mr. Manjarul Alam & Ms. Anjuman Ara Begum	Director, Shareholder, Shareholder	10	Bonus	Increasing paid up capital	Structuring capital base
	Mr. Md. Shamsul Alam & Ms. Parveen Alam	Shareholder				
	Ms. Sabrina Bari	Shareholder				
	Mr. Md. Anisur Rahman	Shareholder				
	Mr. A. K. M. Mukhlesur Rahman	Shareholder				
	Mr. Alhaj Imtiaz	Shareholder				
	Ms. Kazi Shamsul Areefin	Shareholder				
	Mr. Md. Rezaul Karim	Shareholder				
	Mr. Sankar Roy	Shareholder				
	Mr. Tofail Ahmed Chowdhury	Shareholder				
	Mr. A. T. M. Shamsuzzaman & Mr. Shazzad Hossain	Shareholder				
	Mr. Abul Kalam Azad	Shareholder				
	Mr. Hafizur Rahman Khan	Chairman				
	Mr. Md. Mozammel Hossain	Vice Chairman				
	Mr. Taslim Uddin Ahmed	Director				
	Mr. Mohammad Ali Deen	Director				
	Mr. Md. Amjad Ali	Shareholder				
	Mr. Md. Sairul Islam	Shareholder				
	Mr. Mohammad Nazim Uddin	Shareholder				
	Mr. SK. Abul Kalam Azad	Shareholder				
	Mr. Md. Borhanul Ahasan Chowdhury	Shareholder				
	Mr. Amir Hossain Khokon	Shareholder				
	Mr. Md. Ahsan Sayed	Shareholder				
	Mr. Rafiqul Islam Chowdhury	Shareholder				
	Mr. Rabindranath Ghosh	Shareholder				
	Mr. Md. Jahurul Alam, Mr. Manjarul Alam & Ms. Anjuman Ara Begum	Director, Shareholder, Shareholder				
Mr. Md. Shamsul Alam & Ms. Parveen Alam	Shareholder					
Ms. Sabrina Bari	Shareholder					
Mr. Md. Anisur Rahman	Shareholder					
Mr. A. K. M. Mukhlesur Rahman	Shareholder					
Mr. Alhaj Imtiaz	Shareholder					
Mr. Kazi Shamsul Areefin	Shareholder					
Mr. Md. Rezaul Karim	Shareholder					
Mr. Sankar Roy	Shareholder					
Mr. Tofail Ahmed Chowdhury	Shareholder					
Mr. A. T. M. Shamsuzzaman & Mr. Shazzad Hossain	Shareholder					

Date of issue	Share issued to	Relationship with the issuer	Issue price (BDT)	Consideration and valuation thereof	Reason for the issue	Whether any benefit have been accrued to the issuer out of the issue
	Mr. Abul Kalam Azad	Shareholder				
	Mr. Md. Abu Saleh	Shareholder				
	Mr. Tofail Ahmed Choudhury & Mr. Jubair Raquib Chowdhury	Shareholder				
	Mr. Kazi Golam Hyder	Shareholder				
	Mr. Mohammad Meheeb Rahman	Shareholder				
	Mr. Md. Mozammel Haque	Shareholder				
	Mr. Md. Shahidul Islam	Shareholder				
	Mr. Sekendar Rahman Rubel	Shareholder				
	Mr. Md. Shahidul Islam	Shareholder				
	Mr. Md. Hyder Ali	Shareholder				
	Mr. Syed Mokbar Ali	Shareholder				
	Mr. Golam Rabbani	Shareholder				
10.3.2012	Mr. Hafizur Rahman Khan	Chairman	10	Land	Increasing paid up capital	Structuring capital base
	Mr. Md. Mozammel Hossain	Vice Chairman				
	Mr. Hafizur Rahman Khan	Chairman				
	Mr. Md. Mozammel Hossain	Vice Chairman				
	Mr. Taslim Uddin Ahmed	Director				
	Mr. Mohammad Ali Deen	Director				
	Mr. Md. Amjad Ali	Shareholder				
	Mr. Md. Sairul Islam	Shareholder				
	Mr. Mohammad Nazim Uddin	Shareholder				
	Mr. SK. Abul Kalam Azad	Shareholder				
	Mr. Amir Hossain Khokon	Shareholder				
	Mr. Md. Ahsan Sayed	Shareholder				
	Mr. Rafiqul Islam Chowdhury	Shareholder				
12.1.2013	Mr. Rabindranath Ghosh	Shareholder	10	Bonus	Increasing paid up capital	Structuring capital base
	Mr. Md. Jahurul Alam, Mr. Manjarul Alam & Ms. Anjuman Ara Begum	Director, Shareholder, Shareholder				
	Mr. Md. Shamsul Alam & Ms. Parveen Alam	Shareholder				
	Ms. Sabrina Bari	Shareholder				
	Mr. Md. Anisur Rahman	Shareholder				
	Mr. A. K. M. Mukhlesur Rahman	Shareholder				
	Mr. Alhaj Imtiaz	Shareholder				
	Mr. Kazi Shamsul Areefin	Shareholder				
	Mr. Md. Rezaul Karim	Shareholder				
	Mr. Sankar Roy	Shareholder				
	Mr. Tofail Ahmed Chowdhury	Shareholder				
	Mr. A. T. M. Shamsuzzaman & Mr. Shazzad Hossain	Shareholder				
	Mr. Abul Kalam Azad	Shareholder				



Date of issue	Share issued to	Relationship with the issuer	Issue price (BDT)	Consideration and valuation thereof	Reason for the issue	Whether any benefit have been accrued to the issuer out of the issue
	Mr. Md. Abu Saleh	Shareholder				
	Mr. Tofail Ahmed Choudhury & Mr. Jubair Raquib Chowdhury	Shareholder				
	Mr. Kazi Golam Hyder	Shareholder				
	Mr. Mohammad Mehebab Rahman	Shareholder				
	Mr. Md. Mozammel Haque	Shareholder				
	Mr. Md. Shahidul Islam	Shareholder				
	Mr. Sekendar Rahman Rubel	Shareholder				
	Mr. Md. Shahidul Islam	Shareholder				
	Mr. Md. Hyder Ali	Shareholder				
	Mr. Syed Mokbar Ali	Shareholder				
	Mr. Golam Rabbani	Shareholder				
	Ms. Mahafuza Begum	Shareholder				
	Ms. Amid Sakif Khan	Shareholder				
	Ms. Rudaba Tazin	Shareholder				
	Ms. Mahamud Al Nahian	Shareholder				
	Ms. Nawsheen Ishrat Promee	Shareholder				
	Mr. Hafizur Rahman Khan	Chairman				
	Mr. Md. Mozammel Hossain	Vice Chairman				
	Mr. Taslim Uddin Ahmed	Director				
	Mr. Mohammad Ali Deen	Director				
	Mr. Md. Jahurul Alam	Director				
	Mr. Md. Amjad Ali	Shareholder				
	Mr. Md. Sairul Islam	Shareholder				
	Mr. Mohammad Nazim Uddin	Shareholder				
	Mr. SK. Abul Kalam Azad	Shareholder				
	Mr. Md. Ahsan Sayed	Shareholder				
	Mr. Rafiqul Islam Chowdhury	Shareholder				
22.2.2015	Mr. Rabindranath Ghosh	Shareholder	10	Bonus	Increasing paid up capital	Structuring capital base
	Ms. Sabrina Bari	Shareholder				
	Mr. Md. Anisur Rahman	Shareholder				
	Mr. A. K. M. Mukhlesur Rahman	Shareholder				
	Mr. Alhaj Imtiaz	Shareholder				
	Mr. Kazi Shamsul Areefin	Shareholder				
	Mr. Md. Rezaul Karim	Shareholder				
	Mr. Sankar Roy	Shareholder				
	Mr. Tofail Ahmed Chowdhury	Shareholder				
	Mr. A. T. M. Shamsuzzaman & Mr. Shazzad Hossain	Shareholder				
	Mr. Abul Kalam Azad	Shareholder				
	Mr. Md. Abu Saleh	Shareholder				

Date of issue	Share issued to	Relationship with the issuer	Issue price (BDT)	Consideration and valuation thereof	Reason for the issue	Whether any benefit have been accrued to the issuer out of the issue
	Mr. Tofail Ahmed Choudhury & Mr. Jubair Raquib Chowdhury	Shareholder				
	Mr. Kazi Golam Hyder	Shareholder				
	Mr. Mohammad Mehebob Rahman	Shareholder				
	Mr. Md. Mozammel Haque	Shareholder				
	Mr. Md. Shahidul Islam	Shareholder				
	Mr. Md. Shahidul Islam	Shareholder				
	Mr. Md. Hyder Ali	Shareholder				
	Mr. Syed Mokbar Ali	Shareholder				
	Mr. Golam Rabbani	Shareholder				
	Ms. Mahafuza Begum	Shareholder				
	Ms. Amid Sakif Khan	Shareholder				
	Ms. Rudaba Tazin	Shareholder				
	Ms. Mahamud Al Nahian	Shareholder				
	Ms. Nawsheen Ishrat Promee	Shareholder				
	Mr. Md. Shamsul Alam	Shareholder				
	Mr. Tanzid Hasan	Shareholder				
	Mr. Asmita Hossain	Shareholder				
	Mr. Tanveer Hossain	Shareholder				
	Brummer Frontier PE II (Mauritius) Limited	Shareholder				
	22.9.2015	Mr. Hafizur Rahman Khan				
Mr. Md. Mozammel Hossain		Vice Chairman				
Mr. Taslim Uddin Ahmed		Director				
Mr. Mohammad Ali Deen		Director				
Mr. Md. Jahurul Alam		Director				
Brummer Frontier PE II (Mauritius) Limited		Shareholder				
Mr. Md. Amjad Ali		Shareholder				
Mr. Md. Sairul Islam		Shareholder				
Mr. Mohammad Nazim Uddin		Shareholder				
Mr. SK. Abul Kalam Azad		Shareholder				
Md. Ahsan Sayed		Shareholder				
Rafiqul Islam Chowdhury		Shareholder				
Rabindranath Ghosh		Shareholder				
Sabrina Bari		Shareholder				
Md. Anisur Rahman		Shareholder				
A. K. M. Mukhlesur Rahman		Shareholder				
Alhaj Imtiaz		Shareholder				
Md. Rezaul Karim		Shareholder				
Sankar Roy		Shareholder				
Tofail Ahmed Chowdhury		Shareholder				
A. T. M. Shamsuzzaman & Shazzad Hossain	Shareholder					
Md. Abu Saleh	Shareholder					
Tofail Ahmed Choudhury & Jubair Raquib Chowdhury	Shareholder					

Date of issue	Share issued to	Relationship with the issuer	Issue price (BDT)	Consideration and valuation thereof	Reason for the issue	Whether any benefit have been accrued to the issuer out of the issue
	Kazi Golam Hyder	Shareholder				
	Mohammad Meheub Rahman	Shareholder				
	Md. Mozammel Haque	Shareholder				
	Md. Hyder Ali	Shareholder				
	Syed Mokbar Ali	Shareholder				
	Mahafuza Begum	Shareholder				
	Amid Sakif Khan	Shareholder				
	Rudaba Tazin	Shareholder				
	Mahamud Al Nahian	Shareholder				
	Nawsheen Ishrat Promee	Shareholder				
	Md. Shamsul Alam	Shareholder				
	Tanzid Hasan	Shareholder				
	Asmita Hossain	Shareholder				
	Tanveer Hossain	Shareholder				

**(vi) Where shares have been allotted in terms of any merger, amalgamation or acquisition scheme, details of such scheme and shares allotted**

The company did not enter into any merger, amalgamation or acquisition till date. Hence no shares were issued against such scheme.

**(vii) Where the issuer has issued equity shares under one or more employee stock option schemes, date-wise details of equity shares issued under the schemes, including the price at which such equity shares were issued**

No shares of the company were issued for employee stock option scheme

**(viii) If the issuer has made any issue of specified securities at a price lower than the issue price during the preceding two years, specific details of the names of the persons to whom such specified securities have been issued, relation with the issuer, reasons for such issue and the price thereof**

It will be finalized after the determination of cut-off price.

**(ix) The decision or intention, negotiation and consideration of the issuer to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue**

As of date, there is no intention, negotiation and consideration of the issuer to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue.

**(x) The total shareholding of the sponsors and directors in a tabular form, clearly stating the names, nature of issue, date of allotment, number of shares, face value, issue price, consideration, date when the shares were made fully paid up, percentage of the total pre and post issue capital, the lock in period and the number and percentage of pledged shares, if any, held by each of them**

Name of Sponsors/Directors	Nature of Issue	Date of Allotment/ Acquisition/ Transfer	Number of Shares	Face Value (BDT)	Issue Price (BDT)	Consideration	Date when the shares were fully paid up	% of pre IPO paid up capital	% of post IPO paid up capital	Lock in Period from the date of issuance of prospectus	No. of pledged share
<b>Directors</b>											
Hafizur Rahman Khan	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, March 10, 2012, July 05, 2012, January 12, 2013, February 22, 2015, September 22, 2015	10,272,000	10	10	Cash, Other than Cash, Bonus	At the date of allotment	10.90%	[•]	3 years	N/A
Md. Mozammel Hossain	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, March 10, 2012, July 10, 2012, January 12, 2013, February 22, 2015, September 22, 2015	6,648,000	10	10	Cash, Other than Cash, Bonus	At the date of allotment	7.06%	[•]	3 years	N/A
Mukesh Sharma (Managing Director and CEO)	Ordinary Shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mohammad Ali Deen	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, May 20, 2013, September 22, 2015	2,400,000	10	10	Cash, Bonus	At the date of allotment	2.55%	[•]	3 years	N/A
Md. Jahurul Alam	Ordinary Shares	May 20, 2013, February 2, 2015, September 22, 2015	3,000,000	10	10	Cash, Bonus	At the date of allotment	3.18%	[•]	3 years	N/A
Taslim Uddin Ahmed	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, January 21, 2014, February 22, 2015, September 22, 2015	2,580,000	10	10	Cash, Bonus	At the date of allotment	2.74%	[•]	3 years	N/A
Khalid Shahidul Quadir	Ordinary Shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name of Sponsors/Directors	Nature of Issue	Date of Allotment/ Acquisition/ Transfer	Number of Shares	Face Value (BDT)	Issue Price (BDT)	Consideration	Date when the shares were fully paid up	% of pre IPO paid up capital	% of post IPO paid up capital	Lock in Period from the date of issuance of prospectus	No. of pledged share
[Nominated by Brummer Frontier PE II (Mauritius) Limited]											
Muallem A Choudhury FCA [Nominated by Brummer Frontier PE II (Mauritius) Limited]	Ordinary Shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Faruq Ahmad Siddiqi (Independent Director)	Ordinary Shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Johannes (Phil) N.H. van Haarlem (Independent Director)	Ordinary Shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Sponsors</b>											
Md. Amjad Ali	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, February 22, 2015, September 22, 2015, November 27, 2016, July 20, 2017	-	-	-	-	-	-	N/A	N/A	N/A
Md. Sairul Islam	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, February 22, 2015, September 22, 2015, November 27, 2016, July 20, 2017	100,000	10	10	Cash, Bonus	At the date of allotment	0.11%	[•]	3 years	N/A
Mohammad Nazim Uddin	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, February	100,000	10	10	Cash, Bonus	At the date of allotment	0.11%	[•]	3 years	N/A

Name of Sponsors/Directors	Nature of Issue	Date of Allotment/ Acquisition/ Transfer	Number of Shares	Face Value (BDT)	Issue Price (BDT)	Consideration	Date when the shares were fully paid up	% of pre IPO paid up capital	% of post IPO paid up capital	Lock in Period from the date of issuance of prospectus	No. of pledged share
		22, 2015, September 22, 2015, April 19, 2017, July 20, 2017									
SK. Abul Kalam Azad	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, February 22, 2015, March 24, 2015, September 22, 2015, November 27, 2016, pril 19, 2017, July 20, 2017	-	-	-	-	-	-	N/A	N/A	N/A
Md. Borhanul Ahasan Chowdhury	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, January 28, 2010	-	-	-	-	-	-	N/A	N/A	N/A
Amir Hossain Khokon	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, January 28, 2010, August 28, 2010, January 12, 2013, February 7, 2013	-	-	-	-	-	-	N/A	N/A	N/A
Md. Ahsan Sayed	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, February 22, 2015, September 22, 2015, April 17, 2018	750,000	10	10	Cash, Bonus	At the date of allotment	0.80%	[•]	3 years	N/A
Rafiqul Islam Chowdhury	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, February 22, 2015, September 22, 2015, November 27, 2016	1,200,000	10	10	Cash, Bonus	At the date of allotment	1.27%	[•]	3 years	N/A
Rabindranath Ghosh	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, May 20,	-	-	-	-	-	-	N/A	N/A	N/A

Name of Sponsors/Directors	Nature of Issue	Date of Allotment/ Acquisition/ Transfer	Number of Shares	Face Value (BDT)	Issue Price (BDT)	Consideration	Date when the shares were fully paid up	% of pre IPO paid up capital	% of post IPO paid up capital	Lock in Period from the date of issuance of prospectus	No. of pledged share
		2013, October 19, 2014, February 22, 2015, September 22, 2015, April 19, 2017									
Md. Jahurul Alam, Manjarul Alam & Anjuman Ara Begum	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, May 20, 2013.	-	-	-	-	-	-	N/A	N/A	N/A
Md. Shamsul Alam & Parveen Alam	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, February 17, 2005, August 28, 2010, January 12, 2013, March 28, 2013,	-	-	-	-	-	-	N/A	N/A	N/A
Md. Rafiqul Islam	Ordinary Shares	Subscription to the MoA & AoA at the time of Incorporation, June 11, 2002, May 3, 2003	-	-	-	-	-	-	N/A	N/A	N/A

**(xi) The details of the aggregate shareholding of the sponsors and directors, the aggregate number of specified securities purchased or sold or otherwise transferred by the sponsor and/or by the directors of the issuer and their related parties within six months immediate preceding the date of filing the red-herring prospectus**

Details of aggregate shareholding by sponsors and directors has been stated in page no 34 to 37. There is no securities purchased or sold or otherwise transferred by sponsor and/or by the directors of the issuer and their related parties within six months immediate preceding the date of filing the red-herring prospectus.

**(xii) The name and address of any person who owns, beneficially or of record, 5% or more of the securities of the issuer, indicating the amount of securities owned, whether they are owned beneficially or of record, and the percentage of the securities represented by such ownership including number of equity shares which they would be entitled to upon exercise of warrant, option or right to convert any convertible instrument**

Name of the shareholder	Address	No. of shares	Owned beneficially/ of record	No. of shares after exercise of warrant, option or right to convert any convertible instrument	% of pre-IPO ownership	% of post-IPO ownership
Hafizur Rahman Khan	H-31, R-18, Block-J, Banani, Dhaka 1214	10,272,000	Owned beneficially	-	10.90%	[•]
Md. Mozammel Hossain	Flat-3B, H-38, R-13/A, Dhanmondi, Dhaka 1208	6,648,000	Owned beneficially	-	7.06%	[•]
Brummer Frontier PE II (Mauritius) Limited	Citco (Mauritius) Ltd., 4 <sup>th</sup> Floor, Tower-A, 1 Cyber City, Ebene	26,956,521	Owned beneficially	-	28.62%	[•]
Islami Bank Bangladesh Limited	Islami Bank Tower, 40 Dilkusha C/A	5,462,000	Owned beneficially	-	5.80%	[•]
<b>Total</b>					<b>52.37%</b>	

**(xiii) The number of securities of the issuer owned by each of the top ten salaried officers, and all other officers or employees as group, indicating the percentage of outstanding shares represented by the securities owned**

Hafizur Rahman Khan and Md. Mozammel Hossain who act as both director and officer of the company hold 10.90% and 7.06% shares respectively. Apart from them, the following officers hold the share of Runner Automobiles Limited:

Name of the Shareholder	Designation	Address	No. of Shares	Pre-IPO % of Shareholding	Post-IPO % of Shareholding
Hafizur Rahman Khan	Chairman	H-31, R-18, Block-J, Banani, Dhaka 1214	10,272,000	10.90%	[•]
Md. Mozammel Hossain	Vice Chairman	Flat-3B, H-38, R-13/A, Dhanmondi, Dhaka 1208	6,648,000	7.06%	[•]
Rudaba Tazin	Assistant Director	H-31, R-18, Block-J, Banani, Dhaka 1214	1,800,000	1.91%	[•]
Amid Sakif Khan	Assistant Director	H-31, R-18, Block-J, Banani, Dhaka 1214	3,840,000	4.08%	[•]
Md. Azmal Hossain Chowdhury	Zone Manager	Kharampur Mor, Sherpur	3,200	0.0034%	[•]
Asadullah Mahmud	Assistant Manager	Flat 403, Eastern Housing, Banker's Row,	3,000	0.0032%	[•]



Name of the Shareholder	Designation	Address	No. of Shares	Pre-IPO % of Shareholding	Post-IPO % of Shareholding
		West Nakhalpara, Tejgaon, Dhaka 1215			
Md. Salah Uddin	Assistant Manager	271, Dholadia, Mymensingh	2,500	0.0027%	[*]
<b>Total</b>				<b>23.96%</b>	

#### (D) DESCRIPTION OF BUSINESS

**(i) The date on which the issuer company was incorporated and the date on which it commenced operations and the nature of the business which the company and its subsidiaries are engaged in or propose to engage in**

##### Legal Status

Runner Automobiles Limited is a public company limited by shares and is domiciled in Bangladesh. Initially established as a proprietorship business named M/S Runner, it was later incorporated as Runner Automobiles Limited with the Registrar of Joint Stock Companies and Firms in Bangladesh as a private company limited by shares on July 4, 2000 vide incorporation no C-40658 (17)/2000 under Companies Act, 1994. The company has been in commercial operation since inception. The company was converted into a public limited company on January 26, 2012 under the Companies Act, 1994. As on June 30, 2017 the consolidated and standalone revenue of the company was BDT 6,494,673,830 and BDT 2,410,036,191 respectively and the consolidated and standalone net profit after tax was BDT 393,489,689 and BDT 190,899,829 respectively.

##### Nature of Business

Runner Automobiles Limited (RAL) is the flagship company of Runner Group with principal activities to manufacture and distribute 2 Wheelers. The organization has 691 employees as of June 30, 2017. In the past 17 years, the company has invested a large amount of capital to introduce a complete set of advanced production technology and equipment. The company's yearly production capacity of 2 wheelers is 100,000 as per note 39 of the audited accounts for the year ended June 30, 2017. RAL's 2 wheelers products range varies from 50 cc to 150 cc with about 13 models of 2 wheelers and scooters.

Runner Automobiles Limited is renowned in Bangladesh as a pioneering domestic manufacturer of 2 Wheelers with an extensive and deep network of showrooms and workshops spread across length and breadth of the country. The company has a state of art manufacturing facility 70 KM North of Dhaka which is equipped with latest machinery, technology and skilled manpower to produce various brands of 2 wheelers namely 2 AD 80S, AD 80S Deluxe, Cheeta, F 100- 6A, DY 50, Bullet, Royal +, Knight Rider, Turbo, Turbo 125, Freedom, Kite, Kite+. which are well established and extremely popular with various segments of customers. It is noteworthy to mention that RAL is completely dedicated towards promoting and developing a manufacturing ecosystem for 2 Wheelers in Bangladesh. Towards this end, RAL is not only growing as a manufacturer but also extending complete support in terms of technology and technical knowhow to small and medium scale entrepreneurs (SME) to establish their own factories for Spare Parts and Accessories of 2 Wheelers. RAL is fully committed to procurement of such spare parts and accessories such as 2 Wheelers seats, control cables like: brake cable, clutch cable, speedometer cable, throttle cable etc., wiring harness, tire, tube, battery, plastic components (side cover, indicator light, head light, fender) from these SME businesses; and are being utilized in various models of Runner 2 Wheelers.

With its highly dynamic and proactive sales and marketing strategy supported by consumer-centric service and parts initiatives, Runner Automobiles Limited has captured the domestic market as an avant-garde in 2 Wheeler industry. At present, RAL has around 80 Dealers with a massive network of over 230 plus Sales and Service Experience Zones managed by a highly proficient and well trained team. RAL has a chain of 28 Company Owned and Company Operated (COCO) outlets delivering a seamless Sales and Service experience to Runner consumers.

The Board of Directors of Runner Automobiles has a unique structure. The board comprises promoter Mr. Hafizur Rahman Khan, several shareholders who are also dealers of the company, and foreign investor namely Brummer Frontier PE II (Mauritius) Limited.

This is thanks to the unique journey the company has undergone since its inception. The company was formed by Mr. Khan who was employed by one of the leading 2 Wheelers assembling and trading companies at that time. Although performing well, Mr. Khan always harbored entrepreneurial ambitions. Being a key figure in a leading 2 Wheelers trading company, he had very good access among the distribution and dealership value chain of the Bangladesh 2 Wheelers industry. He, along with some of the key dealers, formed Runner Automobiles Limited. Over time Runner also accumulated a number of dealers who are not shareholders, but as a result of this ownership structure, many of the dealers (and especially the big ones) have added motivation to sell Runner motorcycles.

Over time, Runner experienced significant growth and reached a stage when the Board felt that they were ready to invite external strategic investors. Collectively, they have brought in several best practices of global standards. Several improvements have been made in the past 2-3 years in corporate governance and environment, health and safety issues among others. For example, the paint shop at the factory was renovated to ensure that there are no health hazards for the workers. An internal audit committee has been formed which is headed by Mr. Phil van Haarlem, a Dutch national with many years of experience in the automobile industry in many countries. Mr. van Haarlem also sits on the board as an independent director. Brummer has also leveraged its global network to seek quality talent from across the globe who will be able to lead Runner to the next level in the coming years. An example of this is the hiring and engagement of Mr. Mukesh Sharma as the Executive Director in 2015 and subsequently as Managing Director and CEO from November 01, 2016.

#### **Runner Automobiles Limited and UM International LLC, USA**

Taking a big leap ahead and building new alliances, on 28<sup>th</sup> Sept 2016, Runner Automobiles Limited signed a historic collaborative agreement with UM International LLC, of the United States of America, for manufacturing 2 Wheelers in Bangladesh for domestic and other overseas markets. Under the collaborative agreement, Runner would produce UM Runner branded 2 Wheelers by indigenizing at their state of art manufacturing facility at Bhaluka while UM International LLC shall provide R&D support in technological and engineering fields as well as global component sourcing. These high performance and stylish UM Runner branded 2 Wheelers come loaded with a bundle of new features.

UM-Runner 2 Wheelers in Bangladesh would initially be present in the growing Sport and Cruiser categories with the XTREET and RENEGADE family of motorbikes being introduced in the first phase. Engine sizes will range from 100cc to 150cc and bikes will be equipped with UM's KUI's (Key UM Innovations).

#### **Runner Automobiles Limited and Bajaj Automobiles Limited, India (BAL)**

Again making a strategic move into new business venture, Runner Automobiles Ltd. has been appointed as a distributor of Bajaj Auto Ltd. India for popular BAJAJ RE branded 3 Wheelers (Passenger/ cargo- LPG and Diesel range). This business with Bajaj has been established with the common goal of providing a smart and reliable commute solution to the population of Bangladesh through capitalizing Bajaj's expertise on technology/ manufacturing and Runner's strength of deep penetration and reach coupled with strong after sales support.

Upon starting the business since 2017 the Company organized its 19 exclusive dealers with well decorated 19 showroom and well covered service supports countrywide. More than 2000 units RE Brand 3Wheeler products has been distributed in Bangladeshi market by RAL during 2017.

#### **The Company has the following subsidiaries**

##### **Runner Motors Limited**

Runner Motors Limited (RML) is a subsidiary of RAL with 61.67% shares holding by the parent company. This company is the Sole Distributor of VE Commercial Vehicles Ltd. (A Volvo Group and Eicher Motors Joint Venture) of all range of commercial vehicles excluding 16 tonner commercial Vehicles. The range of products includes Light

and Medium (LMD) and heavy duty (HD) commercial vehicles. The market potential of commercial vehicle is booming in Bangladesh.

It has a wide range of service network with 6 company owned service centers and 6 dealer operated service centers as well as 1 Authorized Service Center (ASC) in different district towns. RML is also providing service to the strategic areas of commercial vehicle through 21 well trained technician named Star Mechanic. To ensure availability of original parts, RML is operating one Eicher Genuine Parts (EGP) retail shop at Bangla Bazar, Dhaka and second one is at Dewanhut, Chittagong. In addition to that the company has extended its parts retailer to 100 nos.

Presently, RML has planned to set up CKP plant at Bhaluka, Mymensing to assemble the commercial vehicles for which Ground Breaking Ceremony was held on August'17 and expected to start the operation of the plant at the end of 2018.

### **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 business is to manufacture/assemble all kinds of automobiles/mechanical products manually or by automatic/semi-automatic machine or manufacturing of automatic/mechanical materials and, marketing the same all over Bangladesh. Currently the company is not in commercial operation.

### **Runner Electronics Limited**

Runner Electronics Limited, subsidiary of Runner Automobiles Limited has been wound up/liquidated.

#### **(ii) Location of the project**

The factory of Runner Automobiles Limited is located its own land at Paragaon, Barachala, Bhaluka, Mymensingh while the registered and corporate office is located in its own building located in 138/1, Tejgaon I/A, Dhaka 1208.

#### **(iii) Plant, machinery, technology, process, etc.**

Runner Automobiles Limited has its factory located at Bhaluka, Mymensingh. The factory is constructed on pre-fabricated steel structure on the company's own land. The factory has complete 2 Wheeler production lines which include pressing, welding, painting, engine assembly, motor cycle assembly and quality control. The company has been using sophisticated machineries and automotive technologies in order to produce high quality 2 Wheeler & 3 Wheeler. All manufactured products pass through stringent quality tests and Standard Operating Procedures (SOPs) before they are despatched to Dealers for onward Sales. RAL has a highly qualified team of engineers who are engaged into Quality Assurance and Control of manufacturing and processes. These team members are exposed to international best practices by enabling their visits to Japanese and Indian manufacturing companies and various Motoshows in the World. It helps the company to be competitive over the competitors in the market because of latest machineries, state-of-the-art technologies and processes.

Runner being a domestic manufacturer has been gearing up its research and development facilities especially in areas of Product Development and Testing. Apart from having various machines and equipment like Salt Spray Test Chamber, Coordinate Measuring Machine, Suspension Test Machine, Universal Load Test Bench, Electric Component Test Bench etc. Recently RAL has successfully installed the Engine and Chassis Dynamometers which further helping to enhance the Products performance on parameters of Torque, Power Acceleration, Fuel efficiency, Braking, Gradient Driveability and emissions etc.

**(iv) Details of the major events in the history of the issuer, including details of capacity/facility creation, launching of plant, products, marketing, change in ownership and/or key management personnel etc**

Major Events	Date
Date of Incorporation	July 4, 2000
2 Wheeler Assembly commenced	2002
Component Manufacturing commenced in Bhaluka	2006
Full fledged 2 Wheeler Manufacturing commenced in Bhaluka	2011
Conversion of Denomination of Face Value of Shares	December 26, 2011
Conversion into a Public Limited Company	January 26, 2012
Strategic Foreign Investment of BDT 1,050 million by Brummer Frontier PE II (Mauritius) Limited	September 28, 2013
Capacity increase from 72,000 to 100,000	2015
Launching of Three Wheeler	2015
Collaboration Agreement with UM & Bajaj for manufacturing 2 Wheeler and 3 Wheeler	2016
Appointment of – Mr. Mukesh Sharma as Managing Director and Chief Executive Officer	November 01, 2016
Started Export to Nepal	2017

**(v) Principal products or services of the issuer and markets for such products or services. Past trends and future prospects regarding exports (if applicable) and local market, demand and supply forecasts for the sector in which the product is included with source of data**

The principal product of the Company is 2 Wheeler & 3 Wheeler. The products are sold to Customers and Corporate clients through Dealers, Company Owned Company Operated (COCO) stores, through tenders and recently initiated online retail mode.

Runner Automobiles Limited produces high quality high performance 2 Wheelers at competitive price. RAL's 2W products range varies from 50 cc to 150 cc with about 13 models of 2 Wheelers and scooters.

The market for 2 Wheelers is on the rise in Bangladesh riding on increase in disposable income among the general population. This is exemplified by the rise in the number of 2 Wheelers registered with Bangladesh Road Transport Association (BRTA) from 114,616 in 2011 to 206,387 during January to August 31, 2017. The aggregate number of 2 Wheelers registered in the last seven years more than doubled from 759,257 up to 2010 to 1,930,756 till August 31, 2017.<sup>3</sup>

Demand and supply forecast of 2 Wheelers could not be provided due to unavailability of independent market data sources.

Runner Automobiles is trying to foray into international market by expanding its footprint in countries such as Nepal and a few African countries. RAL has already started export to Nepal.

**(vi) If the issuer has more than one product or service, the relative contribution to sales and income of each product or service that accounts for more than 10% of the company's total revenues**

Relative contribution of products of the company during the year ended June 30, 2017 is as follows-

Product	Revenue	Percentage of Total Revenue
2 Wheeler	2,212,395,500	91.80%
3 Wheeler	197,640,691	8.20%
Total	<b>2,410,036,191</b>	100%

<sup>3</sup> Source: <http://www.brta.gov.bd/newsite/en/whole-bangladesh-up-to-sep-2016/>

**(vii) Description of associates, subsidiary and holding company of the issuer and core areas of business thereof**

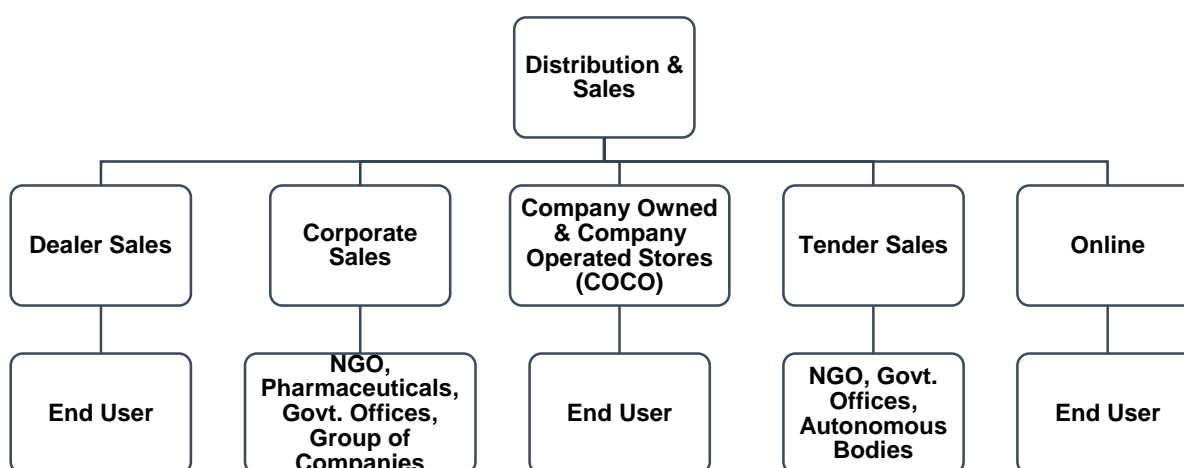
Runner Automobiles Limited does not have any associate or holding company. Description of subsidiaries are as follows-

Name of the Company	Legal Status	Date of Incorporation	Relation	Nature of the business of the Company
Runner Motors Limited	Private Limited Company	19-02-2005	Subsidiary	Importer and distributor of commercial vehicles like trucks and pickups.
Freedom Motors Limited	Private Limited Company	02-02-2008	Subsidiary	To manufacture/ assemble 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

**(viii) How the products or services are distributed with details of the distribution channel. Export possibilities and export obligations, if any**

Runner Automobiles Limited has captured the domestic market with 80 Dealers and 230 exclusive sales outlets managed by trained dealer staff along with 21 Company Owned Company Operated (COCO) flagship stores. These Sales and Service outlets are spread across country to ensure proximity to Customers. These Sales and Service Showrooms are managed by professional team of Sales, service and Parts structured into 5 Zones (North, East, West, South & Central). Each of these Zones has a Zonal Business Head who is responsible to provide single window solution to RAL’s internal and external Customers. These Field teams are ably supported by corporate teams and National heads of each of these verticals.

Runner Automobiles forayed into international market by expanding its footprints to in countries such as Nepal and is trying to enter few African countries. RAL has already opened an exclusive showroom though its dealer for distribution of its Products in Nepal market. The following illustration explains the structure and process of distribution and sales of RAL’s products-



**(ix) Competitive conditions in business with names, percentage and volume of market shares of major competitors**

Runner Automobile Limited is renowned in Bangladesh as a pioneering domestic manufacturer of 2 Wheelers with an extensive and deep network of showrooms and workshops spread across length and breadth of the country. The company has various well established brands of 2 wheelers namely AD 80S, AD 80S Deluxe, Cheeta, F 100-

6A, DY 50, Bullet, Royal +, Knight Rider, Turbo, Turbo 125, Freedom, Kite, Kite+. in its portfolio which are extremely popular with various segments of customers.

Runner Automobiles Limited is well renowned in the local market as one of the leading manufacturer, assembler and seller of 2 Wheelers in the country. The company has established brands in the market namely Dayang Runner, Freedom Runner, LML Freedom and Runner.

RAL has been appointed as a distributor of BAJAJ Autos Ltd. of India for famous BAJAJ RE brand (LPG, Diesel, Passenger and Cargo) 3 Wheeler in Bangladesh. Since incorporation, the Company organized its 19 dealer with well decorated showroom and well covered service supports over the country. RAL already imported and sold more than 2000 units RE Brand 3 Wheeler products in Bangladeshi market during 2017.

RAL being the pioneering manufacturer and assembler of 2 Wheelers in the country has the early mover advantage over competition. However, as regards to sale of 2 Wheelers there are several importers and sellers namely Uttara Motors, TVS Auto BD, Niloy Motors, Rankon Motor Bikes Ltd and Navana 2 Wheelers. RAL's competitive edge lies in its ability to manufacture and assemble quality products and market those at a competitive cost compared to other importers and sellers. Hence, the company has been able to create a niche among value conscious buyers looking for quality products; a true value for money proposition.

No independent source of competitors' market share information is available.

**(x) Sources and availability of raw materials, names and addresses of the principal suppliers and contingency plan in case of any disruption;**

Name of the supplier	Address	Materials	Origin
Luoyang Northern EK Chore MC Co. Limited (Dayang)	Luoyang City, Henan Province, PR China post code:471031	Raw Material	China
Chongquin Lifan Industry (Group) IMP & Exp Co. Ltd	No.60, Zhangjia Wan, Shangqiao, Shapingba District, ChongqingG, China	Raw Material	China
Guangzhou Haojin Motor Cycle Co Limited	Shangshao Industrial Area, Xintang Town, Zengcheng, Guangzhou, China. P.C : 511340	Raw Material	China
UM International LLC	601 South 21 Avenue, Hollywood FL, 33020, USA	2 Wheeler	USA
Bajaj Auto Limited	Akurdi, Pune 411035, India	3 Wheeler	India
Others	-	Locally Procured Raw Material	Bangladesh

**Contingency Plan**

RAL sources its material from a number of suppliers. Also, there are a number of alternative sourcing option and hence any disruption will not affect sourcing of the company.

**(xi) Sources of, and requirement for, power, gas and water; or any other utilities and contingency plan in case of any disruption**

**Power:** The Company has Rural Electrification Board (REB) electricity line and daily maximum requirement of electricity is around 1,367 KW.

**Gas:** There is no requirement of gas for running the factory production.

**Water:** RAL needs water to run its factory operation, sanitation and other purposes. It meets the requirement by own deep tubewell and requirement is 5 m<sup>3</sup> per hour.

### Contingency Plan

RAL has three own generators (810 KVA, 520 KVA and 100 KVA) capable of tackling any disruption of electricity.

**(xii) Names, address(s), telephone number, web address, e-mail and fax number of the customers who account for 10% or more of the company's products /services with amount and percentage thereof**

No single customer accounts for more than 10% of the company's revenue.

**(xiii) Names, address(s), telephone number, web address, e-mail and fax number of the suppliers from whom the issuer purchases 10% or more of its raw material/ finished goods with amount and percentage thereof**

Name of the supplier	Address	Telephone, Web Address, Email and Fax Number	Raw Material/ Finished Goods	Amount (BDT Million)	% of Total Purchase
Luoyang Northern EK Chore MC Co. Limited (Dayang)	Luoyang City, Henan Province, PR China post code:471031	Tel: 0086-379 65118548 Web:www.dayang-motorcycle.com E-mail:dayang@dayang-motorcycle.com Fax: 86-379-6493759	Raw Material	615.16	35.69%
Chongquin Lifan Industry (Group) IMP & Exp Co. Ltd	No.60, Zhangjia Wan, Shangqiao, Shapingba District, ChongqingG, China	Tel: 023-61663307 Web: www.lifan.com E-mail: lecauto@lifan.com Fax: 023-61663588	Raw Material	269.91	15.66%
Guangzhou Haojin Motor Cycle Co. Limited	Shangshao Industrial Area, Xintang Town, Zengcheng, Guangzhou, China. P.C : 511340	Web:www.haojin.com.cn E-mail: export01@haojin.com.cn Fax: +86-20-82673390	Raw Material	289.76	16.81%
Bajaj Auto Ltd.	Akurdi, Pune 411035, India	Web: www.bajajauto.com Email: sbrahmi@bajajauto.co.in Fax: +912027473398 Tel: +912027472851	3Wheeler	219.28	12.72%

**(xiv) Description of any contract which the issuer has with its principal suppliers or customers showing the total amount and quantity of transaction for which the contract is made and the duration of the contract. If there is not any of such contract, a declaration is to be disclosed duly signed by CEO/MD, CFO and Chairman on behalf of Board of Directors**

Runner Automobiles Limited does not have any binding contract with any of its suppliers or customers other than those entered into for day-to-day operational purposes.

SD/-  
**Hafizur Rahman Khan**  
Chairman  
Runner Automobiles Limited

SD/-  
**Mukesh Sharma**  
Managing Director and CEO  
Runner Automobiles Limited

SD/-  
**Muhammad Nazrul Islam FCA**  
Chief Financial Officer  
Runner Automobiles Limited

**(xv) Description of licenses, registrations, NOC and permissions obtained by the issuer with issue, renewal and expiry dates**

Runner Automobiles Limited has several regulatory licenses and certificates in order to continue its operations. In addition, it has several buyer certifications. The table below lists the licenses and certifications that the company has:

Particulars	Issuer/ Issuing authority	Certificate/License No.	Issue/Renewal Date	Current Status
Certificate of Incorporation	Registrar of Joint Stock Companies and Firms, Government of Bangladesh	C- 40658(17)/2000	July 4, 2000	-
TIN Certificate	National Board of Revenue, Government of Bangladesh	579421967838	June 14, 2016	-
VAT Certificate	Customs, Excise and VAT Commissionerate, Dhaka (North), Government of Bangladesh	18061004993 area code 180201	January 17, 2013	-
	Customs, Excise and VAT Commissionerate, Dhaka (South), Government of Bangladesh	19101003565 area code 190302	September 19, 2012	-
Commercial Import Registration Certificate	Office of the Chief Controller of Imports & Exports, Government of Bangladesh	Bo 159367	March 28, 2005	Validity expired on June 30, 2018. Renewal application not submitted yet.
Industrial Import Registration Certificate	Office of the Chief Controller of Imports & Exports, Government of Bangladesh	Bo 105440	May 15, 2000	Validity expired on June 30, 2018. Renewal application not submitted yet.
Export Registration Certificate	Office of the Chief Controller of Imports & Exports, Government of Bangladesh	Ro 0104775	November 05, 2012	Validity expired on June 30, 2018. Renewal application not submitted yet.
Trade License	Dhaka North City Corporation	03-01627	July 17, 2013	Validity expired on June 30, 2018. Renewal application not submitted yet.
	Hobirbari Union Parishad	1105	September 11, 2017	Validity expired on June 30, 2018. Renewal application not submitted yet.
Fire License	Fire Service & Civil Defense, Government of Bangladesh	761/08	July 01, 2008	Valid till June 30, 2019
Boiler License	Office of the Chief Boiler Inspector, Government of Bangladesh	Ba Bo 7783	November 27, 2017	Valid till November 18, 2018
Certificate of Insurance	Continental Insurance Limited	CIL/GBD/IAR/P-0001/01/2018	January 10, 2018	Valid till January 09, 2019
	Green Delta Insurance Company Limited	GDI/KRL/01/2018/IAR/P/0004	January 08, 2018	Valid till January 08, 2019
	Rupali Insurance Company Limited	RIC/NAO/IAR/P-0001/01/2018	January 11, 2018	Valid till January 08, 2019
	Crystal Insurance Company Limited	CICL/PB/FC-0067/07/2016	August 20, 2017	Valid till July 23, 2018
	Asia Insurance Limited	AIL/LO/IAR/P-0003/01/2018	January 09, 2018	Valid till January 09, 2019
Membership Certificate	Dhaka Chamber of Commerce & Industry	00721	January 23, 2013	Valid for the year 2018



Particulars	Issuer/ Issuing authority	Certificate/License No.	Issue/Renewal Date	Current Status
	Bangladesh Chamber of Industries	R-19	March 13, 2017	Valid till December 31, 2018
Environmental Clearance Certificate	Department of Environment, Mymensingh	22.02.6100.142.71.120.15.160	December 18, 2017	Valid till December 2, 2018
Factory License	Department of Inspection for Factories and Establishments	160/Mymensingh	April 30, 2017	Validity expired on June 30, 2018. Application for renewal submitted on June 06.2018
Group Life Insurance	Guardian Life Insurance Limited	-	July 10, 2017	June 30, 2020
ISO 9001:2015, ISO 14001:2015 & BS OHSAS 18001:2007	Bureau Veritas Certification Holding SAS- UK Branch	IND16.4025/U	March 29, 2018	Valid till April 05, 2019

Besides Runner Automobiles Limited has has obtained Bangladesh Road Transport Authority (BRTA) approval for the following models of 2 wheelers and 3 wheelers-

SL No	Category	BRTA Approval (reference no. & date)	Country of Imported Engine	Model
01	2 Wheeler	BRTA/4T-2(7/1)/05/2013-73 dated January 10, 2013	Republic of China	AD80 S
02	2 Wheeler	BRTA/4T-2(7/1)/05/2013-73 dated January 10, 2013	Republic of China	AD80 S DELUXE
03	2 Wheeler	BRTA/4T-2(7)/05/2010-890 dated April 06, 2010	Republic of China	DY 50
04	2 Wheeler	BRTA/4T-2(7/1)/05/2012-3372 dated December 30, 2012	Republic of China	TURBO
05	2 Wheeler	BRTA/4T-2(7/1)/05/2010-3740 dated November 04, 2010	Republic of China	BULLET
06	2 Wheeler	35.03.0000.003.31.002.2016-1119 dated March 31, 2016	Republic of China	TURBO 125
07	2 Wheeler	BRTA/4T-2(7/1)/05/2012-3371 dated December 30, 2012	Republic of China	ROYAL +
08	2 Wheeler	35.03.0000.003.31.002.2016-1037 dated March 28, 2017	Republic of China	KNIGHTRIDER
09	2 Wheeler	BRTA/4T-2(7/2)/05/2013-1473 dated May 17, 2015	Republic of China	CHEETA
10	2 Wheeler	BRTA/4T-2(7/1)/05/2010-3213 dated December 30, 2010	Republic of China	F100-6A
11	2 Wheeler	BRTA/4T-2(7/2)/05/2013-500 dated February 24, 2014	Republic of China	FREEDOM
12	2 Wheeler	BRTA/4T-2(7/2)/05/2013-501 dated February 24, 2014	Republic of China	KITE
13	2 Wheeler	35.03.0000.003.31.002.2016-1036 dated March 28, 2017	Republic of China	KITE+
14	3 Wheeler	35.03.0000.003.31.022(Part-35).2015-1125 dated August 10, 2017	Republic of India	RE 4S COMPACT LPG (AUTO RICKSHAW)
15	3 Wheeler	35.03.0000.003.31.022(Part-35).2015-1125 dated August 10, 2017	Republic of India	RE MAXIMA (CARGO VAN)
16	3 Wheeler	35.03.0000.003.31.022(Part-36).2015/1146 dated August 29, 2017	Republic of India	RE 4S COMPACT DIESEL (AUTO RICKSHAW)
17	3 Wheeler	35.03.0000.003.31.022(Part-36).2015/1146 dated August 29, 2017	Republic of India	RE MAXIMA (AUTO TEMPO)

**(xvi) Description of any material patents, trademarks, licenses or royalty agreements**

Runner Automobiles Limited has the following copyrights-

Particulars	Issuing Authority	Certificate No.	Issue Date
Certificate of Registration of Copyright for "Logo Literature of Runner Automobiles Limited"	Copyright Office, Government of the People's Republic of Bangladesh	13094-COPR	May 15, 2013
Certificate of Registration of Copyright for "Logo Literature of Dayang-Runner"	Copyright Office, Government of the People's Republic of Bangladesh	13164-COPR	July 17, 2013
Certificate of Registration of Copyright for "Logo Literature of Freedom Runner"	Copyright Office, Government of the People's Republic of Bangladesh	13165-COPR	July 17, 2013

**(xvii) Number of total employees and number of full-time employees**

As per audited accounts

Salary Range (Monthly)	Officers and Workers		Total Employees	Number of Full time employees
	Head Office	Factory		
Not less than 3,000	265	426	691	691

**(xviii) A brief description of business strategy**

Key strategic objectives of Runner Automobiles Limited are to:

- Ensure sustainable growth and modernization of existing facilities with potential for success through increasing manufacturing efficiency
- Achieve global competitiveness and to derive the full benefit of our demographic advantage
- Invest in improving the skills and productivity of the workforce to achieve average per man hour per machine output in terms of quantity and quality of the levels prevailing in Bangladesh over the next 5 years
- Position Runner Automobiles in the internal & global frontier as an ecofriendly company in the entire value chain
- Achieve technological superiority
- Strengthening financial resources

**(xix) A table containing the existing installed capacities for each product or service, capacity utilization for these products or services in the previous years, projected capacities for existing as well as proposed products or services and the assumptions for future capacity utilization for the next three years in respect of existing as well as proposed products or services. If the projected capacity utilization is higher than the actual average capacity utilization, rationale to achieve the projected levels**

**Existing installed and capacity utilization**

For the year ended June 30, 2015			For the year ended June 30, 2016			For the year ended June 30, 2017		
Installed Capacity	Actual Production	Capacity Utilization (%)	Installed Capacity	Actual Production	Capacity Utilization (%)	Installed Capacity	Actual Production	Capacity Utilization (%)
100,000	29,550	29.55%	100,000	18,867	18.87%	100,000	31,741	31.74%

Installed capacity and actual production in pcs

## Projected capacity utilization

For the Year ended June 30, 2018			For the Year ended June 30, 2019			For the Year ended June 30, 2020		
Installed Capacity	Actual Production	Capacity Utilization (%)	Installed Capacity	Actual Production	Capacity Utilization (%)	Installed Capacity	Actual Production	Capacity Utilization (%)
100,000	36,000	36.00%	100,000	48,000	48.00%	100,000	62,000	62.00%

Installed capacity and actual production in pcs

## (E) DESCRIPTION OF PROPERTY

### (i) Location and area of the land, building, principal plants and other property of the company and the condition thereof

The Company possesses the following fixed assets as per audited financial statements as on June 30, 2017 are stated below:

Particulars	Written Down Value as on June 30, 2017
Land & Land Development *	1,802,136,119
Building & Other Construction	714,602,680
Plant & Machineries	362,772,567
Furniture & Fixture	50,634,907
Office Equipment	30,171,362
Motor Vehicle	30,642,073
Computer & Accessories	15,926,170
<b>Total</b>	<b>3,006,885,877</b>

Runner Automobiles Limited has its factory located at Bhaluka, Mymensingh. The factory is constructed on pre-fabricated steel structure on the company's own land. The factory has complete 2 Wheelers production lines which include pressing, welding, painting, engine assembly, motor cycle assembly and quality control. The company's head office is located in its own building located in Tejgaon I/A. In total, the company owns 4,944.04 decimal of land in different parts of the country.

The property, plant and equipment of the company are in good condition. The plant and machinery of the Company have been owned by the Company and were purchased in brand new condition.

### (ii) Whether the property is owned by the company or taken on lease

All the assets of the company are owned by the company except four vehicles which have been leased from United Finance Limited.

Each specific lease facility availed is repaid as per respective sanctions. Details regarding lease is given in notes 17.1 and 21.1 of the audited accounts for the year ended June 30, 2017 and the financial lease (F) (ii) (k) of this section.

**(iii) Dates of purchase, last payment date of current rent and mutation date of lands, deed value and other costs including details of land development cost, if any and current use thereof**

SI No.	Deed No.	Date	Mutation Date	Last payment date of current rent	Current Use	Area of the Land as per deed (decimal)	Area of the Land as per mutation (decimal)	Land Deed Value	Land Development Cost (BDT)	Total Land Cost (BDT)	Location
1	3887	9-Jul-08	04.12.08	02-Feb-16 for 1423	Head office	24.75	24.75	60,000,000	65,660,912	125,660,912	Tejgaon, Dhaka
2	4209	6-Mar-05	15.05.15	29-Sep-16 for 1423	Rented	33.00	52.80	178,000	194,794	372,794	Savar, Dhaka
3	11711	17-Jun-04	15.05.15	29-Sep-16 for 1423	Rented	19.80		260,000	284,531	544,531	Savar, Dhaka
4	10368	12-Jun-01	10.07.12	29-Sep-16 for 1423	Rented	54.25	92.00	380,000	415,852.44	795,852	Savar, Dhaka
5	20506	17-Nov-01	10.07.12	29-Sep-16 for 1423	Rented	33.75		150,000	164,152.28	314,152	Savar, Dhaka
6	3101	13-Feb-02	10.07.12	29-Sep-16 for 1423	Rented	19		86,000	94,113.97	180,114	Savar, Dhaka
7	5784	28-Mar-02	10.07.12	29-Sep-16 for 1423	Rented	10		25,000	27,358.71	52,359	Savar, Dhaka
8	1999	7-Jun-05	22.11.05	20-Jul-16 for 1423	Vacant	35.5		35.50	470,000	514,343.81	984,344
9	3661	21-May-03	20.10.03	4-Nov-16 for 1423	Factory	776	928.00	1,170,000	1,280,387.78	2,450,388	Bhaluka, Mymensingh
10	3662	21-May-03	20.10.03	4-Nov-16 for 1423	Factory	152		230,000	251,700.16	481,700	Bhaluka, Mymensingh
11	8227	7-Dec-03	23.11.08	4-Nov-16 for 1423	Factory	20	296.00	120,000	131,321.82	251,322	Bhaluka, Mymensingh
12	8236	7-Dec-03	23.11.08	4-Nov-16 for 1423	Factory	6.75		40,000	43,773.94	83,774	Bhaluka, Mymensingh
13	5653	22-Jul-04	23.11.08	4-Nov-16 for 1423	Factory	15.5		115,000	125,850.08	240,850	Bhaluka, Mymensingh
14	8792	8-Dec-04	23.11.08	4-Nov-16 for 1423	Factory	35		260,000	284,531	544,531	Bhaluka, Mymensingh
15	2401	22-Jun-06	23.11.08	4-Nov-16 for 1423	Factory	7		200,000	218,870	418,870	Bhaluka, Mymensingh
16	4789	9-Nov-06	23.11.08	4-Nov-16 for 1423	Factory	50		600,000	656,609	1,256,609	Bhaluka, Mymensingh
17	3895	16-Jun-08	23.11.08	4-Nov-16 for 1423	Factory	56		930,000	1,017,744	1,947,744	Bhaluka, Mymensingh
18	5041	28-Jul-08	23.11.08	4-Nov-16 for 1423	Factory	28		463,000	506,683	969,683	Bhaluka, Mymensingh
19	6235	15-Sep-08	23.11.08	4-Nov-16 for 1423	Factory	78		1,250,000	1,367,936	2,617,936	Bhaluka, Mymensingh
20	3218	21-Apr-04	26.11.13	4-Nov-16 for 1423	Factory	35.25		300,000	328,305	628,305	Bhaluka, Mymensingh
21	8846	27-Dec-03	26.11.13	4-Nov-16 for 1423	Factory	11.75	58.75	80,000	87,548	167,548	Bhaluka, Mymensingh
22	8239	7-Dec-03	26.11.13	4-Nov-16 for 1423	Factory	11.75		80,000	87,548	167,548	Bhaluka, Mymensingh
23	8631	22-Dec-03	09.06.16	17-Jul-16 for 1423	Factory	7	7	10,000	10,943	20,943	Bhaluka, Mymensingh

Sl No.	Deed No.	Date	Mutation Date	Last payment date of current rent	Current Use	Area of the Land as per deed (decimal)	Area of the Land as per mutation (decimal)	Land Deed Value	Land Development Cost (BDT)	Total Land Cost (BDT)	Location
24	8558	21-Dec-03	08.07.09	4-Nov-16 for 1423	Factory	20	536.50	120,000	131,322	251,322	Bhaluka, Mymensingh
25	8116	27-Nov-08	08.07.09	4-Nov-16 for 1423	Factory	35		550,000	601,892	1,151,892	Bhaluka, Mymensingh
26	347	20-Jan-09	08.07.09	4-Nov-16 for 1423	Factory	153.5		2,558,000	2,799,344	5,357,344	Bhaluka, Mymensingh
27	654	8-Feb-09	08.07.09	4-Nov-16 for 1423	Factory	72		1,188,000	1,300,086	2,488,086	Bhaluka, Mymensingh
28	652	8-Feb-09	08.07.09	4-Nov-16 for 1423	Factory	28		462,000	505,589	967,589	Bhaluka, Mymensingh
29	653	8-Feb-09	08.07.09	4-Nov-16 for 1423	Factory	35.5		585,000	640,194	1,225,194	Bhaluka, Mymensingh
30	908	17-Feb-09	08.07.09	4-Nov-16 for 1423	Factory	160.00		2,450,000	2,681,154	5,131,154	Bhaluka, Mymensingh
31	3464	28-May-09	08.07.09	4-Nov-16 for 1423	Factory	32.50		500,000	547,174	1,047,174	Bhaluka, Mymensingh
32	3346	23-Mar-10	15.06.10	4-Nov-16 for 1423	Factory	98.00	98.00	1,500,000	1,641,523	3,141,523	Bhaluka, Mymensingh
33	5012	23-Jul-09	13.12.09	4-Nov-16 for 1423	Factory	46.00	351.50	740,000	809,818	1,549,818	Bhaluka, Mymensingh
34	5970	26-Aug-09	13.12.09	4-Nov-16 for 1423	Factory	223.50		3,400,000	3,720,785	7,120,785	Bhaluka, Mymensingh
35	6282	8-Sep-09	13.12.09	4-Nov-16 for 1423	Factory	82.00		1,255,000	1,373,407	2,628,407	Bhaluka, Mymensingh
36	9387	21-Sep-10	10.09.12	4-Nov-16 for 1423	Factory	28.00	192.50	428,000	468,381	896,381	Bhaluka, Mymensingh
37	10121	3-Nov-11	10.09.12	4-Nov-16 for 1423	Factory	13.50		270,000	295,474	565,474	Bhaluka, Mymensingh
38	9804	26-Oct-11	10.09.12	4-Nov-16 for 1423	Factory	140.00		2,800,000	3,064,176	5,864,176	Bhaluka, Mymensingh
39	6808	25-Jul-11	10.09.12	4-Nov-16 for 1423	Factory	11.00		215,000	235,285	450,285	Bhaluka, Mymensingh
40	1874	25-Feb-13	10.06.13	4-Nov-16 for 1423	Factory	500.00	847.00	14,500,000	15,868,054	30,368,054	Bhaluka, Mymensingh
41	1875	25-Feb-13	10.06.13	4-Nov-16 for 1423	Factory	347.00		10,000,000	10,943,485	20,943,485	Bhaluka, Mymensingh
42	8860	11-Oct-12	10.06.13	4-Nov-16 for 1423	Factory	96.00	96.00	5,000,000	5,471,743	10,471,743	Bhaluka, Mymensingh
43	11007	23-Oct-12	10.06.13	4-Nov-16 for 1423	Factory	26.00	26.00	2,000,000	2,188,697	4,188,697	Bhaluka, Mymensingh
44	7729	9-Sep-13	26.11.13	4-Nov-16 for 1423	Factory	82.00	82.00	2,250,000	2,462,284	4,712,284	Bhaluka, Mymensingh
45	6846	6-Aug-12	10.06.13	4-Nov-16 for 1423	Factory	33.33	149.33	1,600,000	1,750,958	3,350,958	Bhaluka, Mymensingh
46	7069	13-Aug-12	10.06.13	4-Nov-16 for 1423	Factory	35.50		1,700,000	1,860,393	3,560,393	Bhaluka, Mymensingh
47	6954	8-Aug-12	10.06.13	4-Nov-16 for 1423	Factory	17.00		800,000	875,479	1,675,479	Bhaluka, Mymensingh
48	7139	13-Aug-12	10.06.13	4-Nov-16 for 1423	Factory	47.50		2,255,000	2,467,756	4,722,756	Bhaluka, Mymensingh
49	6926	7-Aug-12	10.06.13	4-Nov-16 for 1423	Factory	17.00		800,000	875,479	1,675,479	Bhaluka, Mymensingh

SI No.	Deed No.	Date	Mutation Date	Last payment date of current rent	Current Use	Area of the Land as per deed (decimal)	Area of the Land as per mutation (decimal)	Land Deed Value	Land Development Cost (BDT)	Total Land Cost (BDT)	Location
50	5114	18-Jun-14	25.03.15	4-Nov-16 for 1423	Factory	13.50	29.50	500,000	547,174	1,047,174	Bhaluka, Mymensingh
51	5113	18-Jun-14	25.03.15	4-Nov-16 for 1423	Factory	16.00		600,000	656,609	1,256,609	Bhaluka, Mymensingh
52	3451	21-Apr-14	03.11.14	4-Nov-16 for 1423	Factory	5.25	5.25	265,000	290,002	555,002	Bhaluka, Mymensingh
53	11569	19-Dec-11	10.05.15	4-Nov-16 for 1423	Factory	2.50	34.00	50,000	54,717	104,717	Bhaluka, Mymensingh
54	2969	12-Apr-04	10.05.15	4-Nov-16 for 1423	Factory	19.00		150,000	164,152	314,152	Bhaluka, Mymensingh
55	3450	21-Apr-14	10.05.15	4-Nov-16 for 1423	Factory	8.50		300,000	328,305	628,305	Bhaluka, Mymensingh
56	5485	30-Jun-14	10.05.15	4-Nov-16 for 1423	Factory	4.00		150,000	164,152	314,152	Bhaluka, Mymensingh
57	1346	13-Feb-14	25.03.15	4-Nov-16 for 1423	Factory	46.66	46.66	1,680,000	1,838,506	3,518,506	Bhaluka, Mymensingh
58	1456	19-Feb-12	29.07.13	28-Aug-14 for 1421	Vacant	778.00	778.00	77,800,000	85,140,316	162,940,316	Bhaluka, Mymensingh
59	9983	3-Nov-09	10.06.10	04-May-16 for 1423	Vacant	106.00	106.00	6,151,000	6,731,338	12,882,338	Thakurgaon
60	5811*	3-Jun-13	N/A*	28-Jun-16 for 2016-2017	Vacant	68.80	71.00	25,000,000	32,782,368	57,782,368	Kotoali, Mymensingh
61	**	21-Nov-13	N/A**	28-Jun-16 for 2016-2017	Vacant	2.20					Kotoali, Mymensingh
<b>Total:</b>						<b>4,970.29</b>	<b>4944.04</b>	<b>239,969,000</b>	<b>268,033,378</b>	<b>508,002,378</b>	<b>4,970.29</b>

\* RAL obtained this land from Ibrahim Flower Mills Limited which is in BSCIC area, separate mutation is not required for this land.

\*\* RAL obtained this land from BSCIC against which there is allotment paper, separate mutation is not required for this land.

Particular	Amount (BDT)
Cost Value of Land	508,002,378
Revaluation Reserve (Revaluation conducted in 2010)	758,569,086
Revaluation Reserve (Revaluation conducted in 2014)	535,564,655
<b>Total</b>	<b>1,802,136,119</b>

(iv) The names of the persons from whom the lands has been acquired/ proposed to be acquired along with the cost of acquisition and relation, if any, of such persons to the issuer or any sponsor or director thereof

SI No.	Deed No.	Seller	Area of the Land in decimal	Land Deed Value	Relation with Issuer/Sponsor /Director
1	3887	Dhaka Packages Limited	24.75	60,000,000	No relation
2	4209	Golam Mostafa	33.00	178,000	No relation
3	11711	Nikkon Housing Limited	19.80	260,000	No relation
4	10368	Aftab Hossain Molla	54.25	380,000	No relation
5	20506	Lutfun Nesa Kaijar	17.30	150,000	No relation
6	3101	Nikkon Housing Limited	11.45	86,000	No relation
7	5784	Nikkon Housing Limited	9.00	25,000	No relation
8	1999	Runner Motors Limited	35.50	470,000	Subsidiary of RAL
9	3661	Tropical Properties	776.00	1,170,000	No relation
10	3662	Rabiul Haque	152.00	230,000	No relation
11	8227	Md. Hazrat Ali	20.00	120,000	No relation
12	8236	Abul Bashar Gong	6.50	40,000	No relation
13	5653	Abdul Latif	15.50	115,000	No relation
14	8792	Nekjan Beyoa	35.00	260,000	No relation
15	2401	Abdus Samad	7.00	200,000	No relation
16	4789	Nazrul Islam Gong	50.00	600,000	No relation
17	3895	Ebad Ullah Gong	56.00	930,000	No relation
18	5041	Ebad Ullah Gong	28.00	463,000	No relation
19	6235	Kafil Uddin Kazi	78.00	1,250,000	No relation
20	3218	Amir Ali	35.25	300,000	No relation
21	8846	Amena Khatun	11.75	80,000	No relation
22	8239	Minara Khatun	11.75	80,000	No relation
23	8631	Mohammad Ali Jinnah	7.00	10,000	No relation
24	8558	Md. Rokunuzzaman	20.00	120,000	No relation
25	8116	Yousuf Ali	35.00	550,000	No relation
26	347	Amsor Ali Gong	153.50	2,558,000	No relation
27	654	Shahab Uddin Gong	72.00	1,188,000	No relation
28	652	Jamal Uddin	28.00	462,000	No relation
29	653	Mojafor Ali Gong	35.50	585,000	No relation
30	908	Mozammel Hossain	160.00	2,450,000	Vice Chairman
31	3464	Amina Khatun	32.50	500,000	No relation
32	3346	Mozammel Hossain	98.00	1,500,000	Vice Chairman
33	5012	Yakub Ali Gong	46.00	740,000	No relation
34	5970	Md. Hazrat Ali Gong	223.50	3,400,000	No relation
35	6282	Rukunuzzaman	82.00	1,255,000	No relation
36	9387	Abdul Latif Sarkar	28.00	428,000	No relation
37	10121	Md. Moktar Hossain	13.50	270,000	No relation
38	9804	Md. Abdul Latif	140.00	2,800,000	No relation
39	6808	Md. Abdul Latif	11.00	215,000	No relation
40	1874	Runner Motors Limited	500.00	14,500,000	Subsidiary of RAL

SI No.	Deed No.	Seller	Area of the Land in decimal	Land Deed Value	Relation with Issuer/Sponsor /Director
41	1875	Runner Motors Limited	347.00	10,000,000	Subsidiary of RAL
42	8860	Md. Abdul Matin	96.00	5,000,000	No relation
43	11007	Md. Julhas Uddin	26.00	2,000,000	No relation
44	7729	Md. Abdul Latif	82.00	2,250,000	No relation
45	6846	Md. Shiraju Islam	32.33	1,600,000	No relation
46	7069	Md. Abul Husain Gong	35.50	1,700,000	No relation
47	6954	Md. Hosain Ali	17.00	800,000	No relation
48	7139	Md. Alamgir Kabir Gong	47.50	2,255,000	No relation
49	6926	Md. Rais Uddin	17.00	800,000	No relation
50	5114	Halima Khatun	13.50	500,000	No relation
51	5113	M.A Baten	16.00	600,000	No relation
52	3451	Md. Abdul Latif	5.25	265,000	No relation
53	11569	Md. Ramjan Ali	2.50	50,000	No relation
54	2969	Mohammad Ali Jinnah	19.00	150,000	No relation
55	3450	Maleka Khatun	8.50	300,000	No relation
56	5485	Ajaha Islam	4.00	150,000	No relation
57	1346	Md. Nurul Islam	46.66	1,680,000	No relation
58	1456	Hafizur Rahman Khan & Mozammel Hossain*	778.00	77,800,000	Chairman, Vice Chairman
59	9983	Mahbulul Haque	106.00	6,151,000	No relation
60	5811	Ibrahim Flower Mills Ltd (BSCIC)	68.80	25,000,000	No relation
61		BSCIC	2.20		No relation

\* 3,618,000 shares of BDT10 each totaling BDT 36,180,000 and 24,120,000 shares of BDT 10 each totaling BDT 24,120,000 were issued to Hafizur Rahman Khan and Md. Mozammel Hossain while BDT 2,720,000 and BDT 14,780,000 out of cost of acquisition of BDT 77,800,000

**(v) Details of whether the issuer has received all the approvals pertaining to use of the land, if required**

The company has received all the approvals from relevant authority pertaining to use of the land. Mutation of land of the company is in the company's name and it has relevant approvals/licenses such as Trade License, Factory License, Fire License, Boiler License and Environmental Clearance Certificate to undertake business.

**(vi) If the property is owned by the issuer, whether there is a mortgage or other type of charge on the property, with name of the mortgagee**

The company has mortgaged a portion of its fixed assets i.e 4,127.05 decimal land to Al-Arafah Islami Bank Limited, BASIC Bank Limited, BRAC Bank Limited, Dhaka Bank Limited, Eastern Bank Limited, EXIM Bank Limited, Jamuna Bank Limited, Mercantile Bank Limited, Premier Bank Limited and Standard Bank Limited as detailed below-

SI. No.	Name of lenders	Collateral Security
01	Dhaka Bank Ltd	Registered Mortgage & Registered Irrevocable General Power of Attorney (RIGPA) of 178.00 decimal land located at Paragaon, Hobir Bari, Valuka, Mymensingh.
02	Al-Arafah Islami Bank Ltd.	Registered Mortgage & RIGPA of 33.75 decimal land with 13,000 Sft factory shed located at Saver, Dhaka
03	Premier Bank Ltd	Registered Mortgage & RIGPA of 285.00 decimal land located at paragaon, Valuka, Mymensingh.



SI. No.	Name of lenders	Collateral Security
04	Standard Bank Ltd	Registered Mortgage & RIGPA of 778.00 decimal land located at boradi, Valuka, Mymensingh.
05	Eastern Bank Ltd	Registered Mortgage & RIGPA of 603.00 decimal land located at paragoan, Valuka, Mymensingh.
06	BRAC Bank Ltd	Registered Mortgage & RIGPA of 198.50 decimal land located at paragoan, Valuka, Mymensingh.
07	Mercantile Bank Ltd	Registered Mortgage & RIGPA of 54.25 (Saver), 35.50 (Gazipur), 432.50 decimal land located at paragoan, Valuka, Mymensingh.
08	Jamuna Bank Ltd	Registered Mortgage & RIGPA of 106 decimal land located at Paragoan, Valuka, Mymensingh (at current date).
09	EXIM Bank Ltd	Registered Mortgage & RIGPA of 52.80 (Saver), 495 (Vhaluka), 24.75 (Tejgoan) decimal land.
10	BASIC Bank Ltd	Registered Mortgage & RIGPA of 850 decimal land located at paragoan, Valuka, Mymensingh.

**(vii) If the property is taken on lease, the expiration dates of the lease with name of the lessor, principal terms and conditions of the lease agreements and details of payment**

SI No	Showroom Name	Lessor	Date of Lease Expiration	Principal Terms and Condition	Details of Payment (BDT/ per month)
01	Lease agreement for showroom in Tejgaon	Haque Brothers (Industries) Limited	18.10.2021	3,600 sft of demised premises has been fixed at BDT 28.75 per square feet	103,500
02	Lease agreement for showroom in Tejgaon	Haque Brothers (Industries) Limited	30.09.2021	4,036 sft of demised premises has been fixed at BDT 20 per square feet	80,720
03	Lease agreement for showroom in Kazipara	Md. Rezaul Karim Md. Mezbah Uddin Shayra Begum	31.01.2020	3,700 sft space on ground floor at BDT 175,000 per month	175,000
04	Lease agreement for showroom in Malibag	Md. Nazrul Islam Khan Md. Jahirul Islam Khan	30.06.2023	2,850 sft of demised premises has been fixed at BDT 17.54 per square feet	50,000
05	Lease agreement for showroom in Gazipur	Md. Afzal Hossain Sarkar	31.12.2019	4,800 sft space on ground floor at BDT 380,000 per month	380,000
06	Lease agreement for showroom in Tangail	Md. Jakir Hossain	31.10.2021	1,400 sft space on ground floor for showroom	37,000
07	Lease agreement for showroom in Modhupur	Md. Shahidul Islam	31.08.2026	2,136 sft space on ground floor at BDT 12,000 per month	12,000
08	Lease agreement for showroom in Rangpur	Md. Aminul Momin	30.11.2019	1,120 sft space on ground floor at BDT 28,000 per month	28,000
09	Lease agreement for showroom space in Khulna	Dr. Abdur Rahman	31.10.2021	18,00 sft space on ground floor	50,000
10	Lease agreement for showroom space in Noakhali	Md. Shaiful Haque	28.02.2021	15,00 sft space on ground floor at BDT 20,000 per month for 3 years	20,000
11	Lease agreement for showroom space in Natore	Mst. Samsun Nahar	31.12.2020	1,250 sft space on ground floor at BDT 13,000 per month for five years	13,000

SI No	Showroom Name	Lessor	Date of Lease Expiration	Principal Terms and Condition	Details of Payment (BDT/ per month)
12	Lease agreement for showroom in Jamalpur	Biswanath Datta	30.05.2021	889 sft space on ground floor at BDT 18,000 per month for 3 years	18,000
13	Lease agreement for showroom in Sherpur	Mokhlesur Rahman and Monjilur Rahman	31.05.2026	1,380 sft space on ground floor at BDT 15,000 per month for 10 years	15,000
14	Lease agreement for showroom in Faridpur	Md. Jamal Mridha & Md. Jahidul Islam Mridha	31.12.2021	2,699 sft of demised premises has been fixed at BDT 10 per square feet.	26,990
15	Lease agreement for showroom in Shymoli	Dr.Tazin Afrose Shah & Miss. Natasha Afrose Shah	31.01.2022	2,000 sft of demised premises has been fixed at BDT 50 per square feet; and 10 % rent will enhance from Feb '2020	100,000
16	Lease agreement for showroom in Chittagong	M. D. Nazim Uddin	31.01.2022	1700 sft of demised premises has been fixed at BDT 40 per square feet.	200,000
17	Lease agreement for showroom in Razbari	Shamim Uddin Ahmed	31.12.2020	690 sft of demised premises has been fixed at BDT 14.49 per square feet.	10,000
18	Lease agreement for showroom in Goalanda.	Md. Nazrul Islam	22.11.2020	352 sft of demised premises has been fixed at BDT 11.93 per square feet.	4,200
19	Lease agreement for showroom in Netrokona	Sayoda Shamima Akhter	11.03.2023	1595 sft of demised premises has been fixed at BDT 7.52 per square feet and 10 % rent will enhance from April'2020.	12,000
20	Lease agreement for showroom in Kashiani	Md. Kaium Uddin	31.10.2020	646 sft of demised premises has been fixed at BDT 7.74 per square feet.	5,000
21	Lease agreement for Showroom in Takerhat	Md. Nur Mohammad Howlader	31.10.2020	550 sft of demised premises has been fixed at BDT25.45 per square feet.	14,000
22	Lease agreement for Showroom in Gopalgonj	Lutfur Rahman Mollah	30.11.2019	560 sft of demised premises has been fixed at BDT 14.29 per square feet.	8,000
23	Lease agreement for Showroom in Jhalkhati	Nasir Uddin Khan	01.08.2027	650sft of demised premises has been fixed at BDT 14.62 per square feet; and 15 % rent will enhance from Aug '2020	9,500
24	Lease agreement for Showroom in Sunamgonj	Nadir Howssain	14.6.2022	1,200 sft of demised premises has been fixed at BDT 20.83 per square feet; and 10 % rent will enhance from Aug '2020	25,000
25	Lease agreement for Showroom in Bhola	Md. Zafar Ullah (Soton)	01.08.2027	990 sft of demised premises has been fixed at BDT 14.14 per square feet; and 10 % rent will enhance from Aug '2020	14,000
26	Lease agreement for Showroom in Keshorhat	Md. Shamsul Alam Shardar	31.12.2019	630 sft of demised premises has been fixed at BDT 19.05 per square feet;	12,000
27	Lease agreement for Showroom in Rajshahi	Md. Amjad Ali	31.8.2022	700 sft of demised premises has been fixed at BDT 64.29 per square feet; and rent will enhance from Sep '2022	45,000

SI No	Showroom Name	Lessor	Date of Lease Expiration	Principal Terms and Condition	Details of Payment (BDT/ per month)
28	Lease agreement for Showroom in Luxmipur	Md. Abul Kashem	31.10.27	600sft of demised premises has been fixed at BDT 18 per square feet; and 10 % rent will enhance after 3 years	10,000
29	Lease agreement for Showroom in Jatrabari	Md. Enamul Hoque	30.09.2018	Monthly rent of 30,000.	30,000
30	Lease agreement for driving training center in Satkhira	Md. Mahbubur Rahman	31.08.2019	100 sft space at BDT 3,000 per month for two years	3,500
31	Lease agreement for driving training center in Comilla	Md. Humayun Kabir	30.11.2019	Space was taken at BDT 3,000 per month for three years	3,500
32	Lease agreement for driving training center in Noagaon	Md. Sahidul Islam	31.03.2021	Space was taken at BDT 4,000 per month for three years	4,000
33	Lease agreement for driving training center in Dinajpur	Anjuman Ara Begum	31.01.2020	150 sft of demised premises has been fixed at BDT 20 per square feet.	3,200

**(viii) Dates of purchase of plant and machineries along with sellers name, address, years of sale, condition when purchased, country of origin, useful economic life at purchase and remaining economic life, purchase price and written down value**

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
01	Air Cooler ( V )	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	420,275	152,806
02	Air Cooler (Savar)	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	330,000	48,080
03	Assemble Line Conveyor System	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	2,168,335	236,449
04	Assemble Line Conveyor System	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	2,168,335	236,449
05	Assemble Line Conveyor System	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	4	6,918,182	3,305,166
06	Motorcycle Testing Line	2014	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	7	32,243,704	27,456,232
07	Paint Spray Unit	2012	N/A	Radiance Fluid Handling Equipment (P) Ltd	D-84, Krishna Park, Kanpur, New Delhi-110062	Brand New	India	10	5	3,096,797	1,450,474
08	Auto Conveyor	2012	N/A	Silver Seal International	192-A, Raja Square S.M.C.H.S Society, Shahrah-E-Faisal, Karachi	Brand New	Pakistan	10	5	2,077,539	973,075
09	Sand Blasting Machine	2010	N/A	Silver Seal International	192-A, Raja Square S.M.C.H.S Society, Shahrah-E-Faisal, Karachi	Brand New	Pakistan	10	3	813,375	380,968
10	Electrical Hoist-1000 kg (Fork Lift)	2010	N/A	Silver Seal International	192-A, Raja Square S.M.C.H.S Society, Shahrah-E-Faisal, Karachi	Brand New	Pakistan	10	2	317,415	148,671
11	Powder Coating & Liquid Painting Plant (Backing Oven-Pretreatment Tank-Spray Booth-Drying Oven-Trolley-Cage)	2012	N/A	Tokai Power Products Ltd	152/1/H, Green Road, 8th Floor, Panthapath, Dhaka-1205, Bangladesh	Brand New	Bangladesh	10	4	17,657,453	8,270,372
12	Duel Fuel Burner Model WGL30/1-C	2010	N/A	Max Weishaupt GmbH	Germany	Brand New	Germany	10	2	1,159,094	1,023,393
13	Painting & Coating Plant-New	2014	N/A	Fine Beat International Limited	Trust Company Complex, Ajeltake RD, Ajeltake Island, Majuro, Marshall Islands MH969660, C/O: No.50-1,36,Road Industrial Park, Taichung Taiwan R.O.C.	Brand New	Taiwan	10	6	184,963,999	135,810,703

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
14	Mould- Fender Cover- Head Light Cover-Tail Light-Winker	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	342,857	215,630
15	Mould- Fender Cover- Head Light Cover-Tail Light-Winker	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	342,857	215,630
16	Mould- Fender Cover- Head Light Cover-Tail Light-Winker	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	342,857	215,630
17	Mould- Fender Cover- Head Light Cover-Tail Light-Winker	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	342,857	215,630
18	Mould- Fender Cover- Head Light Cover-Tail Light-Winker	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	342,857	215,630
19	Mould- Fender Cover- Head Light Cover-Tail Light-Winker	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	342,857	215,630
20	Mould- Fender Cover- Head Light Cover-Tail Light-Winker	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	342,857	215,630
21	Mould-Head Light Casing 1 Cavity	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	1,458,200	917,091
22	Mould-Head Light Front Cover Cavity	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	690,080	434,005
23	Mould-Head Light Reflector 1 Cavity	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	761,520	478,935
24	Mould-Tail Light Back Cover 2 Cavity	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road,	Brand New	Bangladesh	10	3	307,800	193,582

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
					Farmgate, Dhaka-1215, Bangladesh						
25	Mould-Holder Rubber 12 Cavity	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	182,400	114,715
26	Mould-Winker Bottom/Reflector/Upper/Top 4 Cavity	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	337,500	212,261
27	Mould-Winker Bottom/Reflector/Upper/Top 4 Cavity	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	337,500	212,261
28	Mould-Winker Bottom/Reflector/Upper/Top 4 Cavity	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	337,500	212,261
29	Mould-Winker Bottom/Reflector/Upper/Top 4 Cavity	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	337,500	212,261
30	Mould-Side Cover	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	1,130,000	710,679
31	Injection molding machine	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	690,167	451,201
32	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
33	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
34	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
35	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
36	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
37	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
38	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
39	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
40	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
41	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
42	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
43	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
44	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
45	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
46	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
47	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
48	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
49	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
50	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
51	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
52	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
53	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
54	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
55	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
56	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
57	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827
58	Mould-Punching Fuel Tank	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	192,118	120,827

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
59	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
60	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
61	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
62	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
63	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
64	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
65	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
66	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
67	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
68	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
69	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
70	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
71	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
72	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
73	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
74	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
75	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
76	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
77	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
78	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
79	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541



SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
80	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
81	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
82	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
83	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
84	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
85	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
86	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
87	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
88	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
89	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
90	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
91	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
92	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
93	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
94	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
95	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
96	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
97	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
98	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
99	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
100	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
101	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
102	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
103	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
104	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
105	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
106	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
107	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
108	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
109	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
110	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
111	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
112	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
113	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
114	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
115	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
116	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
117	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
118	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
119	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
120	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
121	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
122	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
123	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
124	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
125	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
126	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
127	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
128	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. Chana	Brand New	China	10	3	226,644	142,541
129	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
130	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
131	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
132	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
133	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
134	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
135	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
136	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
137	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
138	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
139	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
140	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
141	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
142	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
143	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
144	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
145	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
146	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
147	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. Chana	Brand New	China	10	3	226,644	142,541
148	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
149	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
150	Mould-Punching Frame Body	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	226,644	142,541
151	Mechanical Press-Straight Sided two point-JS 2-400A	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	23,935,359	13,780,402
152	Mechanical Press-Straight Sided one point-JD 31-250B	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	9,778,866	5,630,027
153	Mechanical Press-C Frame inclinable-JH 23-100	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	2,383,454	1,372,236
154	Mechanical Press-C Frame inclinable-JH 23-80	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,516,081	872,860
155	Mechanical Press-C Frame inclinable-JH 23-80	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,516,081	872,860
156	Mechanical Press-C Frame inclinable-JH 23-63	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,184,492	681,953
157	Mechanical Press-C Frame inclinable-JH 23-63	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,184,492	681,953
158	Mechanical Press-C Frame inclinable-JH 23-40	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,076,389	619,714
159	Mechanical Press-C Frame inclinable-JH 23-40	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,076,389	619,714
160	Mechanical Press-C Frame inclinable-JH 23-25	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	934,571	538,065
161	Hydraulic press-Four column-YH 23-500D	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	7,103,243	4,089,579
162	Hydraulic press-Four column-YH 23-315	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	3,205,146	1,845,312
163	Finished Boring Machine- HS-G83	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	5,765,478	3,319,382

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
164	Hydraulic Swing Beam Shear-QC12Y-12X2500	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,827,101	1,051,924
165	Hydraulic Swing Beam Shear-QC12Y-6X2500	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,125,544	648,014
166	Full Automatic circular swing machine-HVS-375FA-DR	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	2,315,373	1,333,039
167	Vertical drilling lathe-Z5125A	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	477,955	275,175
168	Vertical drilling lathe-Z5125A	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	477,955	275,175
169	Universal Lathe-CY6140/1000	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	747,784	430,525
170	Universal Lathe-CY6140/1000	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	747,784	430,525
171	Tapping Machine-ZS4019	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	59,322	34,154
172	Thread roller-ZA 28-12.5	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,403,112	807,819
173	Punching & Shearing Machine-Q21-5BG	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	539,658	310,700
174	Fan Wheel Machine-S3 SL350(M3035)	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	38,590	22,217
175	Hydraulic pressure hoist platform-SJY0.3-12	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,387,636	798,909
176	Handle Cutting Machine-J2Z	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	15,971	9,195
177	Handle Cutting Machine-J2Z	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	15,971	9,195
178	Chamber Electric Furnace-RX 3-45-9	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	740,046	426,069
179	CNG single- N Pipe bender-DTB-52x4A-3SV	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	8,480,177	4,882,327
180	Saw blade sharpner-SV-450	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	999,162	575,252
181	Hydraiic Press-Single Column	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	1,159,403	667,508
182	Milling/Welding Machine & IGBT Inverter (Mig/Spot/Tig etc)	2010	N/A	Tianjin New Technology Industry Zone Beiyang Century Welding Technology Co. Ltd	11 Technology Road, Tianyu Technology Zone,Jinghai, Tianjin, China	Brand New	China	10	2	2,644,829	1,522,718

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
183	Milling Machine & IGBT Inverter-X-5032	2011	N/A	Hitec Industries Co. Ltd	8AF, Dushi Haoting BLDG, 249 Gongnong RD, Nantong, Jiangsu, China	Brand New	China	10	3	1,092,621	629,059
184	IGBT Inverter CO2 welding machine-NBC 350	2011	N/A	Tianjin New Technology Industry Zone Beiyang Century Welding Technology Co. Ltd	11 Technology Road, Tianyu Technology Zone, Jinghai, Tianjin, China	Brand New	China	10	3	2,076,908	1,195,746
185	Vertical Machining Center-VMCL 850	2012	N/A	Hitec Industries Co. Ltd	8AF, Dushi Haoting BLDG, 249 Gongnong RD, Nantong, Jiangsu, China	Brand New	China	10	4	7,165,294	4,125,304
186	Stamping Mould & Stamping Equipment	2013	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	5	1,082,418	623,185
187	Air Compressore	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	275,191	63,036
188	Welding Mchine-savar	2011	N/A	Dhaka Product	Baitush Sharif Complex (5th Floor), 149/A, Airport Road, Farmgate, Dhaka-1215, Bangladesh	Brand New	Bangladesh	10	3	23,174	4,224
189	Welding Unit; FB/MS/SS/FP/RF/FT Manufacturing unit & Pre treatment/Coating Unit	2006	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	0	17,027,555	12,194,138
190	Transformer-Seam Swing Machine	2008	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	1	46,512	28,681
191	Seam Welding Machine-100 KVA	2009	N/A	Kirpekar Engineering Pvt. Ltd	Plot No. 8A, Raison Industrial Park, Phase II, MIDC Hinjewadi, At Post Maan, Tal ; Mulshi, Dist. Pune 411057, India	Brand New	India	10	1	1,812,685	1,120,960
192	Spot Welding Machine-50 KVA	2009	N/A	Kirpekar Engineering Pvt. Ltd	Plot No. 8A, Raison Industrial Park, Phase II, MIDC Hinjewadi, At Post Maan, Tal ; Mulshi, Dist. Pune 411057, India	Brand New	India	10	1	773,636	477,054
193	Jig-Rear fork/cover assy/chain case etc.	2009	N/A	Chongqing Lifan Industry (Group) IMP. And Exp. Co. Ltd	60 Zhangjia Wan, Shangqiao, Shapingba District, Chongqing, China	Brand New	China	10	1	6,075,221	4,593,362
194	Welding Machine-Mig-50 A Rilon	2014	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	6	846,616	673,387
195	Welding and Jig Fixture-DY50/Galaxy/Appollo	2010	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	2	1,369,486	850,236

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
196	Welding Machine-(Main Board NBC-350 & IGBT Inverter CO2)	2013	N/A	Tianjin New Technology Industry Zone Beiyang Century Welding Technology Co. Ltd	11 Technology Road, Tianyu Technology Zone, Jinghai, Tianjin, China	Brand New	China	10	5	627,977	387,234
197	Testing Tools	2009	N/A	Shanghai Screw Compressor Co. Ltd	1555 Tingfeng RD. North Jinshan, Industrial Zone, Jinshan District, Shanghai, 201504, China	Brand New	China	10	1	15,289	9,428
198	Air Compressore-SCR 60D	2011	N/A	Shanghai Screw Compressor Co. Ltd	1555 Tingfeng RD. North Jinshan, Industrial Zone, Jinshan District, Shanghai, 201504, China	Brand New	China	10	3	1,368,000	843,560
199	Air Dryer-SCR-0085NS	2011	N/A	Shanghai Screw Compressor Co. Ltd	1555 Tingfeng RD. North Jinshan, Industrial Zone, Jinshan District, Shanghai, 201504, China	Brand New	China	10	3	416,914	257,085
200	Air Compressore-SCR 60D	2011	N/A	Shanghai Screw Compressor Co. Ltd	1555 Tingfeng RD. North Jinshan, Industrial Zone, Jinshan District, Shanghai, 201504, China	Brand New	China	10	3	1,368,000	843,560
201	Air Dryer-SCR 0085NS	2011	N/A	Shanghai Screw Compressor Co. Ltd	1555 Tingfeng RD. North Jinshan, Industrial Zone, Jinshan District, Shanghai, 201504, China	Brand New	China	10	3	456,000	281,187
202	Welding & Jig Fixture-F1006A	2010	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	2	2,513,953	1,550,199
203	Punching Device-FB/RF/MS/SS-Bullet 100	2010	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	2	9,680,225	5,969,196
204	Welding and jig fixture-Bullet 135	2011	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	3	9,449,098	5,826,673
205	Welding and Jig fixture-Turbo-9 sets	2012	N/A	Chongqing Lifan Industry (Group) IMP. And Exp. Co. Ltd	60 Zhangjia Wan, Shangqiao, Shapingba District, Chongqing, China	Brand New	China	10	4	327,017	201,651
206	Welding and Jig fixture-Turbo-23 sets	2012	N/A	Chongqing Lifan Industry (Group) IMP. And Exp. Co. Ltd	60 Zhangjia Wan, Shangqiao, Shapingba District, Chongqing, China	Brand New	China	10	4	9,671,416	4,636,771
207	Spot Welding Machine-KSLP-75-A	2010	N/A	Kirpekar Engineering Pvt. Ltd	Plot No. 8A, Raisonni Industrial Park, Phase II, MIDC Hinjewadi, At Post Maan, Tal ; Mulshi, Dist. Pune 411057, India	Brand New	India	10	2	898,971	554,340
208	Spot Welding Machine-KSLP-75-A	2010	N/A	Kirpekar Engineering Pvt. Ltd	Plot No. 8A, Raisonni Industrial Park, Phase II, MIDC Hinjewadi,	Brand New	India	10	2	898,971	554,340

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
					At Post Maan, Tal ; Mulshi, Dist. Pune 411057, India						
209	Spot Welding Machine-KSLP-75-A	2010	N/A	Kirpekar Engineering Pvt. Ltd	Plot No. 8A, Rasoni Industrial Park, Phase II, MIDC Hinjewadi, At Post Maan, Tal ; Mulshi, Dist. Pune 411057, India	Brand New	India	10	2	898,971	554,340
210	Spot Welding Machine-KSLP-75-A	2010	N/A	Kirpekar Engineering Pvt. Ltd	Plot No. 8A, Rasoni Industrial Park, Phase II, MIDC Hinjewadi, At Post Maan, Tal ; Mulshi, Dist. Pune 411057, India	Brand New	India	10	2	898,971	554,340
211	Spot Welding Machine-KSLP-75-A	2010	N/A	Kirpekar Engineering Pvt. Ltd	Plot No. 8A, Rasoni Industrial Park, Phase II, MIDC Hinjewadi, At Post Maan, Tal ; Mulshi, Dist. Pune 411057, India	Brand New	India	10	2	898,971	554,340
212	EWB-Cutting, Stripping & Twisting Machine-Full Auto	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	313,113	230,277
213	EWB-Cutting, Stripping & Twisting Machine-Full Auto	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	344,698	295,857
214	EWB-Crimping Machine-Semi Auto(2.5 Ton)	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	124,703	91,712
215	EWB-Crimping Machine-Semi Auto(2.5 Ton)	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	124,703	91,712
216	EWB-Crimping Machine-Semi Auto(2.5 Ton)	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	124,703	91,712
217	EWB-Crimping Machine-Semi Auto(2.5 Ton)	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	124,703	91,712
218	EWB-Crimping Machine-Semi Auto(2.5 Ton)	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	124,703	91,712
219	EWB-Crimping Machine-Semi Auto(2.5 Ton)	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	5	124,703	91,712
220	EWB-Applicator	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	24,503	18,021



SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
221	EWH-Applicator	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	24,503	18,021
222	EWH-Applicator	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	24,503	18,021
223	EWH-Applicator	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	24,503	18,021
224	EWH-Applicator	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	24,503	18,021
225	EWH-Applicator	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	5	24,503	18,021
226	EWH-Terminal Crimping Force Tester	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	54,257	39,903
227	EWH-Digital Harnes Checker with Testing-JIGS	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	126,628	93,128
228	EWH-Digital Harnes Checker with Testing-JIGS	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	126,628	93,128
229	EWH-Crimping Dice	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	1,313	966
230	EWH-Crimping Dice	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	1,313	966
231	EWH-Crimping Dice	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	1,313	966
232	EWH-Crimping Dice	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	1,313	966
233	EWH-Crimping Dice	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	1,313	966
234	EWH-Crimping Dice	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	1,313	966

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
235	EWB-Sealing Machine (Outer Sonic welding Machine)	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	279,509	205,563
236	EWB-Waring Assembling Board	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	11,551	8,495
237	EWB-Waring Assembling Board	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	11,551	8,495
238	EWB-Waring Assembling Board	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	11,551	8,495
239	EWB-Waring Assembling Board	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	11,551	8,495
240	EWB-Waring Assembling Board	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	11,551	8,495
241	EWB-Waring Assembling Board	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	11,551	8,495
242	EWB-Waring Assembling Board	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	11,551	8,495
243	EWB-Waring Assembling Board	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	11,551	8,495
244	EWB-Screen Printing/Hot Stamping Machine	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	230,240	169,328
245	EWB-Sealing Bags Machine	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	49,356	36,299
246	EWB-Dye Casting Machine-10-12 Ton	2012	N/A	Chongqing Peach and Trust Trading Co. Ltd	27-4, Yi Jing Lou (4 Building) Hua Yu Plaza Shapingba District Chongqing, China	Brand New	China	10	4	1,414,346	1,040,171
247	EDM Wire Cut C/W-DK7740D	2011	N/A	Hitec Industries Co. Ltd	8AF, Dushi Haoting BLDG, 249 Gongnong RD, Nantong, Jiangsu, China	Brand New	China	10	3	1,697,191	1,067,200
248	Cylinder Grinding Machine C/W-MB 1420EX500	2011	N/A	Hitec Industries Co. Ltd	8AF, Dushi Haoting BLDG, 249 Gongnong RD, Nantong, Jiangsu, China	Brand New	China	10	3	2,222,471	1,397,498

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
249	Milling Machine- X 6140	2011	N/A	Hitec Industries Co. Ltd	8AF, Dushi Haoting BLDG, 249 Gongnong RD, Nantong, Jiangsu, China	Brand New	China	10	3	1,748,106	1,099,216
250	Radial Drill Machine- Z 3080	2011	N/A	Hitec Industries Co. Ltd	8AF, Dushi Haoting BLDG, 249 Gongnong RD, Nantong, Jiangsu, China	Brand New	China	10	3	2,393,039	1,504,752
251	Surface Grinding Machine- KGS 1632AHD	2011	N/A	Hitec Industries Co. Ltd	8AF, Dushi Haoting BLDG, 249 Gongnong RD, Nantong, Jiangsu, China	Brand New	China	10	3	1,464,676	920,993
252	Vertical Milling Head (IPC)- Dividing Head-Rotary Table 320 ML-Milling Chuck JXT25-50-Face Mill Cutter 125MM-End Mill cutter-Drill BITO-Grinding Wheel	2011	N/A	Hitec Industries Co. Ltd	8AF, Dushi Haoting BLDG, 249 Gongnong RD, Nantong, Jiangsu, China	Brand New	China	10	3	1,132,451	712,089
253	Die casting machine	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	173,633	54,387
254	Drill Machine	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	105,877	51,900
255	Engine Assybling Line	2012	N/A	Luoyang Northern Ek Chor Motorcycle Co. Ltd	Luoyang, Henan, P.R. China	Brand New	China	10	4	16,185,822	11,903,749
256	Cutting Machine	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	37,500	19,409
257	Milling Machine- X 5032	2012	N/A	Chaina National Silk IMP./EXP. Corp. Ltd	12/F, 107 Xinsheng Road Wuxi Jiangsu, China	Brand New	China	10	4	1,277,606	810,408
258	Pin Marker Machine-X G3-A	2011	N/A	Chaina National Silk IMP./EXP. Corp. Ltd	12/F, 107 Xinsheng Road Wuxi Jiangsu, China	Brand New	China	10	3	88,704	41,066
259	Marking Machine-DY 3S	2008	N/A	Chongqing Kingpower Innovation Ltd	9-1, Keer International Building No. 31 Kaifa Road Nanping Chongqing, China	Brand New	China	10	0	434,887	201,335
260	Oil Burner	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	5,334,409	4,005,298
261	Oven	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	368,372	201,993
262	Poly urethane Forming Machine	2012	N/A	Zhangjiangang Strength & Industrious Machinery Co. Ltd	Sanxing Economic-developing Zone, Jinfeng Town, Zhanfjiangang City, Jiangsu Province, China	Brand New	China	10	4	1,814,500	1,141,113
263	Seat Cushion Mold	2012	N/A	Zhangjiangang Strength & Industrious Machinery Co. Ltd	Sanxing Economic-developing Zone, Jinfeng Town, Zhanfjiangang City, Jiangsu Province, China	Brand New	China	10	4	226,813	142,639
264	Press Machine	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	32,000	23,534
265	Universal testing machine	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	536,167	337,144

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
266	Hardness testing machine	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	3,233,796	1,450,765
267	Salt spray testing machine	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	536,167	337,144
268	Trolley - Assy & Welding(V+S)	2011	N/A	Arena International	152/2, Green Road, Dhaka	Brand New	Bangladesh	10	3	477,886	233,355
269	ETP Plant-V	2013	N/A	Tokai Power Products Ltd	152/1/H, Green Road, 8th Floor, Panthapath, Dhaka-1250	Brand New	Bangladesh	10	5	250,295	157,425
270	VIE Plant-V	2013	N/A	Tokai Power Products Ltd	152/1/H, Green Road, 8th Floor, Panthapath, Dhaka-1250	Brand New	Bangladesh	10	5	1,156,685	815,039
271	Capital Machinery R & D	2013	N/A	Tokai Power Products Ltd	152/1/H, Green Road, 8th Floor, Panthapath, Dhaka-1250	Brand New	Bangladesh	10	5	1,488,478	559,843
272	Generator 506 KVA-V	2008	N/A	Tokai Power Products Ltd	152/1/H, Green Road, 8th Floor, Panthapath, Dhaka-1250	Brand New	Bangladesh	10	1	5,406,558	2,314,376
273	SUB Station-V	2008	N/A	Tokai Power Products Ltd	152/1/H, Green Road, 8th Floor, Panthapath, Dhaka-1250	Brand New	Bangladesh	10	1	5,646,646	2,653,996
274	Fork Lift-V	2008	N/A	Tokai Power Products Ltd	152/1/H, Green Road, 8th Floor, Panthapath, Dhaka-1250	Brand New	Bangladesh	10	1	2,387,059	1,365,762
275	Generator 220 KVA-V	2012	N/A	Tokai Power Products Ltd	152/1/H, Green Road, 8th Floor, Panthapath, Dhaka-1250	Brand New	Bangladesh	10	4	2,744,600	531,501
276	Generator 800 KVA-V	2012	N/A	Tokai Power Products Ltd	152/1/H, Green Road, 8th Floor, Panthapath, Dhaka-1250	Brand New	Bangladesh	10	4	10,671,081	5,231,037
277	EWB DJ611-2.8* .5A Vibration Auto Crimping Machine	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	241,472	193,299
278	EWB DJ621-2.8* .5A Vibration Auto Crimping Machine	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	241,472	193,299
279	EWB DJ221-3.5A Vibration Auto Crimping Machine	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	241,472	193,299
280	EWB DJ222-3.5A Vibration Auto Crimping Machine	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	241,472	193,299
281	EWB DJ221-3.5A Die and Mould	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	16,584	13,276
282	EWB D431-6A Die and Mould	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	16,584	13,276
283	EWB DJ611-2.8* .5A Die and Mould	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	16,584	13,276

SI No	Name of the plant machinery	Year of purchase	Year of Sale	Seller Name	Address	Conditions When Purchased	Country of origin	Useful economic life at purchase	Remaining Economic life	Purchase Price	Written Down Value
284	EWB DJ621-E2.8* .5A Die and Mould	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	16,584	13,276
285	Stripping Machine	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	126,042	100,897
286	Cutting Machine	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	153,905	123,201
287	Splice making Machine 1*1,1*2,1*3	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	222,896	178,429
288	Splice making Machine 454B,454C	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	176,459	141,256
289	6 Ton Lathe Machine	2015	N/A	Guangzhou Haojin Motorcycle Company Limited	Shangshao Industrial area, Lixin RD. Xintang, Zengcheng, Guangzhou, China	Brand New	China	10	7	172,874	138,387
290	Seam Welding machine	2016	N/A	Ningbo Dota IMP & EXP Co. Ltd	Room 2911, The North Building, No. 1299 Yinxian Road, Ningbo	Brand New	China	10	8	2,004,774	1,730,360
291	AC Regenerative Chassis Roller Dynamometer	2016	N/A	Dynomerck Control	Plot No: S101, S Block, Pimpri-Chinchwad industrial Area, MIDC, Bhosri, Pune-411026, Maharashtra, India	Brand New	India	10	9	14,312,575	14,193,305
<b>Total:</b>										<b>548,672,091</b>	<b>362,772,567</b>

**(ix) Details of the machineries required to be bought by the issuer, cost of the machineries, name of the suppliers, date of placement of order and the date or expected date of supply, etc.**

As on date of this prospectus, the company does not have any plan to purchase machineries other than those mentioned in “Section XXII: Use of Proceeds” part of the prospectus.

**(x) In case the machineries are yet to be delivered, the date of quotations relied upon for the cost estimates given shall also be mentioned**

As on date there is no machineries in transit or yet to be received.

**(xi) If plant is purchased in brand new condition then it should be mentioned**

All plant and machinery of the company have been purchased in brand new condition. Auditor’s certificate regarding plant & machinery is as follows-

#### **AUDITORS' CERTIFICATE REGARDING PLANT AND MACHINERIES**

Based on our scrutiny of financial statements, books and records of Runner Automobiles Limited (the “Company”), we certify that, Plants and Machineries purchased by the Company are in brand new condition.

Dhaka, 08 July 2018

**Sd/-  
Hoda Vasi Chowdhury & Co.,  
Chartered Accountants**

**(xii) Details of the second hand or reconditioned machineries bought or proposed to be bought, if any, including the age of the machineries, balance estimated useful life, etc. as per PSI certificates of the said machineries as submitted to the Commission**

The company does not have any second hand or reconditioned machineries as per auditor’s certificate regarding plant and machineries and does not have any plan to purchase second hand or reconditioned machineries in future.

**(xiii) A physical verification report by the issue manager(s) regarding the properties as submitted to the Commission;**

#### **PHYSICAL VERIFICATION REPORT**

**Name of the Company:** Runner Automobiles Limited

##### **Company Overview:**

Runner Automobiles Limited is a public company limited by shares and is 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 Companies Act 1994 as a private company limited by shares. The company was converted into a public limited company on January 26, 2012 under the Companies Act, 1994.

##### **Nature of Business:**

Runner Automobiles Limited (RAL) is the flagship company of Runner Group with principal activities to manufacture and distribute 2 Wheelers. The organization has 691 employees as of June 30, 2017. In the past 17 years, the company has invested a large amount of capital to introduce a complete set of advanced production technology and equipment. The company's yearly production capacity of 2 wheelers is 100,000. RAL's 2 wheelers products range varies from 50 cc to 150 cc with about 13 models of 2 wheelers and scooters.

BAJAJ Autos Limited of India appointed RAL as a distributor for famous BAJAJ RE brand (LPG, Diesel, Passenger and Cargo) 3W in Bangladesh. Since incorporation, the Company is organizing its dealer network and well covered service supports countrywide.

**Purpose of Visit:**

As part of issue manager's due diligence process in order to verify the operational status and assets of Runner Automobiles Limited before public issue of ordinary shares.

**Location of Registered and Corporate Office:**

The Registered and Corporate Office of the company is located in 138/1, Tejgaon I/A, Tejgaon, Dhaka 1208.

**Location of Factory:**

The factory is located at Bhaluka, Mymensingh which is about 75 km distant from Dhaka GPO. It is situated near Seed Store Bazar Bus Stand. The factory is located at the company's own land.

**Description of Land, Office and Factory Premises:****1. Factory, Bhaluka, Mymensingh**

**Area of Land:** 3,783.99 decimal land

**Location:** Paragaon (Borochala), Bhaluka, Mymensingh

**Establishment:** Factory of Runner Automobiles Limited

**Date of Visit:** June 25, 2018

**Visited by Officials of IDLC Investments Limited:**

- i. Mahmud-Ur-Rashid, Senior Manager
- ii. Nafisa Rezwan, Senior Manager
- iii. M. M. Ashraful Hasib, Manager

**Accompanied by Official of Runner Automobiles Limited:**

- i. Mr. Hemant Dawar, General Manager Factory

**Description:** Based on land title deed, mutation document and site visit, we found that, in Bhaluka, Mymensingh, the company has 3,783.99 decimal of land. The factory of the company is located in this land and it is a pre-fabricated steel structure. The factory has complete 2 wheelers production lines which include pressing, welding, painting, engine assembly, motor cycle assembly and quality control. The machineries related to production are stationed in the factory premises.

The factory premises houses one storied steel structure press shed, one storied steel structure welding shed, one storied steel structure painting shed, one storied steel structure assembly shed, one storied steel structure 3 wheeler assembly shed, two storied steel structure warehouse building, two storied guest house building and six storied employee residential building. Factory office of the company is located on first floor of warehouse building.

**Status of Machineries:**

The machineries of the factory were in good condition and running well.

**Schedule of Fixed Assets**

As per Schedule of Fixed Assets of the audited financial statements of the year ended June 30, 2017, Runner Automobiles Limited has the following assets-

Particulars	Written Down Value as on June 30, 2017
Land & Land Development	1,802,136,119
Building & Other Construction	714,602,680
Plant & Machineries	362,772,567
Furniture & Fixture	50,634,907
Office Equipment	30,171,362
Motor Vehicle	30,642,073
Computer & Accessories	15,926,170
<b>Total</b>	<b>3,006,885,877</b>

**Signboard:**

The signboard of the company was well displayed at the entry of the factory premises.

Besides the abovementioned assets, we have found other assets in the factory premises like, air condition system, electrical installation, furniture & fixtures, and office equipment.

**Comments:**

During our visit we observed that the factory was in production and running smoothly.

**2. Tejgaon**

**Area of the land:** 24.75 decimal land

**Location:** 138/1, Tejgaon I/A, Tejgaon, Dhaka 1208

**Establishment:** Corporate Office

**Date of Visit:** June 23, 2018

**Visited by Officials of IDLC Investments Limited:**

- i. Nafisa Rezwan, Senior Manager
- ii. M. M. Ashraful Hasib, Manager

**Accompanied by Official of Runner Automobiles Limited:**

- i. Mr. Shanat Datta, AGM, Finance & Accounts

**Description:** Based on land title deed, mutation document and site visit, we found that the company has 24.75 decimals of land. In this land, Runner Automobiles Limited has setup their own corporate office which is a ten storied building.

**3. Bhaluka, Mymensingh**

**Area of Land:** 778 decimal land

**Establishment:** No establishments, Vacant Land

**Location:** Bhoradoba, Vhaluka, Mymensingh

**Date of Visit:** June 27, 2018

**Visited by Officials of IDLC Investments Limited:**

- i. Mahmud-Ur-Rashid, Senior Manager
- ii. M. M. Ashraful Hasib, Manager

**Accompanied by Official of Runner Automobiles Limited:**

- i. Mr. Hemant Dawar, General Manager Factory

**Description:** Based on land title deed, mutation document and site visit, we found that the company has 778 decimals of land. It is a vacant land. The land is surrounded by a bamboo fence.

**4. Savar, Dhaka**

**Area of Land:** 144.8 decimal land

**Location:** Kuturia, Dhanajaypur, Zirabo Road, Ashulia

**Establishment:** One storied two steel structures.

**Date of Visit:** June 27, 2018

**Visited by Officials of IDLC Investments Limited:**

- i. Mahmud-Ur-Rashid, Senior Manager
- ii. M. M. Ashraful Hasib, Manager



**Accompanied by Official of Runner Automobiles Limited:**

- i. Mr. Shanat Datta, AGM, Finance & Accounts

**Description:** Based on land title deed, mutation document and site visit, we found that the company has 144.8 decimals of land. Two one-storied steel structures are situated on this land. The entire premises are rented to US-Bangla Leather Products Limited.

**5. Tongi, Gazipur**

**Area of Land:** 35.5 decimal land

**Location:** Gazipura

**Establishment:** No establishment, Vacant Land

**Date of Visit:** June 27, 2018

**Visited by Officials of IDLC Investments Limited:**

- i. Mahmud-Ur-Rashid, Senior Manager
- ii. M. M. Ashraful Hasib, Manager

**Accompanied by Official of Runner Automobiles Limited:**

- i. Amir Hossen Khan, Manager, Accounts & Finance.

**Description:** Based on land title deed, mutation document and site visit, we found that the company has 35.5 decimals of land. It is a vacant land. The land is surrounded by a boundary wall.

**6. Thakurgaon**

**Area of Land:** 106 decimal land

**Location:** Muslimnagar Bus Stand

**Establishment:** No establishment, Vacant Land

**Date of Visit:** June 23, 2018

**Visited by Officials of IDLC Investments Limited:**

- i. Mr. Md. Rashiduzzaman, CFA, FRM, Manager

**Accompanied by Official of Runner Automobiles Limited:**

- i. Amir Hossen Khan, Manager, Accounts & Finance.

**Description:** Based on land title deed, mutation document and site visit, we found that the company has 106 decimals of land. It is a vacant land. The land is surrounded by a bamboo fence.

**7. Kotoali, Mymensingh**

**Area of Land:** 71 decimal land

**Location:** BSCIC, Industrial Estate, Maskanda

**Establishment:** No establishment, Vacant Land

**Date of Visit:** June 27, 2018

**Visited by Officials of IDLC Investments Limited:**

- i. Mahmud-Ur-Rashid, Senior Manager
- ii. M. M. Ashraful Hasib, Manager

**Accompanied by Official of Runner Automobiles Limited:**

- i. Amir Hossen Khan, Manager, Accounts & Finance.

**Description:** Based on land title deed, mutation document and site visit, we found that the company has 71 decimals of land. It is a vacant land. The land is surrounded by a boundary wall.

For Issue Manager,

Sd/-

**Md. Moniruzzaman, CFA**  
Managing Director  
IDLC Investments Limited

Date : June 28, 2018

Place : Dhaka

**(xiv) If the issuer is entitled to any intellectual property right or intangible asset, full description of the property, whether the same are legally held by the issuer and whether all formalities in this regard have been complied with**

As per note 4 of the audited accounts of the year ended June 30, 2017, Runner Automobiles Limited implemented software and mobile application for Human Resources Division amounting to BDT 1,100,000, which is recognized as intangible assets and is legally held by the issuer and all formalities in this regard have been complied with.

The company has the following copyrights-

During the period the Company has implemented software and mobile application for Human Resources Division which recognized as intangible assets

Particulars	Issuing Authority	Certificate No.	Issue Date
Certificate of Registration of Copyright for "Logo Literature of Runner Automobiles Limited"	Copyright Office, Government of the People's Republic of Bangladesh	13094-COPR	May 15, 2013
Certificate of Registration of Copyright for "Logo Literature of Dayang-Runner"	Copyright Office, Government of the People's Republic of Bangladesh	13164-COPR	July 17, 2013
Certificate of Registration of Copyright for "Logo Literature of Freedom Runner"	Copyright Office, Government of the People's Republic of Bangladesh	13165-COPR	July 17, 2013
Winsoft Software Solution	Winsoft Software Solution Provider	HRD/WF/14	October 13, 2016

**(xv) Full description of other properties of the issuer**

In addition to those mentioned in this section above, the company owns the following fixed assets situated at company's office, factory premises and at other locations and written down value of the assets are given below:

Particulars	As per audited accounts
	As at June 30, 2017 (BDT)
Furniture & Fixture	50,634,907
Office Equipment	30,171,362
Motor Vehicle	30,642,073
Computer & Accessories	15,926,170

**(F) PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION****(a) Internal and external sources of cash**

SI	Particulars (Figures in BDT)	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	Dec 31, 2013
<b>A</b>	<b>Internal Sources of Cash</b>	<b>2,472,929,823</b>	<b>1,477,541,154</b>	<b>2,235,464,491</b>	<b>2,019,868,770</b>	<b>1,486,769,376</b>
	Receipt from customers and dealers	2,391,685,180	1,451,143,294	1,968,424,549	1,737,062,373	1,438,364,851
	Net Proceeds from sale of financial assets		-	231,569,460	-	-
	Receipt from investment income	46,154,259	25,472,884	22,337,436	102,265,933	12,561,614
	Proceeds from disposal of Property, Plant and Equipment	78,539	659,638	3,498,893	180,048,021	34,947,561
	Dividend income	35,011,845	265,338	9,634,153	492,443	895,350
<b>B</b>	<b>External Sources of Cash</b>	<b>1,349,688,396</b>	<b>725,009,032</b>	<b>251,403,576</b>	<b>1,184,471,193</b>	<b>1,199,252,290</b>
	Payments from related parties	-	-	-	-	26,055,215
	Proceeds from issue of equity instrument	-	326,088,000	-	1,050,091,315	1,050,091,315
	Proceeds from borrowings	1,349,688,396	398,921,032	251,403,576	134,379,877	123,105,761
<b>C</b>	<b>Total Cash Generated from Internal and External Sources (A+ B)</b>	<b>3,822,618,219</b>	<b>2,202,550,186</b>	<b>2,486,868,067</b>	<b>3,204,339,963</b>	<b>2,686,021,667</b>
<b>D</b>	<b>Cash paid for operational purposes</b>	<b>(2,532,033,050)</b>	<b>(1,668,456,641)</b>	<b>(2,039,262,209)</b>	<b>(1,840,175,673)</b>	<b>(1,877,362,052)</b>
	Payment to suppliers and employees	(2,314,236,836)	(1,413,803,815)	(1,925,983,664)	(1,689,555,294)	(1,797,060,945)
	Income tax paid	(24,774,913)	(5,946,899)	(5,579,260)	(27,403,007)	(6,140,289)
	Financing costs	(193,021,301)	(248,705,927)	(107,699,285)	(123,217,372)	(74,160,819)
<b>E</b>	<b>Cash paid for investment purposes</b>	<b>(344,620,310)</b>	<b>(423,261,289)</b>	<b>(348,338,943)</b>	<b>(877,834,027)</b>	<b>(703,580,010)</b>
	Purchase of financial assets	82,531,756	(143,074,551)	-	(232,401,282)	(479,640,553)
	Repayments to related parties	(385,105,189)	(52,684,288)	(15,766,473)	(141,367,361)	-
	Investment in subsidiaries		-	(3,750,000)	(6,854,000)	(93,974,000)
	Payment for Property, Plant and Equipment	(42,046,878)	(227,502,450)	(328,822,470)	(497,211,384)	(129,965,457)
<b>F</b>	<b>Cash paid for financing activities</b>	<b>(853,467,897)</b>	<b>(110,254,733)</b>	<b>(65,224,006)</b>	<b>(462,780,289)</b>	<b>(88,446,084)</b>
	Repayments of Borrowings	(853,467,897)	(110,254,733)	(65,224,006)	(462,780,289)	(88,446,084)
<b>G</b>	<b>Total Uses of Cash (D+E+F)</b>	<b>(3,730,121,258)</b>	<b>(2,201,972,663)</b>	<b>(2,452,825,158)</b>	<b>(3,180,789,991)</b>	<b>(2,669,388,147)</b>
<b>H</b>	<b>Net increase/(decrease) in cash and cash equivalents (C+G)</b>	<b>92,496,960</b>	<b>577,522</b>	<b>34,042,909</b>	<b>23,549,971</b>	<b>16,633,520</b>
<b>I</b>	<b>Opening cash and cash equivalents</b>	<b>72,810,299</b>	<b>72,232,777</b>	<b>38,189,869</b>	<b>14,639,897</b>	<b>36,936,573</b>

SI	Particulars (Figures in BDT)	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	Dec 31, 2013
J	Closing Cash and Cash Equivalents	165,307,259	72,810,299	72,232,777	38,189,869	53,570,093

The company changed its financial year from 31<sup>st</sup> December to 30<sup>th</sup> June to comply with the Finance Act 2015. Complying with the Finance Act, 2015, the company prepared its first financial statement from the year ended June 30, 2015. As per auditor's report of 2015, comparative information provided in the accompanying financial statements have been prepared through combining relevant amounts included in the previous audited financial statements of the Company for the years ended December 31, 2013 and 2014.

**(b) Any material commitments for capital expenditure and expected sources of funds for such expenditure**

As on date of this prospectus, the company does not have any material commitment for capital expenditure other than those mentioned in "Section XXII: Use of Proceeds" part of the prospectus.

**(c) Causes for any material changes from period to period in revenues, cost of goods sold, other operating expenses and net income**

Particulars (Figures in BDT)	For the year ended 30-June-17	For the year ended 30-June-16	For the year ended 30-June-15	For the year ended 30-June-14	For the year ended 31-Dec-13 (Restated)
<b>Revenue</b>	2,410,036,191	1,550,187,260	2,250,238,633	1,779,832,594	1,697,598,108
Cost of sales	(1,728,585,019)	(1,119,483,197)	(1,672,334,300)	(1,338,928,183)	(1,375,890,807)
<b>Gross profit</b>	<b>681,451,172</b>	<b>430,704,062</b>	<b>577,904,333</b>	<b>440,904,411</b>	<b>321,707,301</b>
<b>Operating expenses</b>	<b>(327,161,281)</b>	<b>(199,226,612)</b>	<b>(224,002,965)</b>	<b>(182,628,381)</b>	<b>(150,461,842)</b>
Administrative expenses	(90,529,626)	(71,763,217)	(74,253,061)	(66,368,015)	(73,146,595)
Selling and distribution expenses	(236,631,655)	(127,463,396)	(149,749,904)	(116,260,366)	(77,315,248)
<b>Operating Profit</b>	<b>354,289,891</b>	<b>231,477,450</b>	<b>353,901,369</b>	<b>258,276,030</b>	<b>171,245,459</b>
Finance costs	(198,482,579)	(170,880,232)	(140,603,351)	(123,217,372)	(87,063,928)
Other Income/ (Expenses)	77,535,067	31,813,729	28,370,115	19,897,902	13,456,964
<b>Profit before tax and WPPF</b>	<b>233,342,379</b>	<b>92,410,947</b>	<b>241,668,132</b>	<b>154,956,559</b>	<b>97,638,494</b>
Provision for Contribution to WPPF and welfare fund	(11,111,542)	(4,400,521)	(11,508,006)	(7,378,884)	(4,649,452)
<b>Profit before tax</b>	<b>222,230,837</b>	<b>88,010,426</b>	<b>230,160,126</b>	<b>147,577,675</b>	<b>92,989,042</b>
Income tax expenses	(31,331,009)	(14,034,739)	(22,205,599)	(13,031,730)	(6,879,470)
Current tax	(24,118,961)	(12,601,884)	(18,149,691)	(10,123,421)	(4,916,984)
Deferred tax	(7,212,048)	(1,432,855)	(4,055,908)	(2,908,310)	(1,962,486)
<b>Net Profit for the year</b>	<b>190,899,829</b>	<b>73,975,688</b>	<b>207,954,527</b>	<b>134,545,945</b>	<b>86,109,572</b>

**Causes for Changes in Sales**

The overall market of 2 Wheelers expanded in the last year and the Company's sales revenue bolstered during the year ended June 30, 2017. The company also introduce BAJAJ 3 Wheeler products in its product line which also made impact in the sales revenue. On the other hand, RAL improved its management efficiency and introduced promotional activity to further augment RUNNER as a trusted brand to the customers. The sales revenue trend of previous years was in steady growth except during the year ended June 30, 2016 due to prevailing market condition.

### **Causes for Changes in COGS**

Efficient management of production costs over the years has contributed to lower cost of goods sold as a percentage of sales from 72.22% in 2016 to 71.72% in 2017.

### **Causes for Changes in Operating Expenses**

The Company's operating expenses have remained steady over the time period compared to sales. Increased operating efficiency led to minimal rise in operating expensed compared to increased revenue.

### **Causes for Changes in Net Income**

Net income of the company increased as a percentage of sales due to increased sales while fixed costs remained at similar levels.

#### **(d) Any seasonal aspects of the issuer's business**

There is no direct seasonal implication in the products of the company. However, during the crops season in north and south Bengal the business of the company generally improves.

#### **(e) Any known trends, events or uncertainties that may have material effect on the issuer's future business**

There are no known trends events or uncertainties that may have material effect on the issuer's future business.

#### **(f) Any assets of the company used to pay off any liabilities**

No asset of the company has been disposed to pay-off any liability of the company.

#### **(g) Any loan taken from or given to any related party or connected person of the issuer with details of the same**

Runner Automobiles Limited does not have any holding/parent company. Disclosure regarding short term loan transaction with Runner Motors Limited, Freedom Motors Limited, Runner Properties Limited and Runner Automobiles Services is provided under note 36 of the audited accounts of the year ended June 30, 2017.

#### **(h) Any future contractual liabilities the issuer may enter into within next one year, and the impact, if any, on the financial fundamentals of the issue**

The company has no plan to enter into any contractual liabilities other than normal course of business within next one year.

#### **(i) The estimated amount, where applicable, of future capital expenditure**

The company does not have any plan for future capital expenditure other than those mentioned in the "Section XXII: Use of Proceeds".

#### **(j) Any VAT, income tax, customs duty or other tax liability which is yet to be paid, including any contingent liabilities stating why the same was not paid prior to the issuance of the prospectus. Updated income tax status for the last 5 years or from commercial operation, which is shorter**

### **VAT, Customs Duty and Other Liabilities**

Runner Automobiles Limited is exempted from Value Added Tax (VAT) for import of any materials related to production as well as for production and sale of 2 Wheelers locally for FY 2017-2018 as per NBR's SRO no. 08.01.0000.068.16.004.17/782-Mushak/2017 dated July 01, 2017. However, the company paid 15% VAT to Government on local sales during FY 2016-2017 as per SRO no. 183-AIN/2016/759-Mushak dated June 02, 2016. Prior to that, the company was exempted from Value Added Tax (VAT) for import of any materials related to production

as well as for production and sale of 2 Wheelers locally up to June 30, 2016. These exemptions have been received as per NBR's nothi no: 8(6) VAT Act & Rule/2010/500 dated July 24, 2012, nothi no: 08.01.0000.069.02.008.12/603, dated October 02, 2012 and nothi no: 6(3) VAT Act & Rule/2011/145 dated March 19, 2014.

Customs Duty is applicable for RAL for import of different parts and components under various H.S Codes as applicable as per First Schedule Bangladesh Customs Tariff 2014 to 2015.

### Income Tax

As per SRO No. 186-Law/2009 dated July 01, 2009 and revised SRO no. 78-Law/2010 dated March 15, 2010 and nothi no. 08.01.0000.034.046.12 dated June 12, 2012, the company's applicable tax rate is 5% on income. As per the SROs, RAL will avail the facility of such tax rate up to March 24, 2020. In addition, RAL does not have to pay any Advance Income Tax (AIT) at source on import of raw materials and spare parts as per Nothi no. 08.01.0000.034.02.029.12-1813 dated September 06, 2016 from National Board of Revenue.

The income tax status of the company during the last five years has been presented below-

Income Year	Assessment Year	Assessment Status
2016-2017	2017-2018	Assessment completed under u/s-83(2)
2015-2016*	2016-2017	Assessment has been completed up to the assessment year 2016-2017 and tax has been paid.
January-June, 2015*	2015-2016	
2014	2015-2016	
2013	2014-2015	

\* Change of accounting year from December closing to June closing

### (k) Any financial commitment, including lease commitment, the company had entered into during the past five years or from commercial operation, which is shorter, giving details as to how the liquidation was or is to be effected

The financial lease commitments of Runner Automobiles Limited outstanding during last five years have been given below:

Year	As per Audited Accounts		
	Finance Lease Obligation (Non-current portion in BDT)	Finance Lease Obligation (Current portion in BDT)	Total Lease Obligation (BDT)
2016-17	-	731,746	731,746
2015-16	1,249,875	1,825,980	3,075,855
2014-15	3,953,297	639,068	4,592,365
2013-14	39,234	11,059,844	11,099,078
2013	113,648,409	45,139,928	158,788,237

The table below provides description and terms and conditions of financial lease outstanding as on June 30, 2017:

Name of Assets under Lease hold	Financial Institution	Facility Amount (BDT)	Facility Period	Installment Size (BDT)	Outstanding as on June 30, 2017 (BDT)
Vehicle: Toyota Allion Car, Model 2010, CC 1500	United Finance Limited	2,100,000	36 months	71,010	731,746

During last five years the lease obligations were liquidated out of the cash flow generated from company's normal course of business. Also in future the company will liquidate lease obligations from the cash flow generated from its normal course of business.

**(I) Details of all personnel related schemes for which the company has to make provision for in future years**

Runner Automobiles Limited values its workers and employees and strives to maintain high standard of labor practices to ensure congenial work environment for its employees. Runner Automobiles employs 691 full time employees as per note 40 of the audited accounts for the year ended June 30, 2017. The company has a well-designed compensation package for the employees to encourage professionalism, greater productivity and stimulate teamwork.

The company provides several benefits to the workers in addition to the monthly remuneration which are illustrated below-

**A. Workers Profit Participation Fund and Welfare Fund:**

The Company introduced Workers Profit Participation Fund and Welfare Fund in accordance with section 234 of the Bangladesh Labour Act, 2006 in 2013. As per the provisions of the Act, the company transfers 5% of the net profit before tax and WPPF of each year to the Fund.

The Company also formed the Board of Trustee ("the Trustee") on 01 December 2016 and opened a bank account in 2017 in the name of "Runner Automobiles Ltd. Workers' Profit Participation Fund" to manage and disburse WPPF and in the process of completing all formalities. Thereafter entire amount has been transferred from bank account of Runner Automobile Ltd. to bank account of the Fund. And the required amount has been distributed to the entitled members as per trust deed policy of the WPPF.

Furthermore, in pursuance with the administration of WPPF, the Trust deed of Runner Automobiles Ltd. Worker's Profit Participation Fund has been dully registered under sub-register office, Tejgaon, Dhaka vide Deed No: IV-38/2018 dated June 04,2018

**B. Defined contribution plan (Recognized provident fund):**

Runner Automobiles Limited maintains the Recognized Provident Fund for all permanent employees at which both the Company and employees contribute @ 10% of basic salary. The Employees' Provident Fund obtained recognition from Income Tax Authority effective from January 31, 2011.

**C. Earn Leave Benefit:**

Employees get sixteen days earn leave in a year and non-executive employees are entitled to encashment of the un-availed earn leave.

**D. Overtime & Bonus:**

The employees receive festival bonus during each Eid equivalent to one month's basic salary. Moreover, non-executive employees receive overtime for working outside regular business hours.

**E. Medical Facilities:**

Runner Automobiles Limited has arrangement with Universal Medical College and hospital whereby employees and their families can avail medical facilities at reduced cost. Apart from this, the employees enjoy medical treatment facility for any kind of injury during the course of their service in the company.

**F. Maternity Benefit**

Female workers are entitled to maternity leave of 113 days with full remuneration twice during their service length with the company.

**G. Group Insurance**

Runner Automobiles Limited has group insurance policy with Guardian Life Insurance Limited which covers Accidental Death Benefit (ADB), Permanent and Total Disability (PTD) and Permanent and Partial Disability (PPD) of the employees.

#### H. Canteen Facility

The Company provides breakfast for employees of the factory and lunch for employees at factory as well as head office at subsidized rate.

#### I. Transport Facility

Runner Automobiles Limited provides optional transport facility to employees of head office through arrangement with third party vendor. The company contributes 50% cost while employees bear the rest 50%.

#### (m) Break down of all expenses related to the public issue

It will be finalized after the determination of cut-off price through bidding process. Estimated expense is BDT 40 million which will be paid at actual.

**(n) If the issuer has revalued any of its assets, the name, qualification and experiences of the valuer and the reason for the revaluation, showing the value of the assets prior to the revaluation separately for each asset revalued in a manner which shall facilitate comparison between the historical value and the amount after revaluation and giving a summary of the valuation report along with basis of pricing and certificates required under the revaluation guideline of the Commission**

The company revalued its fixed assets with a cut-off date of December 31, 2010 and subsequently revalued its Land & Buildings with a cut-off date of December 31, 2014. The summary of revaluation is provided below-

Particulars	Revaluation Conducted on Cut-off Date of December 31, 2010	Revaluation Conducted on Cut-off Date of December 31, 2014
Name of Valuer	Rahman Rahman Huq (A category)	Rahman Rahman Huq (A category)
Valuer's Address	09 Mohakhali, Dhaka	09 Mohakhali, Dhaka
Cut-off date of Revaluation	December 31, 2010	December 31, 2014
Basis of Valuation	The basis of value is market value	The basis of value is market value
Value of fixed assets before revaluation	472,931,557	1,823,849,673
Value of fixed assets after revaluation	1,258,498,190	2,399,354,970
Revaluation Surplus	785,566,633	575,505,297
Purpose of Revaluation	To determine net worth of the company	To determine fair value of assets
Nature of revalued assets	Fixed Assets	Land & Building
Methods Used	Net Asset based Valuation Method	Market Value Approach
Name and qualification of valuation team members	Ali Ashfaq FCA (ICAEW) Md. Yaqub Ali ACA Shankar Kumar Das Belal Hossain Patwary Salman Quadrat Abul Hasnat Md. Lutful Abedin	Ali Ashfaq FCA (ICAEW) Md. Fuad Hasan ACA Humayra Binty Mohammad S. M. Zaashan Saad ACCA Kartik Chandra Aich (Asian Surveyors)
Experience	Rahimafrooz Super Store Limited Electronics Transaction Network Limited Omnichem Limited	Green Delta Insurance Limited ERA Info Tech Limited M & H Telecom Limited Unilever Bangladesh Limited



## Summary of revaluation reserve made at cut-off date of December 31, 2014-

As per audited accounts of December 31, 2014

Group of Fixed Assets	Depreciated Historical cost as on December 31, 2014 (BDT)	Depreciated Current cost as on December 31, 2014 (BDT)	Revaluation reserves (BDT)
Land & Land Development	1,254,723,954	1,790,288,609	535,564,655
Building & Other Construction	569,125,718	609,066,361	39,940,643
<b>Total</b>	<b>1,823,849,673</b>	<b>2,399,354,970</b>	<b>575,505,297</b>

### Summary of Revaluation Report

This Report has been prepared by Rahman Rahman Huq, KPMG in Bangladesh, (hereinafter “RRH” or “KPMG”) to Runner Automobiles Limited (RAL) solely for the purpose mentioned in this valuation report. The report shall be communicated by RAL to RAL’s auditors and BSEC and shall be presented by RAL as annexure to the financial statements for 31 December 2014. It is given on the understanding that it is not communicated, in whole or in part, with any other third party without prior written consent of KPMG.

### The Engagement

The purpose of this valuation is to revalue land and buildings as at 31 December 2014 for Initial Public Offering (IPO) of shares in the future. The valuation result shall be incorporated in the audited financial statements of RAL as at 31 December 2014 and copies of the valuation report shall be provided by RAL to the auditors and Bangladesh Securities and Exchange Commission (BSEC).

KPMG is independent from RAL, its directors, auditors and other stakeholders and thus is in a position to provide an objective and unbiased valuation. KPMG has the appropriate technical skills, experience and knowledge of the valuation, the market and the purpose of the valuation which makes KPMG competent for this job.

KPMG has obtained assistance from Asian Surveyors Limited (the Surveyor) in determining the market value and performing physical verification of land and buildings. The persons involved in the valuation process were:

Name	Role	Qualification	Experience
Ali Ashfaq	Engagement Partner	FCA (England & Wales)	Engagement Partner in numerous valuation engagements
Md. Fuad Hasan	Engagement Manager	ACA	Team member in numerous valuation engagements
Humayra Binty Mohammad	Engagement In Charge	Part qualified (ICAB)	Team member in numerous valuation engagements
S. M. Zeeshan Saad	Engagement Assistant	ACCA	Team member in numerous valuation engagements
Kartik Chandra Aich	Surveyor (Asian Surveyors Limited)	BSc	Team member in numerous valuation engagements with KPMG and other firms for 33 years

### Scope of work

KPMG has been appointed by Runner Automobiles Limited to undertake a valuation of the land and buildings of the Company in accordance with the terms of engagement as set out in the engagement letter dated 11 November 2014.

The valuation date is 31 December 2014. As the Company wishes to incorporate the revalued amount in its books, it was decided to conduct a valuation based on market value. The valuation has been based on the management accounts & relevant information provided by the management and obtained from the third parties. Asian Surveyors Ltd were appointed by us to assist with the valuation.

### **Fairness opinion**

The valuation has been undertaken in accordance with the International Valuation Standard (IVS). Thus the fundamental principles of Ethical Conduct namely integrity, objectivity, competence, confidentiality and professional behavior have been maintained throughout the valuation and have taken all possible steps to avoid or mitigate possible threats to compliance of these principles. As the scope of work was a valuation based on market value of land and buildings only, the relevant IVS were; IVS Framework, IVS 103: Reporting and IVS 230: Real Property Interests.

### **Nature and source of the information relied upon**

In preparing our report, our primary source of information has been internal management information provided to us by the management of Runner Automobiles Limited and representations made to us by the management of Runner Automobiles Limited. We do not accept responsibility for such information which remains the responsibility of the management of Runner Automobiles Limited and we have not sought to establish the reliability of the information by reference to other evidence.

All information obtained from Runner Automobiles Limited and from third parties is assumed to be true and correct. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title of assets which is assumed to be marketable and free of any defects.

### **Extent of investigation**

This engagement is not an assurance engagement and has not been conducted in accordance with any generally accepted assurance standards and consequently no assurance opinion is expressed. Verification and checking completeness of information provided was limited to the extent necessary for a valuation; such extent, by its very nature, is more limited than an audit.

### **Basis of Value**

The basis of value is market value. The market value provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. The market value is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a seller in an arm's length transaction, after proper marketing and where parties had each acted knowledgeable, prudently and without compulsion.

### **Valuation approach and methodology**

Land and buildings have been valued in both book value and estimated revalued amount depending on the date of acquisition for land and year of completion for buildings. As per BSEC's notification no. SEC/CMRRCD/2009 – 193/150/Admin; dated 18 August 2013 'two valuations of same class of assets are not allowed within the time lag less than three years and no upward valuation of any asset shall be made within two years of its acquisition.' As the valuation date is 31 December 2014, no upward valuation is done for the land acquisition years 2013 and 2014. Cost values of land are finalised as valuation results for those years. Other than that land is revalued on the basis of estimated market value and was conducted with the assistance of an external expert survey firm. For buildings no upward valuation is done for the buildings which were completed in years 2013 and 2014. Written down values of buildings are finalised as valuation results for those years. Other than that buildings are revalued on the basis of estimated market value and was conducted with the assistance of an external expert surveyor.

For mortgaged land where the bank borrowings/facilities are availed by parties other than RAL; RAL may not be able to dispose those lands whenever it wishes to. It is difficult to mark down the market value due to this type of uncertainty. Accordingly, we have not marked down the value of land for this reason.

### **Assumption**

For buildings, we have applied different rates of depreciation, as we considered appropriate, and worked out present value of each structure taking into account various related factors such as prospective longevity of the building in relation to year of construction, quality of building materials used, present condition of the buildings, specialty of designs, nature of maintenance and nature of use.

### **Valuation result**

We estimate a total value of land and buildings of Runner Automobiles Limited approximately at Taka 2,399 million. The book value of land and buildings is around Taka 1,756 million. A valuation sheet has been shown in "Valuation Results and interpretations" section.

Sd/-

**Rahman Rahman Huq**

12 March 2015

The valuer Rahman Rahman Huq KPMG has obtained assistance from Asian Surveyors Limited (the Surveyor) in determining the market value and performing physical verification of land and buildings. Summary of their methodology is as follows-

### **OUR METHODOLOGY**

A brief outline of the method adopted in working out the present value of the properties is stated as follows:-

#### **VALUATION OF LAND**

In working out the present value of land we have taken into consideration the location of the land, importance and convenience of the locality in terms of industrial, commercial and other related factors. The presence of buildings and other structures on land was also considered in determining the value.

We have also studied in details the present price structures of land in the area and have applied our professional judgment in arriving at the present value.

#### **VALUATION OF BULDINGS**

We have taken into consideration the nature and quality of constructions of the buildings and examined the present condition of the buildings as well as nature of maintenance.

We have applied different rates of depreciation, as we considered appropriate, and worked out present value of cash structure taking into account various related factors such as prospective longevity of building in relation to year of construction, quality of building materials used, present condition of the buildings, specialty of designs, nature of maintenance and nature of use.

For and on behalf of  
Asian Surveyors Limited

Sd/-

**K. C. Aich**

Executive Director

## MANAGEMENT DISCLOSURE REGARDING MORTGAGE OF LAND

In the Valuation Report of Runner Automobiles Limited dated March 12, 2015, the valuer Rahman Rahman Haque (KPMG in Bangladesh) has stated the following-

“The total accumulated figure of RAL’s land is 4,944.04 decimals out of which only 1,157.94 decimal land is mortgage free. All other land of 3,786.10 decimal is mortgaged in various banks against short term and long terms loans such as Exim Bank, Mercantile Bank Ltd. Al-Arafah Islamic Bank Ltd, Eastern Bank Ltd., Basic Bank Ltd., Brac Bank Ltd. and Standard Bank Ltd. Beneficiaries of these loans are RAL and some of its subsidiaries or sister concerns, details of which is listed on the table.

For Mortgaged land where the bank borrowings/facilities are availed by parties other than RAL; RAL may not be able to dispose those lands whenever it wishes. It is difficult to mark sown the market value due to this type of uncertainty. According, we have not marked down the value of land for this reason. Land of Runner has been mortgaged for Runner Automobiles Limited (RAL), Runner Motors Limited (RML) and Runner Agro Products Limited (RAPL)”.

We, certify that subsequently all loan sanctions and mortgage of property has been separated and at present no property of Runner Automobiles Limited is mortgaged against loan of any other company.

**Mukesh Sharma**  
Managing Director and CEO  
Runner Automobiles Limited

Date: June 26, 2018

(o) Where the issuer is a holding/subsidiary company, full disclosure about the transactions, including its nature and amount, between the issuer and its subsidiary/holding company, including transactions which had taken place within the last five years of the issuance of the prospectus or since the date of incorporation of the issuer, whichever is later, clearly indicating whether the issuer is a debtor or a creditor;

As per auditor's certificate

Name of Borrower	Relationship	Nature of Transactions	2016-17		2015-16		2014-15		2013-14		2013		
			Net Transaction	Closing Balance	Net Transaction	Closing Balance	Net Transaction	Closing Balance	Net Transaction	Closing Balance	Net Transaction	Closing Balance	
Runner Motors Limited	Subsidiary	Short term loan (including interest bearing portion)	375,952,190	355,722,294	58,487,870	20,229,896	(16,898,384)	(78,717,766)	20,682,515	(61,819,382)	(97,338,687)	(82,501,897)	
		Rental Income	2,392,800	-	2,392,800	-	2,392,800	-	2,392,800	-	-	-	
		Dividend Income	32,683,400	-	-	-	-	-	-	-	-	-	-
		Land purchases	-	-	-	-	-	-	-	-	(24,500,000)	-	-
		Interest income	5,908,096	-	-	-	-	-	-	-	-	-	-
Freedom Motors Limited	Subsidiary	Short term loan	-	(4,998,002)	14,833	(4,998,002)	25,215,660	(5,012,835)	-	(30,228,495)	-	(30,228,495)	
Runner Electronics Limited	Subsidiary	Short term loan	-	-	-	-	-	-	-	-	752,170	-	

(p) Financial Information of Group Companies and Companies under common ownership by more than 50%: following information for the last three years based on the audited financial statements, in respect of all the group companies of the issuer, wherever applicable, along with significant notes of auditors:

#### Runner Motors Limited

Particulars	June 30, 2017	June 30, 2016	June 30, 2015
Date of Incorporation	February 19,2005		
Nature of Business	Trading Business by importing truck & pickup		
Equity Capital	90,000,000	90,000,000	90,000,000
Reserves	1,129,260,120	944,254,420	650,483,181
Sales	4,084,637,639	3,614,812,137	2,288,670,866
Profit after tax	235,246,460	290,393,625	144,281,590
Earnings per share	26.14	32.27	1,660.00
Diluted Earnings per share	-	-	-
Net Asset Value	2,190,650,219	2,008,787,159	1,718,393,535

#### Freedom Motors Limited

Particulars	June 30, 2017	June 30, 2016	June 30, 2015
Date of Incorporation	February 02,2008		
Nature of Business	Trading & assembling of automobiles		
Equity Capital	6,855,000	6,855,000	6,855,000
Reserves	28,844,940	28,818,139	29,416,277
Sales	-	-	-
Profit after tax	26,801	(598,138 )	( 863,862)
Earnings per share	3.91	(18.62)	(126.02)
Diluted Earnings per share	-	-	-
Net Asset Value	35,699,940	35,673,139	36,271,277

#### Runner Bricks Limited

Particulars	June 30, 2017	June 30, 2016	June 30, 2015
Date of Incorporation	February 19,2005		
Nature of Business	Manufacturing & sale of Auto bricks		
Equity Capital	45,500,000	45,500,000	45,500,000
Reserves	24,051,425	21,942,093	20,303,468
Sales	148,092,620	147,558,210	134,552,242
Profit after tax	1,723,593	2,483,625	2,635,301
Earnings per share	37.89	54.59	57.91
Diluted Earnings per share	-	-	-
Net Asset Value	69,551,425	67,442,093	65,803,468

#### Runner Tera EV Limited

Particulars	June 30, 2017	June 30, 2016	June 30, 2015
Date of Incorporation	June 11,2015		
Nature of Business	Manufacturing & sales of three & four wheeler electric vehicle		
Equity Capital	3,850,000	3,850,000	N/A
Reserves	6,356,455	3,024,128	N/A
Sales	85,298,058	43,115,552	N/A
Profit after tax	3,332,327	3,332,327	N/A
Earnings per share	8.66	8.03	N/A
Diluted Earnings per share	-	-	N/A
Net Asset Value	106,455,831	103,123,504	N/A

### Runner Properties Limited

Particulars	June 30, 2017	June 30, 2016	December 31, 2015
Date of Incorporation	January 10, 2010		
Nature of Business	Real Estate Builder & Developer		
Equity Capital		62,700,000	62,700,000
Reserves		2,796,442	(11,202,325)
Sales		-	26,705,000
Profit after tax	Audit under process	(6,082,639)	(19,801,681)
Earnings per share		(485.06)	(315.82)
Diluted Earnings per share		-	-
Net Asset Value		65,496,442	51,497,675

### Runner Oil & Gas Limited

Particulars	June 30, 2017	June 30, 2016	December 31, 2015
Date of Incorporation	July 09, 2015		
Nature of Business	Liquefied petroleum gas (LPG) bottling and manufacturing and Selling.		
Equity Capital		5,000,000	N/A
Reserves		(207,865)	N/A
Sales		-	N/A
Profit after tax	Audit under process	(207,865)	N/A
Earnings/(Loss) per share		(.42)	N/A
Diluted Earnings per share			N/A
Net Asset Value		4,792,135	N/A

### Runner Agro Products Limited

Particulars	June 30, 2017	December 31, 2016 for the six month	December 31, 2015
Date of Incorporation	April 27, 2010		
Nature of Business	Import and Manufacture of agro Equipment's & Plants		
Equity Capital	9,000,000	9,000,000	9,000,000
Reserves	(4,045,498)	(3,214,136)	(7,396,823)
Sales	3,158,210	8,258,210	-
Profit after tax	(831,362)	(1,223,736)	(3,512,938)
Earnings per share	(92.38)	(135.97)	(390.33)
Diluted Earnings per share	-	-	-
Net Asset Value	4,954,502	5,785,864	1,603,177

### Promita Oil and Gas Limited

Particulars	June 30, 2017	June 30, 2016	June 30, 2015
Date of Incorporation	October 24, 2011		
Nature of Business	Trading Business by importing Oil and Gas		
Equity Capital		1,000,000	1,000,000
Reserves		(261,458)	(9,811)
Sales		-	-
Profit after tax	Audit under process	(251,647)	(2,575)
Earnings per share		(25.16)	(0.26)
Diluted Earnings per share		-	-
Net Asset Value		738,542	990,189

### Runner Trading Limited

Particulars	June 30, 2017	December 31, 2016	December 31, 2015
Date of Incorporation	January 17, 2016		
Nature of Business	Trading all kinds of products, materials, machineries.		
Equity Capital	1,000,000	1,000,000	N/A
Reserves	-	-	N/A
Sales	-	-	N/A
Profit after tax	-	-	N/A
Earnings per share	-	-	N/A
Diluted Earnings per share	-	-	N/A
Net Asset Value	1,000,000	1,000,000	N/A

### Oriental Bitumen Industries Limited

Particulars	June 30, 2017	June 30, 2016	December 31, 2015
Date of Incorporation	April 05, 2005		
Nature of Business	Manufacture, purchase and sale of petrochemical products.		
Equity Capital	50,000,000	50,000,000	50,000,000
Reserves	-	-	-
Sales	-	-	-
Profit after tax	-	-	-
Earnings per share	-	-	-
Diluted Earnings per share	-	-	-
Net Asset Value	50,000,000	50,000,000	50,000,000

### HF Asset Management Limited

Particulars	June 30, 2017	December 31, 2016	December 31, 2015
Date of Incorporation	June 7, 2016		
Nature of Business	Asset management, investment management, portfolio management		
Equity Capital	50,000,000	N/A	N/A
Reserves	(514,873)	N/A	N/A
Sales	824,816	N/A	N/A
Profit after tax	-	N/A	N/A
Earnings per share	(0.16)	N/A	N/A
Diluted Earnings per share	-	N/A	N/A
Net Asset Value	49,485,127	N/A	N/A

### Runner Land Development Limited

Particulars	June 30, 2017	December 31, 2016	December 31, 2015
Date of Incorporation	September 18, 2016.		
Nature of Business	Buying and selling of lands, construction of buildings for residential or commercial purpose.		
Equity Capital	Audit under process	N/A	N/A
Reserves		N/A	N/A
Sales		N/A	N/A
Profit after tax		N/A	N/A
Earnings per share		N/A	N/A
Diluted Earnings per share		N/A	N/A
Net Asset Value		N/A	N/A



### Runner Lube & Energy Limited

Particulars	June 30, 2017	December 31,2016	December 31,2015
Name of Incorporation	September 6, 2016		
Nature of Business	Manufacturing, exploring, refining, selling of all kinds of lubricating oil.		
Equity Capital	Audit under process	N/A	N/A
Reserves		N/A	N/A
Sales		N/A	N/A
Profit after tax		N/A	N/A
Earnings per share		N/A	N/A
Diluted Earnings per share		N/A	N/A
Net Asset Value		N/A	N/A

### Time Watch Media Limited

Particulars	June 30, 2017	December 31,2016	December 31,2015
Name of Incorporation	December 10, 2015		
Nature of Business	All kinds of media activities, online portal, e-paper in Bangla and English language		
Equity Capital	100,000	N/A	N/A
Reserves	(7,005)	N/A	N/A
Sales	-	N/A	N/A
Profit after tax	(7,005)	N/A	N/A
Earnings per share	(0.70)	N/A	N/A
Diluted Earnings per share	-	N/A	N/A
Net Asset Value	92,995	N/A	N/A

**(9) The highest and lowest market price of shares during the preceding six months with disclosures for changes in capital structure during the period, if any securities of the group are listed with any exchange;**

As of the prospectus publication date, none of the companies of the group is listed in the capital market.

**(10) Information regarding significant adverse factors relating to the group;**

There is no significant adverse factors relating to the group.

**(11) Any of the group companies has become sick or is under winding up;**

Runner Electronics Limited, subsidiary of Runner Automobiles Limited has been wound up/ liquidated.

**(12) The related business transactions within the group and their significance on the financial performance of the issuer;**

Runner Automobiles Limited receives rental income, interest income and dividend income and has short term loan transactions and accounts receivable from related parties which is disclosed in note 36 of the audited accounts of the year ended June 30, 2017. However, such transactions are not significant.

**(13) Sales or purchase between group companies/ subsidiaries/ associate companies when such sales or purchases exceed in value in the aggregate ten percent of the total sales or purchases of the issuer and also material items of income or expenditure arising out of such transactions**

There is no such sales or purchase between group companies/ subsidiaries/ associate companies during last three years.

**(q) Where the issuer is a banking company, insurance company, non-banking financial institution or any other company which is regulated and licensed by another primary regulator, a declaration by the board of directors shall be included in the prospectus stating that all requirements of the relevant laws and regulatory requirements of its primary regulator have been adhered to by the issuer**

This is not applicable for Runner Automobiles Limited.

**(r) A report from the auditors regarding any allotment of shares to any person for any consideration otherwise than cash along with relationship of that person with the issuer and rationale of issue price of the shares**

**AUDITORS' CERTIFICATE REGARDING ALLOTMENT OF SHARES OF RUNNER AUTOMOBILES LIMITED FOR ANY CONSIDERATION OTHERWISE THAN CASH**

This is to certify that Runner Automobiles Limited (the "Company") having corporate office at 138/1 Tejgaon Industrial Area, Dhaka 1208, Bangladesh has made the following allotment of shares as at 30 June 2017 for consideration other than cash:

							Amount in BDT
Particulars	Status	Quantity of Shares	Face Value	Issue Price	Value	Relationship with Issuer	Rationale of Issue Price of Shares
Ordinary share issued on 17 February 2005 *	Ordinary ( Bonus )	1,340,000	10	10	13,400,000	Shareholder	Bonus issuance from retained earnings
Ordinary share issued on 28 August 2010 *	Ordinary ( Bonus )	5,880,000	10	10	58,800,000	Shareholder	Bonus issuance from retained earnings
Ordinary share issued on 10 March 2012	Ordinary ( other than cash against land measuring 778 decimal as per vendor's Agreement dated February 16, 2012 )	6,030,000	10	10	60,300,000	Shareholder	Issued at face value
Ordinary share issued on 12 January 2013	Ordinary ( Bonus )	15,000,000	10	10	150,000,000	Shareholder	Bonus issuance from retained earnings
Ordinary share issued on 22 February 2015	Ordinary ( Bonus )	21,739,130	10	10	217,391,300	Shareholder	Bonus issuance from retained earnings
Ordinary share issued on 22 September 2015	Ordinary ( Bonus )	21,739,130	10	10	217,391,300	Shareholder	Bonus issuance from retained earnings
<b>Total</b>					<b>717,282,600</b>		

\* Face value of shares covered to Tk. 10 from Tk. 1,000 on 26 December 2011

**Dhaka, 26 October 2017**

Sd/-

**Hoda Vasi Chowdhury & Co.  
Chartered Accountants**

**(s) Any material information, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public**

As on date, there is no material information, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public.

**(t) Business strategies and future plans - projected financial statements shall be required only for companies not started commercial operation yet and authenticated by Chairman, two Directors, Managing Director, CFO, and Company Secretary;**

Runner Automobiles Limited is one of the leading in 80cc motor cycles with brands ranges between 80cc to 150cc categories meeting the needs of customers of all incomes and profiles. RAL's subsidiary Runner Motors Limited is one of the largest distributors in trucks and lights vehicles sector with selling world famous brand of Eicher Volvo. The Company holds 61.67% shares of Runner Motors Limited. For the year ended June 30, 2017 the company's turnover and net profit after tax stood at BDT 2,410,036,191 and BDT 190,899,829 respectively.

Under new initiative, on September 28, 2016, Runner Automobiles Limited signed a historic collaborative agreement with UM International LLC, USA for manufacturing bikes in Bangladesh for domestic and other overseas markets under the brand UM Runner.

In order to expand the business horizon and as part of strategic move into new business venture, Runner Automobiles Limited has got the LOI from Bajaj for distributing 3 Wheelers (Passenger/ cargo- LPG and Diesel range). Since incorporation, the Company organized its 19 dealer and 19 showroom and well covered service supports over the country. RAL already imported and sold more than 2000 units RE Brand 3Wheeler products in Bangladeshi market during 2017.

The Company has plans to develop new models of 2 Wheelers in the range of 110cc to 150cc as well as development of existing 80cc to 100cc, which will be financed from IPO proceeds and company's business generated income. The Company plans to raise BDT 1,000 mn through IPO.

The new 2 Wheelers will be in the ranges from 110cc to 150cc segment. In order to reach to that target, the company plans to revamp its press shop with new dies and moulds for manufacturing new models. The introduction with these new models will enhance the quality of 2 Wheelers to get a competitive edge in 2 Wheelers market. Dies, Moulds, new product design and machineries will be purchased from various country and mostly from PRC, India and Japan.

As the company has been in commercial operation since 2000, projected financial statements are not required.

(u) Discussion on the results of operations shall inter-alia contain the following:

(1) A summary of the past financial results after adjustments as given in the auditor's report containing significant items of income and expenditure

As per audited accounts

Particulars (Figures in BDT)	For the year ended 30-June-17		For the year ended 30-June-16		For the year ended 30-June-15		For the year ended 30-Jun-14		For the year ended 31-Dec-13 (Restated)
	Stand alone	Consolidated	Stand alone	Consolidated (Restated)	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone
<b>Revenue</b>	2,410,036,191	6,494,673,830	1,550,187,260	5,164,999,397	2,250,238,633	4,538,909,499	1,779,832,594	5,126,003,767	1,697,598,108
Cost of sales	(1,728,585,019)	(4,845,959,645)	(1,119,483,197)	(3,824,348,503)	(1,672,334,300)	(3,465,312,105)	(1,338,928,183)	(3,919,245,910)	(1,375,890,807)
<b>Gross profit</b>	<b>681,451,172</b>	<b>1,648,714,185</b>	<b>430,704,062</b>	<b>1,340,650,894</b>	<b>577,904,333</b>	<b>1,073,597,394</b>	<b>440,904,411</b>	<b>1,206,757,857</b>	<b>321,707,301</b>
<b>Operating expenses</b>	<b>(327,161,281)</b>	<b>(768,686,382)</b>	<b>(199,226,612)</b>	<b>(571,484,217)</b>	<b>(224,002,965)</b>	<b>(406,685,909)</b>	<b>(182,628,381)</b>	<b>(404,180,065)</b>	<b>(150,461,842)</b>
Administrative expenses	(90,529,626)	(184,898,660)	(71,763,217)	(144,543,686)	(74,253,061)	(120,585,133)	(66,368,015)	(121,791,087)	(73,146,595)
Selling and distribution expenses	(236,631,655)	(583,787,722)	(127,463,396)	(426,940,531)	(149,749,904)	(286,100,776)	(116,260,366)	(282,388,978)	(77,315,248)
<b>Operating Profit</b>	<b>354,289,891</b>	<b>880,027,803</b>	<b>231,477,450</b>	<b>769,166,678</b>	<b>353,901,369</b>	<b>666,911,485</b>	<b>258,276,030</b>	<b>802,577,792</b>	<b>171,245,459</b>
Finance costs	(198,482,579)	(385,425,765)	(170,880,232)	(291,219,500)	(140,603,351)	(253,358,834)	(123,217,372)	(325,397,330)	(87,063,928)
Other Income/ (Expenses)	77,535,067	93,926,826	31,813,729	80,406,964	28,370,115	60,321,880	19,897,902	60,812,803	13,456,964
<b>Profit before tax and WPPF</b>	<b>233,342,379</b>	<b>588,528,863</b>	<b>92,410,948</b>	<b>558,354,142</b>	<b>241,668,132</b>	<b>473,874,531</b>	<b>154,956,559</b>	<b>537,993,265</b>	<b>97,638,494</b>
Provision for Contribution to WPPF and welfare fund	(11,111,542)	(29,579,022)	(4,400,521)	(26,616,775)	(11,508,006)	(22,606,590)	(7,378,884)	(25,667,707)	(4,649,452)
<b>Share of profit from associates</b>	-	1,632,840	-	1,481,823	-	-	-	-	-
Income tax expenses	(31,331,009)	(167,092,993)	(14,034,738)	(169,448,016)	(22,205,599)	(99,895,686)	(13,031,730)	(143,783,463)	(6,879,470)
Current tax	(24,118,961)	(155,727,429)	(12,601,883)	(178,312,979)	(18,149,691)	(101,256,089)	(10,123,421)	(146,641,225)	(4,916,984)
Deferred tax	(7,212,048)	(11,365,564)	(1,432,855)	(1,432,855)	(4,055,908)	(4,055,908)	(2,908,310)	(2,908,310)	(1,962,486)
Deferred tax benefits	-	-	-	10,297,817	-	5,416,311	-	5,766,072	-
<b>Net Profit after tax</b>	<b>190,899,829</b>	<b>393,489,689</b>	<b>73,975,688</b>	<b>363,771,173</b>	<b>207,954,527</b>	<b>351,372,255</b>	<b>134,545,945</b>	<b>368,542,096</b>	<b>86,109,572</b>
Bargain purchase gain on acquisition of Runner Motors Ltd	-	-	-	-	-	-	-	178,127,560	-
Bargain purchase gain on acquisition of Freedom Motors Ltd.	-	-	-	-	-	-	-	31,305,896	-
<b>Net profit for the year</b>	<b>190,899,829</b>	<b>393,489,689</b>	<b>73,975,688</b>	<b>363,771,173</b>	<b>207,954,527</b>	<b>351,372,255</b>	<b>134,545,945</b>	<b>577,975,553</b>	<b>86,109,572</b>

**(2) A summary of major items of income and expenditure**

Particulars (Figures in BDT)	For the year ended 30-June-17	For the year ended 30-June-16	For the year ended 30-June-15	For the year ended 30-Jun-14	For the year ended 31-Dec-13 (Restated)
<b>Major items of income</b>					
Revenue	2,410,036,191	1,550,187,260	2,250,238,633	1,779,832,594	1,697,598,108
<b>Major items of expenditure</b>					
Cost of sales	1,728,585,019	1,119,483,197	1,672,334,300	1,338,928,183	1,375,890,807
Administrative expenses	90,529,626	71,763,217	74,253,061	66,368,015	73,146,595
Selling and distribution expenses	236,631,655	127,463,396	149,749,904	116,260,366	77,315,248
Finance costs	198,482,579	170,880,232	140,603,351	123,217,372	87,063,928

**(3) The income and sales on account of major products or services**

Revenue from 2 Wheelers account for 91.80% of total revenue of Runner Automobiles Limited for the year ended June 30, 2017.

**(4) In case, other income constitutes more than 10% of the total income, the breakup of the same along with the nature of the income, i.e., recurring or non-recurring**

The other income of the company does not constitutes more than 10% of the total income.

**(5) If a material part of the income is dependent upon a single customer or a few major customers, disclosure of this fact along with relevant data. Similarly if any foreign customer constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business considering exchange rate fluctuations**

The Company's income is not dependent upon a single customer, a few major customers nor any foreign customer.

**(6) In case the issuer has followed any unorthodox procedure for recording sales and revenues, its impact shall be analyzed and disclosed**

The company has not followed any unorthodox procedure for recording sales and revenues.

**(v) Comparison of recent financial year with the previous financial years on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure, inter-alia, containing the following**

Particulars	2016-17	2015-16	2014-15
<b>Revenue</b>	<b>2,410,036,191</b>	<b>1,550,187,260</b>	<b>2,250,238,633</b>
Less:Cost of goods sold	(1,728,585,019)	(1,119,483,197)	(1,672,334,300)
<b>Gross Profit</b>	<b>681,451,172</b>	<b>430,704,062</b>	<b>577,904,333</b>
Less:Admin expenses	(90,529,626)	(71,763,217)	(74,253,061)
Less:Selling & distribution expenses	(236,631,655)	(127,463,396)	(149,749,904)
<b>Operating Profit</b>	<b>354,289,891</b>	<b>231,477,450</b>	<b>353,901,369</b>
Less:Finance Cost	(198,482,579)	(170,880,232)	(140,603,351)
Other income	77,535,067	31,813,729	28,370,115
<b>Profit before tax &amp; WPPF</b>	<b>233,342,379</b>	<b>92,410,948</b>	<b>241,668,132</b>
Less:Contribution to WPPF	(11,111,542)	(4,400,521)	(11,508,006)
<b>Profit before tax</b>	<b>222,230,837</b>	<b>88,010,426</b>	<b>230,160,126</b>
Less:Current tax expenses	(24,118,961)	(12,601,883)	(18,149,691)
Less:Deferred tax expenses	(7,212,048)	(1,432,855)	(4,055,908)
<b>Net Profit for the year</b>	<b>190,899,829</b>	<b>73,975,688</b>	<b>207,954,527</b>
<b>Other comprehensive income</b>	-	-	<b>552,485,085</b>
<b>Total comprehensive income</b>	<b>190,899,829</b>	<b>73,975,688</b>	<b>760,439,612</b>

**(1) Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.**

As per note 2.29 of the audited accounts of the year ended December 31, 2014-

**Settlement of VAT claims**

RAL has been submitting regular Price Declaration and depositing Value Added Tax (VAT) to Government Treasury on the basis of trader VAT at truncated rate. However, during a special audit conducted by Customs, Excise and VAT Department in late 2013, it was alleged that RAL has collected VAT at the normal rate of 15% while depositing the same amount to Government Treasury it wrongfully deposited on the basis of reduced truncated rate applicable for trader and some excess VAT rebate has been taken wrongfully by RAL.

RAL filed an appeal against these findings and explained that RAL had not collected additional VAT than that had been declared in VAT price declaration. Before obtaining VAT exemption from 24 July 2012, RAL was paying VAT at the rate of 15% on full value and since exemption it's paying VAT at the rate of 15% on dealer's commission only. Hence, this difference is purely due to interpretation of the VAT Act 1991 and in absence of any clear guidance in this regard. While the same is being practice for a number of years without question raised by concerned officials prior to this special audit. Therefore, RAL considered that this practice during that time are in accordance with the VAT regulations.

While disposing off the appeal filed by RAL against the allegations, the learned Commissioner Customs-Excise & Vat, Dhaka North Commissionerate passed an order on 24 April 2014, requiring RAL to pay an aggregate amount of Tk 209,760,349 as final settlement of claim on account of short payment of VAT, excess rebate claim and penal interest thereon.

The Company has deposited the claimed amount to government treasury. In accordance with BAS 8, this has been considered as prior period error. Accordingly, the amount related to 2013 has been charged to the disclosed profit and loss account for that year and the remaining amount being related to the periods prior to 31 December 2012 has been adjusted against opening retained earnings.

**Additional claim of income tax**

During 2014, the Income Tax Authority has reopened income tax files of RAL for the accounting years ended 31 December 2005 to 2008 and claimed an aggregate total demand of Tk 10,948,959 being unpaid income tax on interest income earned during those years. RAL has accepted that due to an oversight error certain interest income of those years were not included in income tax return and accordingly additional claims of income tax have been settled against the refund income tax refund originated for subsequent years. Since all these claims are related to the periods prior to 31 December 2012, these are adjusted against opening retained earnings as per BAS 8, considering this as prior period error.

**(2) Significant economic changes that materially affect or are likely to affect income from continuing operations**

There are no significant economic changes that materially affect or are likely to affect income from continuing operations.

**(3) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

There are no known trends events or uncertainties that may have material effect on the issuer's future business.

**(4) Future changes in relationship between costs and revenues, in case of events such as future increase in labor or material costs or prices that will cause a material change are known;**

The issuer is aware of the fact that future uncertainty may affect business and future plan as well. So, in future labor price or material cost may change. However, revenue is adjusted and follows the trend in line with production cost. Hence, any change in material cost is adjusted with sales price. However, labor cost is partially adjusted with the selling price and improving production efficiency which is a continuous process. We believe that like in the past we have the ability to set trends under any circumstances.

**(5) The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

The growth in revenue of the company are mainly due to increased sales volume of existing products and introduction of new products.

**(6) Total turnover of each major industry segment in which the issuer operated**

As per Bangladesh Road Transport Association (BRTA) the number of 2 Wheelers registered in the current year up to August 31, 2017 in 206,387. To the best of our knowledge there is no publicly available independent source of market information regarding total turnover of the sector.

**(7) Status of any publicly announced new products or business segment**

On September 28, 2016 the Company signed an agreement with the UM International LLC to bring UM-Runner brand high-end motorcycles to its customers.<sup>4</sup>

**(8) The extent to which the business is seasonal**

There is no direct seasonal implication in the products of the company. However, during the crops season in north and south Bengal the business of the company generally improves.

**w) Defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same etc. during the history of operation of the company;**

As per declaration of the company below and letters from loan giving institutions, Runner Automobiles Limited neither defaulted nor rescheduled any of its borrowings with financial institutions/banks during the history of operation of the company. The company did not convert any of its loans into equity and did not have any instance of lock out or strikes during this time.

**DECLARATION REGARDING NO INSTANCE OF DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS/ BANKS DURING THE HISTORY OF OPERATION OF THE COMPANY**

Runner Automobiles Limited neither defaulted nor rescheduled any of its borrowings with any financial institutions/banks during the history of operation of the company.

Sd/-  
**Hafizur Rahman Khan**  
Chairman  
On behalf of Board of Directors  
Runner Automobiles Limited

Sd/-  
**Muhammad Nazrul Islam FCA**  
Chief Financial Officer  
Runner Automobiles Limited

Sd/-  
**Md. Mizanur Rahman**  
Company Secretary  
Runner Automobiles Limited

**(x) Details regarding the changes in the activities of the issuer during the last five years which may had a material effect on the profits/loss, including discontinuance of lines of business, loss of agencies or markets and similar factors**

The company neither changed any of its activities nor discontinued any lines of business during last five years.

**(y) Injunction or restraining order, if any, with possible implications**

The company did not receive any injunction or restraining order during the last five years.

**(z) Technology, market, managerial competence and capacity built-up**

**Technology**

The company is very keen to adopt new technologies keeping pace with the change in market demand. In this regard the company has invested a large amount of capital to introduce complete set of advanced production technology and equipment.

---

<sup>4</sup> <http://www.dhakatribune.com/business/2016/09/29/runner-ties-um>

**Market**

Runner Automobile Limited is well renowned in the local market as one of the leading manufacturers, assemblers and sellers of 2 Wheelers in the country. RAL is a strong brand and a dominant market player. Due to its strong brand image and rapidly growing business in the country, where industrial development and standard of living is on a rising trend, the demand of quality motorcycles at competitive prices is increasing. RAL has always been aware of the competitive situation in market and accordingly has developed a sound and effective marketing policy to share knowledge about their products thus creating more awareness in the minds of the customers. Because of an established marketing platform and a proven track record of performance in terms of quality and customers satisfaction, Runner Automobiles Limited enjoys its intrinsic strengths and capable of capitalizing the same for grabbing market opportunities in coming years.

Market demand and supply forecast could not be provided due to unavailability of independent market data sources.

**Managerial competence**

All the members of the management team of the company have proven track record and are equipped with required professional knowledge, experience, skills and competencies. The departmental Heads are professionally qualified in their respective fields. Successive strong financial performance is the result of unwavering commitment of the promoters, management efficiency, employees' sincerity, use of appropriate technology among others.

The management team also receives able support and guidance of the Board of Directors comprising sponsors, members from foreign strategic investor Brummer Frontier PE II (Mauritius) Limited and Independent Directors.

**Capacities build up**

To keep pace with the contemporary technology and customer demand, the company has continuously invested and deployed enough resources including human resources and continues to do so on a continuing basis. To cope up with the growing market demand and strengthening long term sustainability, the company is also updating its technology and machinery.

**(aa) Changes in accounting policies in the last three years**

There is no change(s) in the accounting policies of the Company during last three years.



**(bb) Significant developments subsequent to the last financial year: A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the red-herring prospectus or prospectus or information memorandum and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months**

**STATEMENT REGARDING SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR**

In our opinion, there has not arisen any circumstance since the date of the last financial statements as disclosed in the red-herring prospectus which materially and adversely affect or is likely to affect the trading or profitability of Runner Automobiles Limited or the value of its assets, or its ability to pay its liabilities within the next twelve months.

Sd/-  
**Hafizur Rahman Khan**  
Chairman

Sd/-  
**Mukesh Sharma**  
Managing Director and CEO

Sd/-  
**Md. Mozammel Hossain**  
Vice Chairman

Sd/-  
**Mohammad Ali Deen**  
Director

Sd/-  
**Md. Jahurul Alam**  
Director

Sd/-  
**Taslim Uddin Ahmed**  
Director

Sd/-  
**Khalid Shahidul Quadir**  
Director  
(Nominated by Brummer Frontier PE II (Mauritius)  
Limited)

Sd/-  
**Muallem A Choudhury FCA**  
Director  
(Nominated by Brummer Frontier PE II (Mauritius)  
Limited)

Sd/-  
**Faruq Ahmad Siddiqi**  
Independent Director

Sd/-  
**Johannes (Phil) N.H. van Haarlem**  
Independent Director

**(cc) If any quarter of the financial year of the issuer ends after the period ended in the audited financial statements as disclosed in the prospectus/information memorandum, unaudited financial statements for each of the said quarters duly authenticated by the CEO and CFO of the issuer or information memorandum, unaudited financial statements for each of the said quarters duly authenticated by the CEO and CFO of the issuer;**

Duly authenticated unaudited financial statements of the quarter ended March 31, 2018 has been incorporated in annexure.

**(dd) Factors that may affect the results of operations**

There is no such known factor that may affect the results of operations. However, any force majeure, unusual increase in production cost, scarcity of raw materials, technological obsolescence, increased competition, government policy change pertaining to the industry.

## SECTION VII : MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### (a) Overview of business and strategies

Runner Automobile Limited is renowned in Bangladesh as a pioneering domestic manufacturer of 2 Wheelers with an extensive and deep network of showrooms and workshops spread across length and breadth of the country. The company has a state of art manufacturing facility 70 KM North of Dhaka which is equipped with latest machinery, technology and skilled manpower to produce various brands of 2 Wheelers namely AD 80S, AD 80S Deluxe, Cheeta, F 100- 6A, DY 50, Bullet, Royal +, Knight Rider, Turbo, Turbo 125, Freedom, Kite, Kite+. which are well established and popular with various segments of customers.

With highly dynamic and proactive sales & marketing strategy supported with consumer centric service and parts initiatives, Runner Automobiles Limited has captured the domestic market with 80 Dealers and 230+ exclusive sales outlets managed by trained dealer staff along with 21 Company Owned Company Operated (COCO) flagship stores.

The market for 2 Wheelers is on the rise in Bangladesh riding on the increase in disposable income among the general population. This is exemplified by the rise in the number of 2 Wheelers registered with Bangladesh Road Transport Association (BRTA) from 114,616 in 2011 to 206,387 during January to August 31, 2017. The aggregate number of 2 Wheelers registered in the last seven years more than doubled from 759,257 up to 2010 to 1,930,756 till August 31, 2017.<sup>5</sup>

The Company holds 61.67% shares of Runner Motors Limited, imports and markets trucks, pickups and tractors in Bangladesh. As on June 30, 2017 the company's turnover and net profit after tax stood at BDT 4,084,637,639 and BDT 235,246,460 respectively. In addition RAL holds 99.99% shares of Freedom Motors Ltd which assembles all type of vehicles and marketing & sales in Bangladesh. As on June 30, 2017 FML's net profit was BDT 26,801.

Under new initiative, on September 28, 2016, Runner Automobiles Limited signed a historic collaborative agreement with UM International LLC, USA for manufacturing bikes in Bangladesh for domestic and other overseas markets under the brand UM Runner.

In order to expand the business horizon and as part of strategic move into new business venture, Runner Automobiles Limited has got the LOI from Bajaj for distributing 3 Wheelers (Passenger/ cargo- LPG and Diesel range).

### (b) SWOT Analysis

#### Strengths:

- Factory location is nearby Dhaka district
- Managed by a highly experienced professional management team
- Large production capacity
- Adequate supply of skilled workforce
- Strong brand image
- Availability of raw materials
- Widespread distribution network across Bangladesh
- Wide product range in terms of price, quality and categories

#### Weakness:

- Not a global brand despite high volume production
- Absence in the premium bike segment
- Low capacity utilization

<sup>5</sup> Source: <http://www.bрта.gov.bd/newsite/en/whole-bangladesh-up-to-sep-2016/>

**Opportunities:**

- Cheaper variants for tapping more in the rural segment
- Premium sports bikes for urban areas
- Strategic alliance with UM Motors regarding higher segment 2 wheelers and Bajaj Auto Limited for 3 wheelers
- Increasing global demand for low cost motorcycle
- Large population and low labor cost

**Threats:**

- Entry of international brands
- Other 2 Wheelers players have a strong brand presence
- Strong competition from Indian as well as international brands
- Dependency on overseas market for raw materials
- Market is becoming more competitive

(c) Analysis of the financial statements of last five years with reason(s) of fluctuating revenue/sales, other income, total income, cost of material, finance cost, depreciation and amortization expense, other expense; changes of inventories, net profit before & after tax, EPS etc.

Particulars (Figures in BDT)	For the year ended 30-June-17	For the year ended 30-June-16	For the year ended 30-June-15	For the year ended 30-Jun-14	For the year ended 31-Dec-13 (Restated)
<b>Revenue</b>	2,410,036,191	1,550,187,260	2,250,238,633	1,779,832,594	1,697,598,108
Cost of sales	(1,728,585,019)	(1,119,483,197)	(1,672,334,300)	(1,338,928,183)	(1,375,890,807)
<b>Gross profit</b>	<b>681,451,172</b>	<b>430,704,062</b>	<b>577,904,333</b>	<b>440,904,411</b>	<b>321,707,301</b>
<b>Operating expenses</b>	<b>(327,161,281)</b>	<b>(199,226,612)</b>	<b>(224,002,965)</b>	<b>(182,628,381)</b>	<b>(150,461,842)</b>
Administrative expenses	(90,529,626)	(71,763,217)	(74,253,061)	(66,368,015)	(73,146,595)
Selling and distribution expenses	(236,631,655)	(127,463,396)	(149,749,904)	(116,260,366)	(77,315,248)
<b>Operating Profit</b>	<b>354,289,891</b>	<b>231,477,450</b>	<b>353,901,369</b>	<b>258,276,030</b>	<b>171,245,459</b>
Finance costs	(198,482,579)	(170,880,232)	(140,603,351)	(123,217,372)	(87,063,928)
Other Income/ (Expenses)	77,535,067	31,813,729	28,370,115	19,897,902	13,456,964
<b>Profit before tax and WPPF</b>	<b>233,342,379</b>	<b>92,410,948</b>	<b>241,668,132</b>	<b>154,956,559</b>	<b>97,638,494</b>
Provision for Contribution to WPPF and welfare fund	(11,111,542)	(4,400,521)	(11,508,006)	(7,378,884)	(4,649,452)
<b>Profit before tax</b>	<b>222,230,837</b>	<b>88,010,426</b>	<b>230,160,126</b>	<b>147,577,675</b>	<b>92,989,042</b>
Income tax expenses	(31,331,009)	(14,034,738)	(22,205,599)	(13,031,730)	(6,879,470)
Current tax	(24,118,961)	(12,601,883)	(18,149,691)	(10,123,421)	(4,916,984)
Deferred tax	(7,212,048)	(1,432,855)	(4,055,908)	(2,908,310)	(1,962,486)
<b>Net Profit for the year</b>	<b>190,899,829</b>	<b>73,975,688</b>	<b>207,954,527</b>	<b>134,545,945</b>	<b>86,109,572</b>

**Reason of fluctuation****Causes for Changes in Sales**

The overall market of 2 Wheelers expanded in the last year and the Company's sales revenue bolstered during the year ended June 30, 2017. The company also introduced BAJAJ 3 Wheeler products in its product line which also made impact in the sales revenue. On the other hand, RAL improved its management efficiency and introduced promotional activity to further augment RUNNER as a trusted brand to the customers. The sales revenue trend of previous years was in steady growth except during the year ended June 30, 2016 due to prevailing market condition.

### **Causes for Changes in COGS**

Efficient management of production costs over the years has contributed to lower cost of goods sold as a percentage of sales from 72.22% in 2016 to 71.72% in 2017.

### **Causes for Changes in Operating Expenses**

The Company's operating expenses have remained steady over the time period compared to sales. Increased operating efficiency led to minimal rise in operating expensed compared to increased revenue.

### **Causes for Changes in Net Income**

Net income of the company increased as a percentage of sales due to increased sales while fixed costs remained at similar levels.

### **(d) Known trends, demands, commitments, events or uncertainties that are likely to have an effect on the company's business:**

There are no known trends, demands, commitments, events or uncertainties that are likely to have material impact on the company's business. However, force majeure such as natural calamities, political unrest, labor unrest, unavailability of power and gas etc. might have a material effect on company's future business. Besides decrease in demand, increase in production cost, scarcity of raw materials, technological change, government's policy change towards the industry, are the known events that may affect the business operation of the company.

### **(e) Trends or expected fluctuations in liquidity**

Over the last five years, the current ratio of the Company stayed within 1.31 to 1.60. Also quick ratio of the Company stayed within 1.05 to 1.22. The Company is expected to maintain such sufficient liquidity in the near future.

### **(f) Off-balance sheet arrangements those have or likely to have a current or future effect on financial condition**

As of date, the Company did not enter into any off balance sheet financing arrangements.

## SECTION VIII : DIRECTORS AND OFFICERS

(a) Name, Father's name, age, residential address, educational qualification, experience and position of each of the directors of the company and any person nominated/represented to be a director, showing the period for which the nomination has been made and the name of the organization which has nominated him

Name	Father's Name	Age	Residential Address	Educational Qualification	Experience	Position	Nominated by	Period of Nomination
Hafizur Rahman Khan	Koresh Ali Khan	63	H-31, R-18, Block-J, Banani, Dhaka 1214	B.Com (Hon's), M. Com (Management), Rajshahi University	40	Chairman	n/a	n/a
Md. Mozammel Hossain	Md. Sultan Mia	63	Flat-3B, H-38, R-13/A, Dhanmondi Dhaka 1208	M. Com (Marketing), University of Dhaka	39	Vice Chairman	n/a	n/a
Mukesh Sharma	Bal Kishan Sharma	45	Flat C2, House 1, Road 36, Gulshan 1, Dhaka 1212	Post Graduate Diploma in Business Administration (Marketing) LBSIM, Delhi.	24	Managing Director and CEO	n/a	n/a
Md. Jahurul Alam	Jamshed Ali	69	H-21, Loan Office Para, Jessore-7400	Graduate in Science (Applied Chemistry), University of Dhaka	29	Director	n/a	n/a
Taslim Uddin Ahmed	Kamal Uddin Ahmed	68	Shekhpura, Dinajpur-5200	B. Com	40	Director	n/a	n/a
Mohammad Ali Deen	Yasin Ali Sarkar	61	Deen Tower, 1483-01, Chalkmukter Main Road, Naogaon-6500	Graduate in Science, Rajshahi University	37	Director	n/a	n/a
Faruq Ahmad Siddiqi	Hafiz Md. Raisuddin Siddiqi	71	296 Elephant Road, Dhaka-1205	B. A (Hons), M. A	45	Independent Director	n/a	n/a
Johannes (Phil) N.H. van Haariem	Wil Helmus van Haarlem	74	Mauvezand 36, 1251 JG Laren NH, Nederland	Bachelor in Accts & Dutch	52	Independent Director	n/a	n/a
Khalid Shahidul Quadir	Anwarul Quadir	53	18 Marina Boulevard, 30-35 Marina Bay, Singapore-018980	Graduate & Fellowship	24	Director	Brummer Frontier PE II (Mauritius) Limited	n/a
Muallem A Choudhury FCA	Mohiuddin Ahmed Choudhury	61	House 23, Road 2, Sector 13, Uttara, Dhaka	Chartered Accountant	32	Director	Brummer Frontier PE II (Mauritius) Limited	n/a

**(b) The date on which he first became a director and the date on which his current term of office shall expire**

Name	Designation	Date of becoming Director for the first time	Date of Expiration of Current Term
Hafizur Rahman Khan	Chairman	04.07.2000	The directors of the company are subject to be retired by rotation according to Section 91 and Regulation 79-82 of Schedule I of The Companies Act, 1994.
Md. Mozammel Hossain	Vice Chairman	04.07.2000	
Mukesh Sharma	Managing Director and CEO	01.11.2016	
Khalid Shahidul Quadir	Director Nominated by Brummer Frontier PE II (Mauritius) Limited	28.09.2013	
Muallem A Choudhury FCA	Director Nominated by Brummer Frontier PE II (Mauritius) Limited	28.09.2013	
Md. Jahurul Alam	Director	04.07.2000	
Mohammad Ali Deen	Director	04.07.2000	
Taslim Uddin Ahmed	Director	04.07.2000	
Johannes (Phil) NH van Haarlem	Independent Director	19.10.2014	
Faruq Ahmad Siddiqi	Independent Director	19.10.2014	

**(c) If any director has any type of interest in other businesses, names and types of business of such organizations. If any director is also a director of another company or owner or partner of any other concern, the names of such organizations**

Name of Director	Designation in the Company	Directorship/Sponsorship/ Ownership with other Organization	Type of Business	Position
Hafizur Rahman Khan	Chairman	Runner Motors Limited	Importer and distributor of commercial vehicles like trucks and pickups.	Chairman
		Runner Bricks Limited	Manufacturer, supplier and marketers of bricks.	Chairman
		Runner Properties Limited	Builder and developer of real estate.	Chairman
		Runner Agro Products Limited	Importer, manufacturer, supplier and marketer of insecticide, seeds and fertilizer.	Chairman
		Freedom Motors Limited	Assembly of all type of vehicle and sales in Bangladesh.	Chairman
		Runner Motors Services	Import & sale of spare parts and free service.	Proprietor
		Runner Trading Limited	The business of trading and dealing in all kinds of products, materials, equipment, machineries, and tools.	Chairman
		Promita Oil and Gas	Liquefied petroleum gas (LPG) bottling & manufacturing, producing, buying selling & distributing.	Chairman
		HF Asset Management Limited	Asset Management, Investment Management, Fund Management & Portfolio Management	Chairman
		Runner Terra EV Limited	It provides the vehicles that are powered by a system of battery, motor and controller instead of an internal combustion engine.	Representative Director (Runner Motors Limited)
		Time Watch Media Limited	All kind of media activities including online portal and electronic media services.	Chairman
		Runner Lube & Energy Limited.	Producing, manufacturing, exploring, marketing, selling, all types of automotive lubricants, industrial lubricants. Marine lubricants etc.	Chairman
		Runner Land Development Ltd.	Acquisition of lands by way of buying or developing of lands, and construction of buildings for residential or commercial purpose.	Chairman

Name of Director	Designation in the Company	Directorship/Sponsorship/ Ownership with other Organization	Type of Business	Position
		Runner Oil & Gas Limited.	Liquefied petroleum gas (LPG) bottling & manufacturing, producing, buying selling & distributing or otherwise deal in LPG for domestic cooking purpose & industrial uses.	Chairman
		Oriental Bitumen Industries Ltd.	Manufacture, purchase, sell and export of bitumen, petroleum and other petro chemical product.	Chairman
Md. Mozammel Hossain	Vice Chairman	Runner Motors Limited	Importer and distributor of commercial vehicles like trucks and pickups.	Vice Chairman
		Runner Bricks Limited	Manufacturer, supplier and marketer of bricks	Vice Chairman
		Runner Properties Limited	Builder and developer of real estate.	Vice Chairman
		Runner Agro Products Limited	Importer, manufacturer, supplier and marketer of insecticide, seeds and fertilizer.	Vice Chairman
		Freedom Motors Limited	Assembly all type of vehicle and sales in Bangladesh.	Executive Director
		Promita Oil and Gas	Liquefied petroleum gas(LPG) bottling & manufacturing, producing, buying selling & distributing	Vice Chairman
		HF Asset Management Limited	Asset management, investment management, portfolio management, and capital market operation, management of private equity etc.	Director
		Runner Trading Limited	Trading and dealing in all kinds of products, materials, equipment, machineries, and tools.	Vice Chairman
		Time Watch Media Limited.	All kind of media activities including online portal and electronic media services.	Vice Chairman
		Oriental Bitumen Industries Ltd.	Manufacture, purchase, sell and export of bitumen, petroleum and other petro chemical product.	Vice Chairman
		Runner Oil & Gas Limited.	Liquefied petroleum gas (LPG) bottling & manufacturing, producing, buying selling & distributing or otherwise deal in LPG for domestic cooking purpose & industrial uses.	Vice Chairman
		Runner Lube & Energy Limited.	Producing, manufacturing, exploring, marketing, selling, all types of automotive lubricants, industrial lubricants. Marine lubricants etc.	Vice Chairman
		Runner Land Development Ltd.	Acquisition of lands by way of buying or developing of lands, and construction of buildings for residential or commercial purpose.	Vice Chairman
Mukesh Sharma	Managing Director and CEO	-	-	-
Md. Jahurul Alam	Director	Runner Motors Limited	Importer and distributor of commercial vehicles like trucks and pickups.	Director
		Venus Autos	Venus Autos engaged in trading business.	Proprietor
		Oriental Bitumen Industries Ltd.	Manufacture, purchase, sell and export of bitumen, petroleum and other petro chemical product.	Director
		Runner Oil & Gas Limited.	Liquefied petroleum gas (LPG) bottling & manufacturing, producing, buying selling & distributing or otherwise deal in LPG for domestic cooking purpose & industrial uses.	Director
		Promita Oil and Gas	Liquefied petroleum gas(LPG) bottling & manufacturing, producing, buying selling & distributing	Director
Mohammad Ali Deen	Director	Runner Motors Limited	Importer and distributor of commercial vehicles like trucks and pickups.	Director
		Deen Impex	Deen Impex engaged in trading business	Proprietor
		Promita Oil and Gas	Liquefied petroleum gas (LPG) bottling & manufacturing, producing, buying selling & distributing.	Director
		Oriental Bitumen Industries Ltd.	Manufacture, purchase, sell and export of bitumen, petroleum and other petro chemical product.	Director

Name of Director	Designation in the Company	Directorship/Sponsorship/ Ownership with other Organization	Type of Business	Position
		Runner Oil & Gas Limited.	Liquefied petroleum gas (LPG) bottling & manufacturing, producing, buying selling & distributing or otherwise deal in LPG for domestic cooking purpose & industrial uses.	Director
Taslim Uddin Ahmed	Director	ISLAM & CO.-	Islam & Co is engaged in trading business.	Proprietor
Khalid Shahidul Quadir	Director Nominated by Brummer Frontier PE II (Mauritius) Ltd	Runner Motors Ltd	Importer and distributor of commercial vehicles like trucks and pickups	Director
		Brummer & Partners (Bangladesh) Limited	Brummer & Partners (Bangladesh) Ltd. is a private limited company incorporated in Bangladesh, provides due diligence, monitoring and coordination services to its clients	Director
		Rahimafrooz Superstores Limited (Agora)	Rahimafrooz Superstores Limited (Agora) owns 'Agora' retail chain with 15 outlets in Dhaka & Chittagong	Director
		Butterfly Marketing Ltd	Butterfly Marketing Ltd is a manufacturer & retailer of consumer durable products. They are the distributor of LG branded products in Bangladesh.	Director
		Popular Pharmaceuticals Ltd	Popular is engaged in manufacturing and marketing of pharmaceutical products.	Director
		Ananta Apparels Ltd.	Manufacturer and exporter of apparels products.	Director
		Zero Gravity Venture Ltd.	e-commerce venture that operates both in the B2B and B2C segments	Director
Muallem A Choudhury FCA	Director Nominated by Brummer Frontier PE II (Mauritius) Ltd	Popular Pharmaceuticals Ltd	Popular is engaged in manufacturing and marketing of pharmaceutical products.	Director
		Rahimafrooz Superstores Limited (Agora)	Rahimafrooz Superstores Limited (Agora) owns 'Agora' retail chain with 15 outlets in Dhaka & Chittagong	Director
		ACI HealthCare Limited	Manufacturing and marketing of pharmaceuticals products.	Director
		Brummer & Partners (Bangladesh) Limited	Brummer & Partners (Bangladesh) Limited is a private limited company incorporated in Bangladesh, provides due diligence, monitoring and coordination services to its clients	Director
Johannes (Phil) N. H. van Haarlem	Independent Director	-	-	-
Faruq Ahmad Siddiqi	Independent Director	Apex Tannery Limited	Leather goods manufacturer	Independent Director
		Al Arafah Islami Bank Limited	Bank	Independent Director



**(d) Statement of if any of the directors of the issuer are associated with the securities market in any manner. If any director of the Issuer Company is also a director of any issuer of other listed securities during last three years then dividend payment history and market performance of that issuer**

The directors of Runner Automobiles Limited are not associated with the securities market as sponsor/director of any merchant bank, asset management company, TREC holder other than the following-

Name of Director	Name of Organization	Designation
Hafizur Rahman Khan	HF Asset Management Limited*	Chairman
Md. Mozammel Hossain	HF Asset Management Limited*	Director
Faruq Ahmad Siddiqi	Al Arafah Islami Bank Limited	Independent Director

\* The company was incorporated on June 02, 2016 and got license as asset manager from BSEC on January 19, 2017.

The dividend payment history and market performance of Al Arafah Islami Bank Limited are as follows:

Year	Cash Dividend	Stock Dividend	Market Performance Price in BDT (Per share)
2017	15%	5%	15.80 – 27.00
2016	20%	-	12.30 – 16.00
2015	10%	5%	10.90 – 16.40

**(e) Any family relationship (father, mother, spouse, brother, sister, son, daughter, spouse's father, spouse's mother, spouse's brother, spouse's sister) among the directors and top five officers**

There is no family relationship among the Directors of the company. Also, there is no family relationship among the Directors and top five officials of the company.

**(f) A very brief description of other businesses of the directors**

Name of the Company	Relation	Nature of the business of the Company
Runner Motors Limited	Common Directorship and Subsidiary of RAL	Importer and distributor of commercial vehicles like trucks and pickups.
Runner Bricks Limited	Common Directorship	Manufacturer, supplier and marketer of bricks.
Runner Properties Limited	Common Directorship	Builder and developer of real estate.
Runner Agro Products Limited	Common Directorship	Importer, manufacturer, supplier and marketer of insecticide, seeds and fertilizer.
Freedom Motors Limited	Common Directorship and Subsidiary of RAL	To manufacture/ assemble 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.
Runner Motors Services	Proprietorship of Hafizur Rahman Khan	Import & sale of spare parts and free service.
Runner Trading Limited	Common Directorship	The business of trading and dealing in all kinds of products, ,materials, equipments, machineries, tools & spare parts to carry on the business as a general commercial & trading company.
Venus Autos	Proprietorship of Md. Jahurul Alam	Venus Autos has been pursuing its goal and vision in a concerted manner. The company believes in quality management, strict discipline.
Deen Impex	Proprietorship of Mohammad Ali Deen	Deen Impex is engaged in trading business.
Promita Oil & Gas	Common Directorship	To set up liquefied petroleum gas (LPG) bottling & manufacturing plant and to carry on the business of manufacturing, producing, buying, selling,

Name of the Company	Relation	Nature of the business of the Company
		distributing or otherwise deal in LPG for domestic, cooking purposes & industrial uses.
HF Asset Management Limited	Common Directorship	Asset Management, Investment Management, Fund Management & Portfolio Management.
Runner Lube & Energy Limited	Common Directorship	Producing, manufacturing, exploring, marketing, selling all types of automotive lubricants, industrial lubricants & Marine lubricants etc.
Runner Land Development Limited	Common Directorship	Acquisition of lands by way of buying or developing of lands, and construction of buildings for residential or commercial purpose
Time Watch Media Limited	Common Directorship	All kind of media activities including online portal and electronic media services.
Runner Oil & Gas Limited	Common Directorship	Manufacturing, producing, buying, bottling & selling & distributing of liquefied petroleum gas (LPG).
Oriental Bitumen Industries Limited	Common Directorship	Manufacture, purchase, sell and export of bitumen, petroleum and other petrochemical product.
Runner Terra EV Limited	Common Directorship	It provides the vehicles that are powered by a system of battery, motor and controller instead of an internal combustion engine.
Apex Tannery Limited	Common Directorship [of Independent Director]	The company produces and sells leather primarily in Bangladesh. It offers goat and cow crust and finished leathers for shoes and leather goods.
Al Arafah Islami Bank Limited	Common Directorship [of Independent Director]	Al Arafah Islami Bank Ltd was established (registered) as a private limited company on 18 June 1995. Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid up capital is being owned by indigenous shareholders.
Brummer & Partners (Bangladesh) Limited	Common Directorship [of Director nominated by Brummer Frontier PE II (Mauritius) Limited]	Brummer & Partners (Bangladesh) Ltd. is a private limited company incorporated in Bangladesh, provides due diligence, monitoring and coordination services to its clients.
Butterfly Marketing Limited	Common Directorship [of Director nominated by Brummer Frontier PE II (Mauritius) Limited]	Butterfly Marketing Limited is manufacturer & retailer of consumer durable products. They are the distributor of LG branded products in Bangladesh.
Popular Pharmaceuticals Limited	Common Directorship [of Director nominated by Brummer Frontier PE II (Mauritius) Limited]	Popular is engaged in manufacturing and marketing of pharmaceutical products.
Ananta Apparels Limited	Common Directorship [of Director nominated by Brummer Frontier PE II (Mauritius) Limited]	Ananta Apparels Limited is one of the leading apparel manufacturer & exporters of Bangladesh (top 10 position among woven product manufacturers). The Company specializes in denim products with monthly production capacity of 1.8 million woven bottoms across three factories.
Zero Gravity Venture Limited	Common Directorship [of Director nominated by Brummer Frontier PE II (Mauritius) Limited]	Zero Gravity is an ecommerce venture that operates both in the B2B and B2C segments through two ecommerce businesses – Sindabad.com and Kiksha.com. Sindabad.com offers office supplies, electrical items, as well as industrial items such as chemicals and production spare parts. Kiksha.com's major products are electronics items followed by home appliance and fashion goods.

Name of the Company	Relation	Nature of the business of the Company
Rahimafrooz Superstore Limited	Common Directorship [of Director nominated by Brummer Frontier PE II (Mauritius) Limited]	Rahimafrooz Superstores Limited (Agora) owns 'Agora' retail chain with 15 outlets in Dhaka & Bangladesh.
ACI HealthCare Limited	Common Directorship [of Director nominated by Brummer Frontier PE II (Mauritius) Limited]	ACI HealthCare Limited, a public limited company, is a subsidiary of Advanced Chemical Industries (ACI) Limited. It was incorporated in 18 February 2013 under the Companies Act 1994. The principal activities of the Company are manufacturing and marketing of pharmaceutical products for regulated markets, especially for USA.

**(g) Short bio-data of each director**

**Hafizur Rahman Khan**  
**Chairman**

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 and is actively involved in the operations of the company. 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 2013-2014.

**Md. Mozammel Hossain**  
**Vice Chairman**

Md. Mozammel Hossain, born in 1955, is the Vice Chairman of Runner Automobiles Limited. He completed B. Com (Hons), M. Com (Marketing) from University of Dhaka. Upon completion of education he started his career in 1980 in Singer Bangladesh Limited and worked there till 1985. Then he joined HS Enterprise Limited and served there from 1985 to 1999 as General Manager (Marketing). He is actively involved in Runner Automobiles Limited since inception. He is one of the most experienced industrialists in the automobile and electronics sector.

**Mukesh Sharma**  
**Managing Director and CEO**

Mukesh Sharma, born in 1973, is the Managing Director and Chief Executive Officer of Runner Automobiles Limited. He is a strategic leader with over 23 years of experience including over 20 years in the automobiles industry. Extensive exposure across a gamut of areas including customer experience, after sales, quality, new product launch, product monitoring, warranty management and engineering. Deft in establishing & driving channel network relationships, ensuring high level of engagement & profitability to drive the overall business growth. Proven competence in devising & implementing measures leading to turning around of operations while achieving top line growth and bottom line improvement. Adept in interacting with internal as well as external customers across the globe and working towards high level of customer satisfaction. Demonstrated excellence in driving multi-location, cross cultural and multi functional resources. Under his leadership RAL started export motorcycles to Nepal which was pioneer of 2 wheeler industry in Bangladesh.

**Md. 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 of the company. He achieved his Bachelor of Science in 1978. Mr. Mohammad Ali Deen has 37 years of business experience in the automobile sector and various other business areas in Bangladesh. He is the Chairman of Deen Impex. In addition, Mr. Deen is currently serving as the Vice President of Commonwealth of Independent State-Bangladesh Chamber of Commerce & Industry (CIS-BCCI) and 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). In addition to his involvements

with various business associations, Mr. Deen is actively engaged with different other sports, educational and socio-cultural activities. He is the First Vice President of Bangladesh Tennis Federation, Vice President of Naogaon Tennis Club, Executive Member of Bangladesh Olympic Association and a Permanent Member of Dhaka Club Ltd.

He is serving as a Member of Board of Trustees of Varendra University and Director of Bangladesh Automobile Assemblers and Manufacturing Association (BAAMA).

**Md. Jahurul Alam**  
**Director**

Md. Jahurul Alam, born in 1948, is a Director of Runner Automobiles Limited. He is a graduate in Science (Applied Chemistry) from University of Dhaka. He has 26 years of business experience in dealership (Sales & Service).

**Taslim Uddin Ahmed**  
**Director**

Taslim Uddin Ahmed, born in 1948, is a Director of Runner Automobiles Limited. He is a graduate in Science from Politechnique Institutes of Dinajpur. He has more than 38 years' experience in 2 Wheelers marketing and selling.

**Khalid Shahidul Quadir**  
**Director**

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 CEO of Brummer & Partners (Bangladesh) Limited.

**Muallem A Choudhury FCA**  
**Director**

Muallem Choudhury is a Chartered Accountant by profession. He has a long professional career in the fields of finance, corporate and strategic planning, and treasury and supply chain. His professional career starts with British American Tobacco Bangladesh (BATB) with involving in different capacities lastly as Head of Strategic Planning and Business Development, followed by the role of Finance Director and Head of Supply chain for Advanced Chemical Industries (ACI) for almost seven years. Currently, he is the Principal Adviser and Director with Brummer & Partners (Bangladesh) Limited.

**Johannes (Phil) N.H van Haarlem**  
**Independent Director**

Mr. Johannes (Phil) N.H van Haarlem was born in 1944 in Netherland. He has completed his Bachelor degree in Dutch Law & Accountancy. He is versed in different language and among them he is fluent in Dutch, English and Spanish and has modest proficiency in German and French language. Before joining Runner Automobiles Ltd as Independent Director he played a very imperative role in many international organizations. He worked as a Managing Director Boer & Croon Interim Management B.V, Amsterdam from 2000 to 2002. He also worked as a Group Director in Pan Holdings B. V, Nilkerk, Netherlands from 2002 to 2010. Then he joined as an adviser Ponooc BV (Evaluation of investment opportunities in The Netherlands, Indonesia, the United Kingdom, U.S.A) from 2011 to 2013. During working as an adviser in Ponooc BV he also worked as a Senior Adviser PUM (Projects in Indonesia (2x) and Kenya) in the year of 2012.

**Faruq Ahmad Siddiqi**  
**Independent Director**

Faruq Ahmad Siddiqi was born in 1947. He is an Independent Director of Runner Automobiles Limited. He is a graduate in Arts from the University of Dhaka. He served as Chairman of Bangladesh Securities & Exchange Commission (2006-2009), as Secretary of Ministries of Posts & Telecom, Education, Commerce (2002-06), Member of National Board of Revenue (1999-2001), Director of Finance and Accounts, Jamuna Multipurpose Bridge Authority (1997-1999), Commissioner of Taxes (1992-97), Member, Finance, RAJUK (1991-92) etc.

**(h) Loan status of the issuer, its directors and shareholders who hold 10% or more shares in the paid-up capital of the issuer in terms of the CIB Report of Bangladesh Bank**

Neither the Company nor any of its directors or shareholders who hold 10% or more shares in the paid-up capital of the issuer is loan defaulter in terms of the CIB Report of Bangladesh Bank.

**(i) Name with position, educational qualification, age, date of joining in the company, overall experience (in year), previous employment, salary paid for the financial year of the Chief Executive Officer, Managing Director, Chief Financial Officer, Company Secretary, Advisers, Consultants and all Departmental Heads. If the Chairman, any director or any shareholder received any monthly salary than this information should also be included**

Name	Designation	Age (Years)	Date of Joining	Educational Qualification	Overall experience	Previous Employment	Salary in last FY
Hafizur Rahman Khan	Chairman	63	01.01.2000	M. Com (Management)	40 years	HS Enterprise	3,961,649
Md. Mozammel Hossain	Vice Chairman	63	01.03.2000	M. Com (Marketing)	39 years	HS Enterprise	3,440,558
Mukesh Sharma	Manging Director and CEO	45	15.11.2015 as ED, 01.10.2016 as CEO and 15.11.2016 as MD & CEO	BSc Engineering (Mechanical) PGD (Marketing)	24 years	Hero Motocorp Ltd, India	4,550,000
Muhammad Nazrul Islam FCA	Chief Financial Officer	38	01.02.2015	B Com, Chartered Accountant	17 years	Unilever Bangladesh Ltd	2,384,200
Md. Mizanur Rahman	Company Secretary	45	16.08.2000	Bcom (Hons), MCom (DU), MBA (Fin), FGDFM	22 years	HS Group of Industries	1,365,983
Major Md. Taifur Rahman Biswas (Retd)	Sr. General Manager Admin (Head of Admin)	56	02.09.2009	MBA (HRM)	33 years	Bangladesh Army	1,494,951
Hemant Kumar Dawar	General Manager, Factory (Head of Factory)	44	01.10.2017	Masters of Engineering (Mechanical)	27 years	Warm Forgings Pvt Limited	(Joined after FY 2016-2017)
Md. Iftekhar-ur-Rahman	General Manager VAT & Commercial (Head of VAT & Commercial)	60	16.03.2009	M. Com (Accounting)	33 years	Monno Group of Industries	1,481,821
Rubada Tazin	Assistant Director, HR & QEHS (Head of HR)	30	11.09.2011	MBS (International Business)	6 years	N/A	793,994
Md. Muklasur Rahman Bhuiyan	Deputy General Manager, Audit (Head of Internal Audit)	38	23.01.2016	MBA in AIS, Chartered Certified Accountant	11 years	BRAC International	1,050,595

Name	Designation	Age (Years)	Date of Joining	Educational Qualification	Overall experience	Previous Employment	Salary in last FY
Ashik Ahmed	Assistant General Manager, Sales (Head of Corporate Sales)	37	12.05.2018	MBA (Marketing)	13 years	Rancon Motor Bikes Limited	(Joined after FY 2016-2017)
Shourav Ahmed	Assistant General Manager (Head of 3 Wheeler Sales)	43	01.10.2016	MBA (Marketing)	17 years	Rangs Motor Bikes Limited	957,029

**(j) Changes in the key management persons during the last three years. Any change otherwise than by way of retirement in the normal course in the senior key management personnel particularly in charge of production, planning, finance and marketing during the last three years prior to the date of filing the information memorandum. If the turnover of key management personnel is high compared to the industry, reasons should be discussed**

Mr. Mukesh Sharma joined Runner Automobiles Limited as Executive Director on November 15, 2015 and was subsequently appointed as Managing Director and CEO on November 01, 2016. Hemant Kumar Dawar joined as General Manager, Factory on October 01, 2017, Md. Muklasur Rahman Bhuiyan as Deputy General Manager, Audit on January 23, 2017, Ashik Ahmed as Assistant General Manager, Sales on May 12, 2018 and Shourav Ahmed as Assistant General Manager (Head of 3 Wheeler Sales) on October 01, 2016.

Except for the above no change otherwise than by way of retirement in the normal course in the senior key management personnel occurred during the last three years prior to the date of filing the information memorandum. These changes occurred only once for each post during last three years which is not high compared to the industry.

**(k) A profile of the sponsors including their names, father's names, age, personal addresses, educational qualifications, and experiences in the business, positions/posts held in the past, directorship held, other ventures of each sponsor and present position;**

Name	Father's Name	Age	Personal Address	Education Qualifications	Experience	Positions/Post held in the past	Directorship held	Other Venture of Sponsors	Present Position
Hafizur Rahman Khan	Koresh Ali Khan	63 Years	H-31, R-18, Block-J, Banani, Dhaka1214	B.Com (Hon's), M. Com (Management), Rajshahi University	40 years	Chairman	04.07.2000	Runner Motors Limited	Chairman
								Runner Bricks Limited	Chairman
								Runner Properties Limited	Chairman
								Runner Agro Products Limited	Chairman
								Runner Electronics Limited	Chairman
								Freedom Motors Limited	Chairman
								Runner Motors Services	Proprietor
								Runner Trading Limited	Chairman
								Promita Oil and Gas	Chairman
								HF Asset Management Limited	Chairman
								Runner Terra EV Limited	Representative Director
								Time Watch Media Limited.	Chairman
								Runner Lube & Energy Limited.	Chairman
Md. Mozammel Hossain	Md. Sultan Mia	63 Years	Flat-3B, H-38, R-13/A, Dhanmondi, Dhaka-1208	M. Com (Marketing), University of Dhaka	39 years	Executive Director	04.07.2000	Runner Motors Limited	Vice Chairman
								Runner Bricks Limited	Vice Chairman
								Runner Properties Limited	Vice Chairman
								Runner Agro Products Limited	Vice Chairman
								Runner Electronics Limited	Vice Chairman
								Freedom Motors Limited	Executive Director
								Runner Trading Limited	Vice Chairman

								Promita Oil and Gas	Vice Chairman
								Time Watch Media Limited.	Vice Chairman
								Oriental Bitumen Industries Ltd.	Vice Chairman
								Runner Oil & Gas Limited.	Vice Chairman
								Runner Lube & Energy Limited.	Vice Chairman
								Runner Land Development Ltd.	Vice Chairman
								HF Asset Management Limited	Director
Md. Amjad Ali	Chyon Uddin Ahmed	69 Years	Ghoramara, Boalia, Rajshahi	Masters (Pass)	37 years	Shareholder	N/A	Nupu Corporation	Proprietor
Md. Sairul Islam	Nurul Islam Mondol	55 Years	Goahail Road, Sutrapur, Bogra	B.Com	22 Years	Director	N/A	Runner Properties Limited	Shareholder
Taslim Uddin Ahmed	Kamal Uddin Ahmed	68 Years	Shekhpura, Dinajpur-5200	B. Com	40 years	Director	04.07.2000	ISLAM & CO.-	Proprietor
Mohammed Nazim Uddin	Danial Kamal	53 Years	SK. Mujib Road, Agrabad, Chittagong	B.Com, Chittagong University	27 years	Shareholder	N/A	Honda Museum	Proprietor
SK. Abul Kalam Azad	SK. Abdul Hamid	59 Years	Bangabandhu Road, Thakurgaon	B.Com	34 years	Shareholder	N/A	A.K Traders	Proprietor
Md. Borhanul Ahasan Chowdhury	Nurul Haque Chowdhury	59 Years	28, New Eskaton Road, Dhaka 1000	N/A	30 years	Shareholder	N/A	N/A	N/A
Md. Amir Hossain Khokon	Md. Naziruzzaman	Deceased	9, New Eskaton Road, Dhaka 1000	N/A	N/A	Shareholder	N/A	N/A	N/A
Mohammad Ali Deen	Yasin Ali Sarkar	61 Years	Deen Tower, 1483-01, Chalkmukter Main Road, Naogaon-6500	Graduate in Science, Rajshahi University	37 years	Director	04.07.2000	Runner Motors Limited	Director
								Deen Impex	Proprietor
								Oriental Bitumen Industries Ltd.	Director
								Runner Oil & Gas Limited.	Director
								Promita Oil and Gas	Director
Md. Ahsan Sayed	Dr. Abdul Latif	49 Years	Kazir More, Naogaon, Naogaon-6500	B.A., Rajshahi University	24 years	Shareholder	N/A	Ahsan Trading	Proprietor



Md. Rafiqul Islam Chowdhury	Asraf Ali Chowdhury	59 Years	House no. 338/KA, Road no. 28 (old), 15 (New), Dhanmondi R/A, Dhaka	B.Com	30 years	Shareholder	N/A	N/A	Shareholder
Rabindra Nath Ghosh	Dinesh Chandra Ghosh	66 Years	154, Green Road, Dhaka	S.S.C	35 years	Shareholder	N/A	N/A	Shareholder
Md. Jahurul Alam, Md. Manjarul Alam and Anjuman Ara Begum	Md. Jahurul Alam and Manjarul Alam are the sons of Jamshed Ali and Anjuman Ara Begum is the wife of Saidul Haque Sadi	-	21, Loan Office Parra Road, Jessore and 15/22, Tajmahal Road, Mohammadpur, Dhaka	Graduate in Science (Applied Chemistry), University of Dhaka	-	Director – Md. Jahurul Alam	04.07.2000	Runner Motors Limited	Director
								Oriental Bitumen Industries Ltd.	Director
								Runner Oil & Gas Limited.	Director
								Promita Oil & Gas Limited.	Director
								Venus Autos	Proprietor
Md. Shamsul Alam & Parveen Alam	Shamsul Alam is the son of Mohammad Kasem and Parveen Alam is the wife of Md. Shamsul Alam	-	104/1, Khan Jahan Ali Road, Khulna	B.Com (Pass)	-	Shareholder	N/A	New Motor Cycle Mart	Proprietor
Md. Rafiqul Islam	Md. Yeakub Ali	60 Years	Balaka International, 3/3 –B, Purana Paltan, Dhaka 1000	N/A	31 years	Director	N/A	N/A	N/A

**(l) If the present directors are not the sponsors and control of the issuer was acquired within five years immediately preceding the date of filing prospectus details regarding the acquisition of control, date of acquisition, terms of acquisition, consideration paid for such acquisition etc.**

Name	Designation	Acquisition of Control	Date of Acquisition	Terms of Acquisition	Consideration paid for such acquisition
Mukesh Sharma	Managing Director and CEO	N/A	-	N/A	-
Johannes (Phil) N.H van Haarlem	Independent Director	19.10.2014	-	N/A	-
Faruq Ahmad Siddiqi	Independent Director	19.10.2014	-	N/A	-
Khalid Shahidul Quadir	Director [Nominated by Brummer Frontier PE II (Mauritius) Limited]	28.09.2013	-	N/A	-
Muallem A Choudhury FCA	Director [Nominated by Brummer Frontier PE II (Mauritius) Limited]	17.02.2016	-	N/A	-

**(m) If the sponsors/directors do not have experience in the proposed line of business, the fact explaining how the proposed activities would be carried out/managed**

Runner Automobiles Limited was incorporated on July 04, 2000. The company is doing business for the last seventeen years. Therefore, the sponsors/ directors are highly experienced in the proposed line of business. Moreover, the directors have similar types of business in automobile industry.

**(n) Interest of the key management persons**

There is no other interest of key management except shareholding, remuneration and festival bonus of Hafizur Rahman Khan, Chairman, Md. Mozammel Hossain, Vice Chairman, board meeting attendance fees received by directors namely Md. Jahurul Alam, Director, Taslim Uddin Ahmed, Mohammad Ali Deen and Faruq Ahmad Siddiqi and remuneration and festival bonus of Mukesh Sharma, Chief Executive Officer and Muhammad Nazrul Islam FCA, Chief Financial Officer.

**(o) All interests and facilities enjoyed by a director, whether pecuniary or non-pecuniary**

No interest and facilities whether pecuniary or non-pecuniary were enjoyed by the Directors except remuneration and festival bonus received by Hafizur Rahman Khan, Chairman, Md. Mozammel Hossain, Vice Chairman, Mukesh Sharma, Managing Director and CEO and board meeting attendance fees received by directors namely Md. Jahurul Alam, Director, Taslim Uddin Ahmed, Mohammad Ali Deen and Faruq Ahmad Siddiqi.

**(p) Number of shares held and percentage of shareholding (pre issue)**

Name of the Shareholder	Designation	No. of Shares	Pre-IPO % of Shareholding
Hafizur Rahman Khan	Chairman	10,272,000	10.90%
Md. Mozammel Hossain	Vice Chairman	6,648,000	7.06%
Mukesh Sharma	Managing Director and CEO	-	-
Taslim Uddin Ahmed	Director	2,580,000	2.74%
Mohammad Ali Deen	Director	2,400,000	2.55%
Faruq Ahmad Siddiqi	Independent Director	-	-
Johannes (Phil) N. H. van Haarlem	Independent Director	-	-
Khalid Shahidul Quadir	Director	-	-

Name of the Shareholder	Designation	No. of Shares	Pre-IPO % of Shareholding
	(Nominated by Brummer Frontier PE II (Mauritius) Limited)		
Muallem A Choudhury FCA	Director (Nominated by Brummer Frontier PE II (Mauritius) Limited)	-	-
Md. Jahurul Alam	Director	3,000,000	3.18%
Rudaba Tazin	Assistant Director	1,800,000	1.91%
Amid Sakif Khan	Assistant Director	3,840,000	4.08%
Md. Azmal Hossain Chowdhury	Zone Manager	3,200	0.0034%
Asadullah Mahmud	Assistant Manager	3,000	0.0032%
Md. Salah Uddin	Assistant Manager	2,500	0.027%
<b>Total</b>			<b>32.45%</b>

**(q) Change in board of directors during last three years**

There was no change in the board of directors of the company during the last three years except the following –

Name	Designation	Date of becoming director for the first time during the last the years	Current Status
Mukesh Sharma	Managing Director and CEO	01.11.2016	Continuing
Khalid Shahidul Quadir	Director (Nominated by Brummer Frontier PE II (Mauritius) Limited)	28.09.2013	Continuing
Muallem A Choudhury FCA	Director (Nominated by Brummer Frontier PE II (Mauritius) Limited)	17.02.2016	Continuing
Johannes (Phil) N.H. van Haarlem	Independent Director	19.10.2014	Continuing
Faruq Ahmad Siddiqi	Independent Director	19.10.2014	Continuing

Besides Brig. Gen. Shafiquzzaman (Retd), Md. Sairul Islam, Md. Shamsul Alam, Sheik Abul Kalam Azad and Anders Stendebakken resigned during the last three years.

**(r) Director's engagement with similar business**

Directors' of Runner Automobiles Limited except independent and nominated directors are engaged in similar businesses as follows-

1. Runner Motors Limited
2. Freedom Motors Limited

All the above mentioned companies are basically engaged in automobile related businesses.

## SECTION IX : CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(a) The prospectus shall contain a description of any transaction during the last five years, or any proposed transactions certified by the auditors, between the issuer and any of the following persons, giving the name of the persons involved in the transaction, their relationship with the issuer, the nature of their interest in the transaction and the amount of such interest, namely:-

- (i) Any director or sponsor or executive officer of the issuer;
- (ii) Any person holding 5% or more of the outstanding shares of the issuer;
- (iii) Any related party or connected person of any of the above persons;

### AUDITORS CERTIFICATE REGARDING RELATED PARTY TRANSACTION

Based on our scrutiny of the financial statements and other relevant records of Runner Automobiles Limited (the "Company"), we certify that the Company has entered into the following transactions during the last five years with person who falls into related party category;

- (i) Any director or sponsor or executive officer of the issuer;
- (ii) Any person holding 5% or more of the outstanding shares of the issuer;
- (iii) Any related party or connected person of any of the above persons;

Name of Borrower	Relationship	Nature of Transactions	2016-2017		2015-16		2014-15		2013-14		2013		
			Net Transaction	Closing Balance	Net Transaction	Closing Balance	Net Transaction	Closing Balance	Net Transaction	Closing Balance	Net Transaction	Closing Balance	
Runner Motors Ltd.	Subsidiary	Short term loan (including interest bearing portion)	375,952,190	355,722,294	58,487,870	(20,229,896)	(16,898,384)	(78,717,766)	20,682,515	(61,819,382)	(97,338,687)	(82,501,897)	
		Rental Income	2,392,800		2,392,800	-	2,392,800	-	2,392,800	-	-	-	
		Dividend Income	32,683,400										
		Interest Income	5,908,096										
		Land purchases	-		-	-	-	-	-	-	-	(24,500,000)	-
Runner Tera EV Ltd	Inter Company	Rental Income	1,618,800		1,452,550	-	-	-	-	-	-	-	
Freedom Motors Ltd	Subsidiary	Short term loan	-	(4,998,002)	14,833	(4,998,002)	25,215,660	(5,012,835)	-	(30,228,495)	-	(30,228,495)	
Runner Agro Products Ltd.	Inter Company	Short term loan	-	-	-	-	122,000	-	300	(122,000)	(122,300)	(122,300)	
Runner Bricks Ltd.	Inter Company	Short term loan	-	-	-	-	(16,133)	-	-	(16,133)	349,573	349,573	
		Rental Income	240,000	-	240,000	-	240,000	-	240,000	-	-	-	
Runner Electronics Ltd.	Subsidiary	Short term loan	-	-	-	-	-	-	-	-	752,170	-	
Runner Properties Ltd.	Inter Company	Short term loan	-	532,179	(277,777)	532,179	417,521	809,956	-	392,435	23,674,381	-	
		Rental Income	1,724,400	-	1,724,400	-	1,724,400	-	1,724,400	-	-	-	
Runner Automobiles Services	Inter Company	Short term loan	9,152,998	85,845,100	11,538,989	76,692,102	6,893,543	65,153,113	11,629,922	58,259,570	46,629,648	46,629,648	
		Rental Income	-	-	1,870,080	-	1,870,080	-	1,870,080	-	-	-	
	Chairman	Employee Benefits	(3,961,649)	-	(4,336,000)	-	(3,941,730)	-	(3,899,520)	-	(3,425,240)	-	

Mr. Hafizur Rahman Khan		Share Issue against Land	-	-	-	-	-	-	-	-	-	-
		Cash paid against Land	-	-	-	-	-	-	-	-	-	-
Mr. Md. Mozammel Hossain	Vice Chairman	Employee Benefits	(3,440,558)	-	(3,716,880)	-	(3,378,950)	-	(3,342,760)	-	(2,936,180)	-
		Share Issue against Land	-	-	-	-	-	-	-	-	-	-
		Cash paid against Land	-	-	-	-	-	-	-	-	-	-
Brig. Gen. Shafiquzzaman (Retd)	Managing Director	Employee Benefits	(860,00)	-	(1,200,000)	-	(2,600,000)	-	(2,140,820)	-	(1,995,110)	-
Mr. Mukesh Sharma	Managing Director & CEO	Employee Benefits	(4,550,000)	-	-	-	-	-	-	-	-	-
Mrs. Rudaba Tazin	Share Holder	Employee Benefits	(840,118)	-	(575,800)	-	(451,340)	-	(380,800)	-	(364,000)	-
Mr. Amid Sakif Khan	Share Holder	Employee Benefits	101,791	-	(243,010)	-	(191,630)	-	(176,940)	-	(105,600)	-
Mr. Md. Jahurul Alam	Director	Board attendance fees (Exe. VAT)	(50,000)	-	(40,000)	-	(40,000)	-	(50,000)	-	(50,000)	-
Mr. Taslim Uddin Ahmed	Director	Board attendance fees (Exe. VAT)	(50,000)	-	(40,000)	-	(40,000)	-	(50,000)	-	(50,000)	-
Mr. SK Abul Kalam Azad	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	(40,000)	-	(50,000)	-
Mr. Mohammad Ali Deen	Director	Board attendance fees (Exe. VAT)	(50,000)	-	(30,000)	-	(40,000)	-	(40,000)	-	-	-
Faruq Ahmad Siddiqi	Independent Director	Board attendance fees (Exe. VAT)	(125,000)	-	(75,000)	-	(100,000)	-	-	-	-	-
Md. Shamsul Alam	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	-	-	(50,000)	-
Mr. Ahsan Sayeed	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	-	-	(50,000)	-
Mr. Anisur Rahman	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	-	-	(50,000)	-
Mr. Mahabub Rahman	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	-	-	(50,000)	-
Promita Oil & Gas	Inter Company	Rental Income	50,000									
Deen Impex	Director related entity	Accounts Receivable	(34,406,908)	18,392,522	34,281,416	52,799,430	3,079,607	18,518,014	6,070,231	15,438,407	5,030,923	9,368,176
Venus Autos	Director related entity	Accounts Receivable	(100,204,475)	71,748,363	120,819,016	171,952,838	33,831,167	51,133,822	6,308,116	17,302,655	(1,958,503)	10,994,539
Islam & Company	Director related entity	Accounts Receivable	8,640,992	52,904,834	15,130,825	44,263,842	6,770,871	29,133,017	10,335,207	22,362,146	(4,749,268)	12,026,939

Dhaka, 28 June 2018

Sd/-  
**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

**(b) Any transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus**

There is no transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus except the transaction mentioned in (a) of Section IX.

**(c) Any loans either taken or given from or to any director or any person connected with the director, clearly specifying details of such loan in the prospectus, and if any loan has been taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan, rate of interest applicable, date of loan taken, date of maturity of loan, and present outstanding of such loan**

No loans have either been taken from or given to any director or any person connected with the director, and no loan has been taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan except the transaction mentioned in (a) of Section IX.

## SECTION X : EXECUTIVE COMPENSATION

(a) The total amount of remuneration/salary/perquisites paid to the top five salaried officers of the issuer in the last accounting year and the name and designation of each such officer

Name	Designation	Amount (BDT)
Hafizur Rahman Khan	Chairman	3,961,649
Md. Mozammel Hossain	Vice Chairman	3,440,558
Brig. Gen. Shafiquzzaman (Retd)*	Managing Director	860,000
Mukesh Sharma**	Manging Director and Chief Executive Officer	4,550,000
Muhammad Nazrul Islam FCA	Chief Financial Officer	2,384,200
<b>Total</b>		<b>15,196,407</b>

\* Resigned from RAL effective from November 01, 2016

\*\* Appointed as Managing Director and CEO effective from November 01, 2016

(b) Aggregate amount of remuneration paid to all directors and officers as a group during the last accounting year

Particulars	Name of the payment	Amount (BDT)
Managing Director & Directors	Remuneration & Festival Bonus	12,812,207
Directors	Board meeting attendance fees	316,250
Executives & Employees	Salary and Allowance	142,945,031
<b>Total</b>		<b>156,073,488</b>

(c) If any shareholder director received any monthly salary/perquisite/benefit it must be mentioned along with date of approval in AGM/EGM, terms thereof and payments made during the last accounting year

No shareholding director received any monthly salary/ perquisite/ benefit during the last accounting year except as follows-

Name	Nature of Transaction	Amount
Hafizur Rahman Khan	Remuneration & Festival Bonus	(3,961,649)
Md. Mozammel Hossain	Remuneration & Festival Bonus	(3,440,558)

(d) The board meeting attendance fees received by the director including the managing director along with date of approval in AGM/EGM

The board meeting attendance fees received by the Director including the Managing Director as approved in AGM held on 27 November 2016 is as follows:

Sl. No.	Name	Designation	No. of Meetings Attended	Board meeting Attendance Fee (BDT)
1.	Md. Jahurul Alam	Director	5	20,000
2.	Taslim Uddin Ahmed	Director	5	20,000
3.	Mohammad Ali Deen	Director	5	20,000
4.	Faruq Ahmad Siddiqi	Independent Director	5	125,000

Md. Jahurul Alam, Taslim Uddin Ahmed and Mohammad Ali Deen received board meeting attendance fees of BDT 5,000 per meeting and Faruq Ahmad Siddiqi received BDT 25,000 per meeting.

**(e) Any contract with any director or officer providing for the payment of future compensation**

As on date, there is no contract with any director or officer providing for the payment of future compensation.

**(f) If the issuer intends to substantially increase the remuneration paid to its directors and officers in the current year, appropriate information regarding thereto;**

The company has no intention to substantially increase the remuneration paid to its directors and officers except for normal annual increment and allowances.

**(g) Any other benefit/facility provided to the above persons during the last accounting year**

No directors and officers received any other benefit/facility in the last accounting year except which is disclosed above.



## **SECTION XI : OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES**

The Company did not grant any stock option to any Officer, Director and all other officers of the Company or to any other person involved with the Company.

## SECTION XII : TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

(a) The names of the directors and subscribers to the memorandum, the nature and amount of anything of value received or to be received by the issuer from the above persons, or by the said persons, directly or indirectly, from the issuer during the last five years along with the description of assets, services or other consideration received or to be received;

The directors and subscribers of the company have not received any benefits other than remuneration and festival bonus received by Hafizur Rahman Khan, Md. Mozammel Hossain, Brig. Gen. Shafiquzzaman (Retd.) and Mukesh Sharma as officers of the company and board meeting attendance fees as outlined below which has also been disclosed in note 42.1 of the audited statement for the year ended June 30, 2017.

As per auditor's certificate

Name	Nature of Transaction	Value of Transaction (BDT)				
		Year ended June 30, 2017	Year ended June 30, 2016	Year ended June 30, 2015	Year ended June 30, 2014	Year ended December 31, 2013
Hafizur Rahman Khan	Remuneration & Festival Bonus	(3,961,649)	(4,336,000)	(3,941,730)	(3,899,520)	(3,425,240)
Md. Mozammel Hossain	Remuneration & Festival Bonus	(3,440,558)	(3,716,880)	(3,378,950)	(3,342,760)	(2,936,180)
Brig. Gen. Shafiquzzaman (Retd)*	Remuneration & Festival Bonus	(860,000)	(1,200,000)	(2,600,000)	(2,140,820)	(1,995,110)
Mukesh Sharma**	Remuneration & Festival Bonus	(4,550,000)	-	-	-	-
Md. Jahurul Alam	Board Meeting Attendance Fees	(50,000)	(40,000)	(40,000)	(50,000)	(50,000)
Taslim Uddin Ahmed	Board Meeting Attendance Fees	(50,000)	(40,000)	(40,000)	(50,000)	(50,000)
SK Abul Kalam Azad	Board Meeting Attendance Fees	-	-	-	(40,000)	(50,000)
Faruq Ahmad Siddiqi	Board Meeting Attendance Fees	(125,000)	(75,000)	(100,000)		
Mohammed Ali Deen	Board Meeting Attendance Fees	(50,000)	(30,000)	(40,000)	(40,000)	-
Md. Shamsul Alam	Board Meeting Attendance Fees	-	-	-	-	(50,000)
Ahsan Sayed	Board Meeting Attendance Fees	-	-	-	-	(50,000)
Anisur Rahman	Board Meeting Attendance Fees	-	-	-	-	(50,000)
Mahabub Rahman	Board Meeting Attendance Fees	-	-	-	-	(50,000)

\* Resigned from RAL effective from November 01, 2016

\*\* Appointed as Managing Director and CEO effective from November 01, 2016

Other than the transactions mentioned above, the company has not provided any benefit other than bonus shares and the company has not received any assets, services or other considerations from its Directors and subscribers to the memorandum during the last five years. Besides Mr. Hafizur Rahman Khan, Chairman and Mr. Mozammel Hossain, Vice Chairman received ordinary shares of the company against 778 decimals of land transferred to the company through land title deed dated February 19, 2012 and vendor's agreement dated February 16, 2012.

**(b) If any assets were acquired or to be acquired from the aforesaid persons, the amount paid for such assets and the method used to determine the price shall be mentioned in the prospectus, and if the assets were acquired by the said persons within five years prior to transfer those to the issuer, the acquisition cost thereof paid by them**

The directors and subscribers of the memorandum of the company have not transferred any asset to the company except land measuring 778 decimals located in Boradoba, Bhaluka, Mymensingh against issuance of ordinary shares to Mr. Hafizur Rahman Khan, Chairman and Mr. Mozammel Hossain, Vice Chairman through land title deed dated February 19, 2012 and vendor's agreement dated February 16, 2012 based on market value.

Mr. Hafizur Rahman Khan, Chairman and Mr. Mozammel Hossain, Vice Chairman acquired the land in 2009 at acquisition cost of BDT 6,550,600.

## SECTION XIII : OWNERSHIP OF THE COMPANY'S SECURITIES

(a) The names, addresses, BO ID Number of all shareholders of the company before IPO, indicating the amount of securities owned and the percentage of the securities represented by such ownership, in tabular form;

Sl. No.	Name	Designation	Address	BO ID No	Number of Shares	Pre IPO Percentage of Shareholding
1	Hafizur Rahman Khan	Chairman	H-31, R-18, Block-J, Banani, Dhaka 1214	1203680059525023	10,272,000	10.90%
2	Md. Mozammel Hossain	Director	Flat-3B, H-38, R-13/A, Dhanmondi, Dhaka 1208	1203680059521405	6,648,000	7.06%
3	Taslim Uddin Ahmed	Director	Shekhpura, Dinajpur-5200	1203680059523265	2,580,000	2.74%
4	Mohammad Ali Deen	Director	Deen Tower, 1483-01, Chalkmukter Main Road, Naogaon-6500	1203680059525157	2,400,000	2.55%
5	Md. Jahurul Alam	Director	H-21, Loan Office Para, Jessore-7400	1203680059510596	3,000,000	3.18%
6	Brummer Frontier PE II (Mauritius) Limited	Shareholder	Citco (Mauritius) Ltd., 4th Floor, Tower-A, 1 Cyber City, Ebene	1602510062973280	26,956,521	28.62%
7	Md. Sairul Islam	Shareholder	Goahail Road, Sutrapur, Bogra	1203680059521456	100,000	0.11%
8	Mohammad Nazim Uddin	Shareholder	SK. Mujib Road, Agrabad, Chittagong	1203680059525041	100,000	0.11%
9	Md. Ahsan Sayed	Shareholder	Kazir more, Naogaon, naogaon-6500	1203680059525173	750,000	0.80%
10	Rafiqul Islam Chowdhury	Shareholder	House #338/KA, road #28 (old) 15 (New), Dhanmondi R/A, Dhaka	1203680059510611	1,200,000	1.27%
11	Sabrina Bari	Shareholder	2/7/E/3 Tolarbag, Mirpur-1, Dhaka-1216	1203680059525058	1,752,000	1.86%
12	Md. Anisur Rahman	Shareholder	37, Shen Bari road, Mymensing	1203680059523273	375,000	0.40%
13	Alhaj Imtiaz	Shareholder	Park Road, Sutrapur, Bogra	1203680059510601	300,000	0.32%
14	Md. Rezaul Karim	Shareholder	296, South Goran, Dhaka	1203680059510636	100,000	0.11%
15	Sankar Roy	Shareholder	Dewan Bari Road, Gomestapur, Rangpur	1203680059521421	150,000	0.16%
16	Tofail Ahmed Chowdhury	Shareholder	144, Housing Estate, Sylhet	1203680059521464	60,000	0.06%
17	Tofail Ahmed Choudhury & Jubair Raquib Chowdhury	Shareholder	144, Housing Estate, Sylhet & 98 Housing Estate, Sylhet	1203680059525090	240,000	0.25%
18	Md. Mozammel Haque	Shareholder	Bangalipur, Neezpara,	1203680059521472	150,000	0.16%
19	Syed Mokbar Ali	Shareholder	35, Baruth Kana, Sylhet	1203680059510628	40,000	0.04%
20	Mahafuza Begum	Shareholder	Flat 3/B, House-38, Road-13/A, Dhanmondi R/A-1209	1203680059523230	1,308,000	1.39%
21	Amid Sakif Khan	Shareholder	H-31, R-18, Block-J, Banani, Dhaka 1214	1203680059525031	3,840,000	4.08%
22	Rudaba Tazin	Shareholder	H-31, R-18, Block-J, Banani, Dhaka 1214	1203680059525181	1,800,000	1.91%
23	Mahamud Al Nahian	Shareholder	Flat-3/B, House-38, Road-13/A, Dhanmondi R/A-1209	1203680059523222	600,000	0.64%
24	Nawsheen Ishrat Promee	Shareholder	Flat-3/B, House-38, Road-13/A, Dhanmondi R/A-1209	1203680059523206	1,395,000	1.48%
25	Md. Shamsul Alam	Shareholder	104/1, Khan Jahan Ali Road, Khulna	1203680059523257	100,000	0.11%

Sl. No.	Name	Designation	Address	BO ID No	Number of Shares	Pre IPO Percentage of Shareholding
26	Sherin Akhter	Shareholder	Apt-A2, House-17, Road-1, Sector-13, Uttara, Dhaka-1230	1203680053875675	75,000	0.08%
27	Rokshana Yeasmin	Shareholder	House # 58C, Road # 04, Mohanagar Project, Rampura, Dhaka-1216	1201610041069945	25,000	0.03%
28	4 You Clothing Limited	Shareholder	367/1, Senpara Parbata, Mirpur 10, Dhaka-1216	1602510060182191	200,000	0.21%
29	Md. Golam Mostafa	Shareholder	House #17, Road # 05, Block # D, Banasree, Rampura, Dhaka-1219	1202020059201161	50,000	0.05%
30	Humayun Kabir	Shareholder	H # 12/A, R # 63, Gulshan-2, Dhaka-1212	1203680024057107	225,000	0.24%
31	Dr. Md. Abu Syed Tito	Shareholder	Zahir's South Lake View, Flat # A 10, House # 55, Road 6/A, Dhanmondi, Dhaka-1209	1203300000173662	400,000	0.42%
32	Saida Dil Afroz	Shareholder	934, Shahidbag, Shahajanpur, Dhaka-1217	1201900020422000	25,000	0.03%
33	Shanta Holdings Limited	Shareholder	Safura Tower, 20 Kemal Ataturk Avenue, Banani, Dhaka-1213	1203490007707441	2,465,000	2.62%
34	Prime Bank Investment Limited. P086	Shareholder	Peoples Insurance Bhaban (11th Floor), 36 Dilkusha C/A, Dhaka-1000	1602110046848797	150,000	0.16%
35	Prime Bank Investment Limited. N491	Shareholder	Peoples Insurance Bhaban (11th Floor), 36 Dilkusha C/A, Dhaka-1000	1602110054529389	200,000	0.21%
36	Md. Abdul Karim	Shareholder	House # 27, Road # 07, Block-C, Section 12, Pallabi, Dhaka-1216	1204120026638616	5,000	0.01%
37	Asadullah Mahmud	Shareholder	Flat 403, Eastern Housing, Banker's Row, West Nakhhalpara, Tejgaon, Dhaka 1215	1201730063180891	3,000	0.0032%
38	Nasima Akter Lata	Shareholder	Flat# A4, House# 25, Road# 9/A, Dhanmondi Dhaka-1203	1205700055599464	890,000	0.94%
39	Md. Sayadur Rahman	Shareholder	Flat# B1, 42/A, Segun Bagicha (Property Prime), Dhaka-1000	1204220000101539	50,000	0.05%
40	Mohammed Yeasin	Shareholder	246 Shantibagh, 1st Floor, Dhaka-1213	1601880002280647	100,000	0.11%
41	Mahtab Uddin Ahmed	Shareholder	House # 78, Road # 18, Block-A, Banani, Gulshan, Dhaka-1213	1202980015641263	100,000	0.11%
42	Farhat Tabassum	Shareholder	Flat# 05, House # 56, Road # 16, Block A, Banani, Dhaka-1213	1203520059967853	25,000	0.03%
43	Farida Banu	Shareholder	House # 41, Road # 05, Apt # D4, Dhanmondi, Dhaka-1209	1203300045081619	50,000	0.05%
44	H. 1. Technology and Properties Limited	Shareholder	3/7, Block-E, Lalmatia, Mohammadpur, Dhaka-1207	1202020059525403	100,000	0.11%
45	Md. Salah Uddin	Shareholder	271, Dholadia, Mymensingh	1202400058704295	2,500	0.0027%

Sl. No.	Name	Designation	Address	BO ID No	Number of Shares	Pre IPO Percentage of Shareholding
46	Md. Azmal Hossain Chowdhury	Shareholder	Kharampur Mor, Sherpur	1204100021477325	3,200	0.0034%
47	Ekhlasul Jannet	Shareholder	House 41, Road 5, Apt D4, Dhanmondi, Dhaka 1209	1203300043481106	302,700	0.32%
48	Shafinaz Islam	Shareholder	ZAHIR'S SOUTH LAKE VIEW, FLAT: A-10, HOUSE-55, ROAD: 6/A,	1203300007721878	250,000	0.27%
49	Md. Abdullah	Shareholder	BULBUL TEXTILE IND., 29, DILKUSHA, DHAKA-1000	1203300003677573	50,000	0.05%
50	Md. Moazzem Hossain	Shareholder	255/5, SHANTIBAGH, DHAKA-1217	1202420000688181	200,000	0.21%
51	SAR Securities Limited	Shareholder	ROOM-506, DSE BUILDING, 9/F MOTIJHEEL C/A, DHAKA-1000	1201690000007607	100,000	0.11%
52	Md. Rafiqul Islam	Shareholder	APT.-7/B, PANKOURI, 20, CHAMELIBAGH, SHANTINAGAR, DHAKA-1217	1201520000001578	100,000	0.11%
53	Islami Bank Bangladesh Limited	Shareholder	ISLAMI BANK TOWER, 40, DILKUSHA C/A, DHAKA-1000	1603700044716333	5,462,000	5.80%
54	First Security Islami Capital & Investment Limited	Shareholder	12TH FLOOR, AL-AMIN CENTER, 25/A, DILKUSHA C/A, DHAKA-1000	1605140054136021	400,000	0.42%
55	Premier Bank Limited	Shareholder	42, KEMAL ATATURK AVENUE, IQBAL CENTRE (4TH FLOOR), BANANI, DHAKA-1213	1204590020688076	4,080,000	4.33%
56	United Commercial Bank Limited	Shareholder	PLOT-CWS(A)-1, ROAD NO-34 GULSHAN AVENUE, DHAKA-1212	1205590015459615	3,240,000	3.44%
57	Md. Saydur Rahman	Shareholder	VILL-LAKACHUA, POST- GOSAIRHAT, SHARIATPUR, DHAKA-8050	1202550062754323	50,000	0.05%
58	Hajera Khanom	Shareholder	HOUSE-4/5, ROAD-14, BLOCK-C, MIRPUR, DHAKA-1216	1202550062084488	50,000	0.05%
59	Rekha Kundu	Shareholder	FLAT: B3, 34 SEGUN BAGICHA PALTAN, DHAKA	1201910062218441	40,000	0.04%
60	Indira Rani Kundu	Shareholder	HOUSE NO: 171, HOLDING NO:10, ABU MIA ROAD, RADHANAGAR, PABNA SADAR, PABNA, P.O: 6600	1201910062216691	30,000	0.03%
61	Mohammad Fakhru Alam	Shareholder	CUSTOMS OFFICERS' QUARTER, ARANI BHABAN (3RD FLOOR), 58/E MOHAKHALI, BANANI, ROAD NO: 2 P.O: 1213, GULSHAN, DHAKA	1205150062036961	70,000	0.07%
62	Sadhan Kumar Kundu	Shareholder	CUSTOMS HOUSE, BENAPOLE, SARSA, JESSORE, P.O: 7431	1201910062218573	30,000	0.03%

Sl. No.	Name	Designation	Address	BO ID No	Number of Shares	Pre IPO Percentage of Shareholding
63	Md Lutfor Rahman	Shareholder	CUSTOMS' OFFICERS QUARTER, APURBA BHABAN, 58/E, ROAD-2, BANANI, DHAKA, PO.1213	1203600013625030	70,000	0.07%
64	Shikha Ghosh	Shareholder	154.GREEN ROAD, DHAKA	1201750064437507	18,000	0.02%
65	Alea Corporation	Shareholder	52/1, R. K. MISSION ROAD, GOPIBAG, DHAKA-1203	1205200062885987	1,300,000	1.38%
66	Romana Rouf Chowdhury	Shareholder	RANGS BHABAN, LEVEL-02, 117/A, OLD AIRPORT ROAD, TEJGAON, Dhaka-1215	1204490063810795	600,000	0.64%
67	Manik Ahmed	Shareholder	Kodalpur, Gosairhat, Shariatpur	1202140008557293	100,000	0.11%
68	SRP Trading	Shareholder	39 Purana Paltan, Dhaka-1000	1201500063883674	500,000	0.53%
69	beliv IT	Shareholder	39 Purana Paltan, Majumdar Tower, Dhaka-1000	1203680063917102	500,000	0.53%
70	Credence First Growth Fund	Shareholder	Baitul View Tower (8th Floor), 56/1 Purana Paltan, Dhaka-1000	1604580062906208	200,000	0.21%
71	Md. Zakir Hossain	Shareholder	House-10 D/2, Aziz Mohollah Madrasa Road, Block -F, Mohammadpur, Dhaka-1207	1204280020398371	1,000,000	1.06%
72	Md. Delowar Hussain	Shareholder	House-10 D/2 (5th Floor), Aziz Mohollah Madrasa Road, Block-F1, Mohammadpur, Dhaka-1207	1204280063912781	50,000	0.05%
73	Shamsun Nahar	Shareholder	House15, Lake Road, Muslim Quarter, Moulvibazar-3200	1204280058572439	50,000	0.05%
74	Prilink Securities Limited	Shareholder	Unit-11/C, City Center, 11th Floor, 103, Motijheel C/A, Dhaka	1203300005828888	800,000	0.85%
75	Mohammad Saidul Hoque	Shareholder	IDLC Investments Limited, DR Tower (4th Floor), 65/2/2 Purana Paltan, Culvert Road, Dhaka-1000	1602510062579341	500,000	0.53%
76	Uttara Finance and Investments Limited	Shareholder	JBC Tower (6th Floor), 10 Dilkusha C/A, Dhaka-1000	1203770012801322	1,000,000	1.06%
77	ERP Consultants BD Ltd.	Shareholder	Rabeya Commercial Complex, 33 Kha (5th Floor), Section 6, Mirpur Circle 10, Dhaka 1216.	1201510064941620	1,700,000	1.80%
<b>Total</b>					<b>94,202,921</b>	<b>100%</b>

**(b) There shall also be a table showing the name and address, age, experience, BO ID Number, TIN number, numbers of shares held including percentage, position held in other companies of all the directors before the public issue;**

Name of the Director	Address	Age	Experience	BO ID Number	TIN Number	No. of Shares	% of Total Shareholding (Pre IPO)	Position Held in Other Companies	
								Name	Status
Hafizur Rahman Khan	H-31, R-18, Block-J, Banani, Dhaka 1214	63	40 years	1203680059525023	341212803604	10,272,000	10.90%	Runner Motors Limited	Chairman
								Runner Bricks Limited	Chairman
								Runner Properties Limited	Chairman
								Runner Agro Products Limited	Chairman
								Freedom Motors Limited	Chairman
								Runner Motors Services	Proprietor
								Runner Trading Limited	Chairman
								Promita Oil and Gas	Chairman
								HF Asset Management Limited	Chairman
								Time Watch Media Limited.	Chairman
								Runner Lube & Energy Limited.	Chairman
								Runner Land Development Ltd.	Chairman
								Runner Oil & Gas Limited.	Chairman
								Oriental Bitumen Industries Ltd.	Chairman
Runner Terra EV Limited	Representative Director								
Md. Mozammel Hossain	Flat-3B, H-38, R-13/A, Dhanmondi, Dhaka 1208	63	39 years	1203680059521405	499132247801	6,648,000	7.06%	Runner Motors Limited	Vice Chairman
								Runner Bricks Limited	Vice Chairman
								Runner Properties Limited	Vice Chairman
								Runner Agro Products Limited	Vice Chairman
								Freedom Motors Limited	Executive Director
								Runner Trading Limited	Vice Chairman
								Time Watch Media Limited	Vice Chairman



Name of the Director	Address	Age	Experience	BO ID Number	TIN Number	No. of Shares	% of Total Shareholding (Pre IPO)	Position Held in Other Companies	
								Name	Status
								Oriental Bitumen Industries Ltd.	Vice Chairman
								Runner Oil & Gas Limited.	Vice Chairman
								Runner Lube & Energy Limited.	Vice Chairman
								Runner Land Development Ltd.	Vice Chairman
								Promita Oil and Gas	Vice Chairman
								HF Asset Management Limited	Director
Mukesh Sharma	Flat C2, House 1, Road 36, Gulshan 1, Dhaka 1212	44	23 years	Foreign national, no BO ID in Bangladesh	213977840287	-	-	-	-
Taslim Uddin Ahmed	Shekhpura, Dinajpur-5200	67	40 years	1203680059523265	243988539723	2,580,000	2.74%	ISLAM & CO.-	Proprietor
Mohammad Ali Deen	Deen Tower, 1483-01, Chalkmukter Main Road, Naogaon-6500	61	36 years	1203680059525157	623948861477	2,400,000	2.55%	Runner Motors Limited	Director
								Deen Impex	Proprietor
								Oriental Bitumen Industries Limited	Director
								Runner Oil & Gas Limited	Director
								Promita Oil and Gas	Director
Md. Jahurul Alam	H-21, Loan Office Para, Jessore-7400	69	29 years	1203680059510596	154501514386	3,000,000	3.18%	Runner Motors Limited	Director
								Oriental Bitumen Industries Limited	Director
								Runner Oil & Gas Limited	Director
								Promita Oil & Gas Limited	Director
								Venus Autos	Proprietor
Khalid Shahidul Quadir (Nominated by Brummer Frontier PE II (Mauritius) Limited)	18 Marina Boulevard, 30-35 Marina Bay, Singapore-018980	52	23 years	-	799930703771	-	-	Runner Motors Ltd	Director
								Brummer & Partners (Bangladesh) Limited	Director
								Rahimafrooz Superstores Limited (Agora)	Director
								Butterfly Marketing Ltd	Director
								Popular Pharmaceuticals Ltd	Director

Name of the Director	Address	Age	Experience	BO ID Number	TIN Number	No. of Shares	% of Total Shareholding (Pre IPO)	Position Held in Other Companies	
								Name	Status
								Ananta Apparels Ltd.	Director
								Zero Gravity Ventures Ltd.	Director
Muallem A Choudhury FCA (Nominated by Brummer Frontier PE II (Mauritius) Limited)	House # 23, Road # 2, Sector # 13, Uttara	61	32	19562691649101094	423691790807	-	-	Popular Pharmaceuticals Ltd	Director
								Rahimafrooz Superstores Limited (Agora)	Director
								ACI HealthCare Limited	Director
								Brummer & Partners (Bangladesh) Ltd	Director
Faruq Ahmad Siddiqi Independent Director	296 Elephant Road, Dhaka- 1205	71	45 years	-	556749983102	-	-	Apex Tannery Ltd	Independent Director
								Al Arafah Islami Bank Limited	Director
Johannes (Phil) N.H. van Haarlem Independent Director	Mauvezand 36, 1251 JG Laren NH, Nederland	74	52 years	Foreign national, no BO ID in Bangladesh	Foreign national, no TIN in Bangladesh	-	-	-	-

(c) The average cost of acquisition of equity shares by the directors certified by the auditors;

**AUDITOR'S CERTIFICATE REGARDING AVERAGE COST OF ACQUISITION OF EQUITY SHARES BY THE DIRECTORS OF RUNNER AUTOMOBILES LIMITED**

This is to certify that the average cost of acquisition of equity shares of Runner Automobiles Limited (the "Company") by Directors of the Company (excluding nominee directors) is as follows:

Name	Designation	Shareholding Number	Average Cost of Acquisition of equity shares
Hafizur Rahman Khan	Chairman	10,272,000	1.89
Md. Mozammel Hossain	Vice Chairman	6,648,000	1.75
Mukesh Sharma	Managing Director & CEO	-	-
Md. Jahurul Alam	Director	3,000,000	1.33
Mohammad Ali Deen	Director	2,400,000	1.56
Taslim Uddin Ahmed	Director	2,580,000	0.74
Khalid Shahidul Quadir	Director* Nominated by Brummer Frontier PE II (Mauritius) Limited	26,956,521	38.96
Muallem Choudhury	Director* Nominated by Brummer Frontier PE II (Mauritius) Limited		
Johannes (Phil) NH van Haarlem	Independent Director	No shareholding	
Faruq Ahmad Siddiqi	Independent Director		

\* Those directors were nominated by Brummer Frontier PE II (Mauritius) Ltd and do not hold any share. The Shareholding number and average cost is that of Brummer Frontier PE II (Mauritius) Ltd and includes share premium.

**Transfer by way of gift:**

Date of Transfer	Transferor	Transferee	Shareholding
			Number
5-Jul-12	Hafizur Rahman Khan	Sabrina Bari	450,000
5-Jul-12	Hafizur Rahman Khan	Amid Sakif Khan	900,000
5-Jul-12	Hafizur Rahman Khan	Rudaba Tazin	450,000
10-Jul-12	Md. Mozammel Hossain	Mahafuza Begum	450,000
10-Jul-12	Md. Mozammel Hossain	Mahamud Al Nahian	450,000
10-Jul-12	Md. Mozammel Hossain	Nawsheen Ishrat Promee	450,000
28-Feb-13	Md. Manjarul Alam	Md. Jahurul Alam	400,000
28-Feb-13	Mrs. Anjumanara Begum	Md. Jahurul Alam	400,000

Dhaka, 26 October 2017

Sd/-  
**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

(d) A detail description of capital built up in respect of shareholding (name-wise) of the issuer's sponsors/ directors;

**Hafizur Rahman Khan**  
Chairman

Date of Allotment/ Transfer of fully paid up shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	45,000	10	10	45,000	10.90	[•]	Own Source
June 11, 2002	Cash		80,000	10	10	125,000			
February 17, 2005	Bonus		125,000	10	10	250,000			
August 28, 2010	Bonus		500,000	10	10	750,000			
March 10, 2012	Other than cash		3,618,000	10	10	4,368,000			
July 05, 2012	Gift		(1,800,000)	10	10	2,568,000			
January 12, 2013	Bonus		2,568,000	10	10	5,136,000			
February 22, 2015	Bonus		2,568,000	10	10	7,704,000			
September 22, 2015	Bonus		2,568,000	10	10	10,272,000			

**Md. Mozammel Hossain**  
Vice Chairman

Date of Allotment/ Transfer of fully paid up shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	30,000	10	10	30,000	7.06	[•]	Own Source
June 11, 2002	Cash		70,000	10	10	100,000			
February 17, 2005	Bonus		100,000	10	10	200,000			
August 28, 2010	Bonus		400,000	10	10	600,000			
March 10, 2012	Other than cash		2,412,000	10	10	3,012,000			

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
July 10, 2012	Gift		(1,350,000)	10	10	1,662,000			
January 12, 2013	Bonus		1,662,000	10	10	3,324,000			
February 22, 2015	Bonus		1,662,000	10	10	4,986,000			
September 22,2015	Bonus		1,662,000	10	10	6,648,000			

**Md. Mohammad Ali Deen**  
Director

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash		15,000	10	10	15,000			
June 11, 2002	Cash		60,000	10	10	75,000			
February 17, 2005	Bonus		75,000	10	10	150,000			
August 28, 2010	Bonus	Ordinary Share	300,000	10	10	450,000	2.55	[•]	Own Source
January 12, 2013	Bonus		450,000	10	10	900,000			
May 20, 2013	Cash		300,000	10	10	1,200,000			
February 22, 2015	Bonus		600,000	10	10	1,800,000			
September 22,2015	Bonus		600,000	10	10	2,400,000			

**Jahurul Alam**  
Director

Date of Allotment/ Transfer of fully paid up shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	30,000	10	10	30,000	3.18	[•]	Own Source
June 11, 2002	Cash		70,000	10	10	100,000			
February 17, 2005	Bonus		100,000	10	10	200,000			
August 28, 2010	Bonus		400,000	10	10	600,000			
January 12, 2013	Bonus		600,000	10	10	1,200,000			
May 20, 2013	Cash		300,000	10	10	1,500,000			
February 22, 2015	Bonus		750,000	10	10	2,250,000			
September 22, 2015	Bonus		750,000	10	10	3,000,000			

Jahurul Alam, Manjurul Alam and Anjuman Ara Begum were the sponsors of the company. They held the shares of RAL jointly up to the bonus issuance of January 12, 2013. Then, Manjurul Alam and Anjuman Ara Begum transferred the shares to Jahurul Alam as gift on May 20, 2013. Thereafter, only Jahurul holds the shares of RAL

**Taslim Uddin Ahmed**  
Director

Date of Allotment/ Transfer of fully paid up shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	30,000	10	10	30,000	2.74	[•]	Own Source
June 11, 2002	Cash		70,000	10	10	100,000			
February 17, 2005	Bonus		100,000	10	10	200,000			
August 28, 2010	Bonus		400,000	10	10	600,000			
January 12, 2013	Bonus		600,000	10	10	1,200,000			
May 20, 2013	Cash		76,000	10	10	1,276,000			

Date of Allotment/ Transfer of fully paid up shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
January 21, 2014	Cash		14,000	10	10	1,290,000			
February 22, 2015	Bonus		645,000	10	10	1,935,000			
September 22, 2015	Bonus		645,000	10	10	2,580,000			

**Amjad Ali  
Sponsor**

Date of Allotment/ Transfer of fully paid up shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash		30,000	10	10	30,000			
June 11, 2002	Cash		45,000	10	10	75,000			
February 17, 2005	Bonus		75,000	10	10	150,000			
August 28, 2010	Bonus	Ordinary Share	300,000	10	10	450,000	Nil	Nil	Own Source
January 12, 2013	Bonus		450,000	10	10	900,000			
February 22, 2015	Bonus		450,000	10	10	1,350,000			
September 22, 2015	Bonus		450,000	10	10	1,800,000			
November 27, 2016	Cash		(600,000)	10	45	1,200,000			
July 20, 2017	Cash		(1,200,000)	10	45	-			

**Sairul Islam  
Sponsor**

Date of Allotment/ Transfer of fully paid up shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	30,000	10	10	30,000	0.11	[•]	Own Source
June 11, 2002	Cash		20,000	10	10	50,000			
February 17, 2005	Bonus		50,000	10	10	100,000			
August 28, 2010	Bonus		200,000	10	10	300,000			
January 12, 2013	Bonus		300,000	10	10	600,000			
February 22, 2015	Bonus		300,000	10	10	900,000			
September 22, 2015	Bonus		300,000	10	10	1,200,000			
November 27, 2016	Cash		(600,000)	10	45	600,000			
July 20, 2017	Cash		(500,000)	10	45	100,000			

**Mohammad Nazim Uddin  
Sponsor**

Date of Allotment/ Transfer of fully paid up shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	30,000	10	10	30,000	0.11	[•]	Own Source
June 11, 2002	Cash		55,000	10	10	85,000			
February 17, 2005	Bonus		85,000	10	10	170,000			
August 28, 2010	Bonus		340,000	10	10	510,000			
January 12, 2013	Bonus		510,000	10	10	1,020,000			
February 22, 2015	Bonus		510,000	10	10	1,530,000			



Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
September 22,2015	Bonus		510,000	10	10	2,040,000			
April 19, 2017	Cash		(840,000)	10	45	1,200,000			
July 20, 2017	Cash		(1,100,000)	10	45	100,000			

**Sk. Abul Kalam Azad  
Sponsor**

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash		27,000	10	10	27,000			
June 11, 2002	Cash		53,000	10	10	80,000			
February 17, 2005	Bonus		80,000	10	10	160,000			
August 28, 2010	Bonus		320,000	10	10	480,000			
January 12, 2013	Bonus		480,000	10	10	960,000			
May 20, 2013	Cash		240,000	10	10	1,200,000			
February 22, 2015	Bonus	Ordinary Share	600,000	10	10	1,800,000	Nil	Nil	Own Source
March 24, 2015	Cash		(360,000)	10	10	1,440,000			
September 22,2015	Bonus		480,000	10	10	1,920,000			
November 27, 2016	Cash		(1,240,000)	10		680,000			
April 19, 2017	Cash		(360,000)	10		320,000			
July 07, 2017	Cash		(320,000)	10		-			

**Ahsan Sayed  
Sponsor**

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	15,000	10	10	15,000	0.80	[•]	Own Source
June 11, 2002	Cash		35,000	10	10	50,000			
February 17, 2005	Bonus		50,000	10	10	100,000			
August 28, 2010	Bonus		200,000	10	10	300,000			
January 12, 2013	Bonus		300,000	10	10	600,000			
February 22, 2015	Bonus		300,000	10	10	900,000			
September 22,2015	Bonus		300,000	10	10	1,200,000			
April 17, 2018	Cash		(450,000)	10	45	750,000			

**Rafiqul Islam Chowdhury  
Sponsor**

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	30,000	10	10	30,000	1.91	[•]	Own Source
June 11, 2002	Cash		45,000	10	10	75,000			
February 17, 2005	Bonus		75,000	10	10	150,000			
August 28, 2010	Bonus		300,000	10	10	450,000			
January 12, 2013	Bonus		450,000	10	10	900,000			
February 22, 2015	Bonus		450,000	10	10	1,350,000			
September 22,2015	Bonus		450,000	10	10	1,800,000			
November 27, 2016	Cash		(600,000)	10	45	1,200,000			

**Rabindranath Ghosh**  
Sponsor

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Prices	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	15,000	10	10	15,000	Nil	Nil	Own Source
June 11, 2002	Cash		22,500	10	10	37,500			
February 17, 2005	Bonus		37,500	10	10	75,000			
August 28, 2010	Bonus		150,000	10	10	225,000			
January 12, 2013	Bonus		225,000	10	10	450,000			
May 20, 2013	Cash		120,000	10	10	570,000			
October 19, 2014	Cash		120,000	10	10	690,000			
February 22, 2015	Bonus		345,000	10	10	1,035,000			
September 22, 2015	Bonus		345,000	10	10	1,380,000			
April 19, 2017	Cash		(1,380,000)	10	0	-			

**Shamsul Alam**  
Sponsor

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	30,000	10	10	30,000	0.11	[*]	Own Source
June 11, 2002	Cash		60,000	10	10	90,000			
February 17, 2005	Bonus		90,000	10	10	180,000			
August 28, 2010	Bonus		360,000	10	10	540,000			
January 12, 2013	Bonus		540,000	10	10	1,080,000			
May 20, 2013	Cash		120,000	10	10	1,200,000			
February 22, 2015	Bonus		600,000	10	10	1,800,000			

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
March 24, 2015	Cash		(180,000)	10	10	1,620,000			
September 22,2015	Bonus		540,000	10	10	2,160,000			
April 19, 2017	Cash		(1,200,000)	10	45	(960,000)			
July 20, 2017	Cash		(860,000)	10	45	100,000			

Shamsul Alam and Parveen Alam were the sponsors of the company. They held the shares of RAL jointly up to the bonus issuance of January 12, 2013. Then, Parveen Alam transferred the shares to Shamsul Alam as gift on March 28, 2013. Thereafter, only Shamsul Alam holds the shares of RAL

**Md. Borhanul Ahasan Chowdhury  
Sponsor**

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash		15,000	10	10	15,000			
June 11, 2002	Cash		22,500	10	10	37,500			
February 17, 2005	Bonus	Ordinary Share	37,500	10	10	75,000	Nil	Nil	Own Source
January 28, 2010	Cash		(75,000)	10	10	-			

**Amir Hossain Khokhon  
Sponsor**

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	15,000	10	10	15,000	Nil	Nil	Own Source
June 11, 2002	Cash		35,000	10	10	50,000			
February 17, 2005	Bonus		50,000	10	10	100,000			
January 28, 2010	Cash		25,000	10	10	125,000			
August 28, 2010	Bonus		250,000	10	10	375,000			
January 12, 2013	Bonus		375,000	10	10	750,000			
February 07, 2013	None*		(750,000)	10	-	-			

\* Upon demise of Mr. Amir Hossain Khokon, shares were transferred to his successors

**Md. Rafiqul Islam  
Sponsor**

Date of Allotment/ Transfer of fully paidup shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue/ Acquisition/ Transfer Price	Cumulative no. of Equity shares	% Pre issue paid up capital	% Post issue paid up capital	Sources of fund
Incorporation	Cash	Ordinary Share	15,000	10	10	15,000	Nil	Nil	Own Source
June 11, 2002	Cash		10,000	10	10	25,000			
May 03, 2003	Cash		(25,000)	10	10	-			

**(e) Detail of shares issued by the company at a price lower than the issue price;**

It will be finalized after the determination of cut-off price.

**(f) History of significant (5% or more) changes in ownership of securities from inception**

There has not been any significant change of ownership (5% or more) at any point of time except for the following-

<b>Name</b>	<b>Share Issuance/ Transfer Date</b>	<b>No of Shares Issued/ Transferred</b>
Hafizur Rahman Khan	June 11, 2002	80,000
Md. Mozammel Hossain	June 11, 2002	70,000
Taslim Uddin Ahmed	June 11, 2002	70,000
Md. Jahurul Alam, Manjarul Alam & Anjuman Ara Begum	June 11, 2002	70,000
Hafizur Rahman Khan	August 28, 2010	500,000
Hafizur Rahman Khan	March 10, 2012	3,618,000
Md. Mozammel Hossain	March 10, 2012	2,412,000
Hafizur Rahman Khan	July 5, 2012	(1,800,000)
Amid Sakif Khan	July 5, 2012	900,000
Md. Mozammel Hossain	July 10, 2012	(1,350,000)
Hafizur Rahman Khan	January 12, 2013	2,568,000
Md. Mozammel Hossain	January 12, 2013	1,662,000
Brummer Frontier PE II (Mauritius) Limited	September 28, 2013	13,478,261
Brummer Frontier PE II (Mauritius) Limited	February 22, 2015	6,739,130
Brummer Frontier PE II (Mauritius) Limited	22 September, 2015	6,739,130

## **SECTION XIV : CORPORATE GOVERNANCE**

### **(a) A disclosure to the effect that the issuer has complied with the requirements of Corporate Governance Guidelines of the Commission;**

The Company declares that it has complied with the requirements of the applicable regulations of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission including constitution of the Board and several committees thereof. A certificate of compliance from competent authority has been incorporated accordingly.

Sd/-

**Mukesh Sharma**

Managing Director and CEO  
Runner Automobiles Limited

### **(b) A compliance report of Corporate Governance requirements certified by competent authority;**

#### **Certificate on Compliance of Corporate Governance Guidelines**

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **Runner Automobiles Ltd.** ("the Company") for the year ended 30 June 2017. Such compliance is the responsibility of a Company listed with the Stock Exchanges in Bangladesh as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC). Since the Company intends to be compliant with the said Guidelines with an object to be listed with the Stock Exchanges in Bangladesh, this review has been made.

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the Company, I hereby certify that all the applicable conditions of the Corporate Governance Guidelines have been complied with by the Company.

Sd/-

**S. Abdur Rashid FCS**

Dhaka, 14 November 2017

**Status of compliance with the conditions imposed by the Commission's Notification No BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and subsequent amendment dated July 21, 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969:  
(Report under Condition No. 7.00)**

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>1</b>	<b>BOARD OF DIRECTORS:</b>			
1.1	Board's Size [number of Board members to be 5 – 20]	√		
<b>1.2</b>	<b>Independent Directors</b>			
1.2 (i)	Number of Independent Directors [at least 1/5]	√		
<b>1.2 (ii)</b>	<b>Independent Director (ID) means a director:</b>			
1.2 (ii) (a)	Holding no share or holding less than 1% shares	√		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	√		
1.2 (ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	√		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	√		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	√		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	√		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	√		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBF1	√		
1.2 (ii) (i)	Not convicted for a criminal offence	√		
1.2 (iii)	To be appointed by BOD and approved in the AGM	√		
1.2 (iv)	The post cannot remain vacant for more than 90 days			N/A
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	√		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term	√		
<b>1.3</b>	<b>Qualification of Independent Director</b>			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	√		
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University teacher (Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience	√		
1.3 (iii)	Prior approval of the Commission in special cases			N/A
1.4	Appointment of Chairman and CEO, defining their roles	√		
<b>1.5</b>	<b>The Director's Report to Shareholders shall include</b>			
1.5 (i)	Industry outlook and possible future developments	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	√		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss			N/A
1.5 (vi)	Basis for and a statement of related party transactions	√		
1.5 (vii)	Utilization of proceeds from issuing instruments			N/A
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc			N/A
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements	√		
1.5 (x)	Remuneration to directors including IDs	√		
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		



Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results	√		
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non-declaration of Dividend	√		
1.5 (xx)	Number of Board meetings and attendance of directors	√		
<b>1.5 (xxi)</b>	<b>Pattern of shareholding (along with name wise details) by-</b>			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
<b>1.5 (xxii)</b>	<b>In case of the appointment/re-appointment of a director</b>			
1.5 (xxii) (a)	A brief resume of the director	√		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	√		
<b>2</b>	<b>CFO, HEAD OF INTERNAL AUDIT AND CS:</b>			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
<b>3</b>	<b>AUDIT COMMITTEE:</b>			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Audit Committee members to be appointed by BOD and at least one Independent Director to be included	√		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month			N/A
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	√		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman to be an ID, selected by the BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	√		
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests			N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system			N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws			N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately			N/A
3.4.2	Reporting to authorities	√		
3.5	Reporting to the Shareholders and General Investors	√		
<b>4</b>	<b>EXTERNAL / STATUTORY AUDITORS</b>			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Com.	√		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
4.00 (ix)	Non-engagement in Audit/Certification Services on Compliance of Corporate Governance as required under clause (i) of condition No. 7	√		
<b>5</b>	<b>SUBSIDIARY COMPANY</b>			
5 (i)	Composition of BOD to be similar to holding company	√		
5 (ii)	One ID to be in both holding and subsidiary company	√		
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company	√		
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed	√		
5 (v)	Audit Committee of holding company to review financial statements/ investments of subsidiary company	√		
<b>6</b>	<b>DUTIES OF CEO AND CFO:</b>			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
<b>7</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	√		

**(c) Details relating to the issuer's audit committee and remuneration committee summary of the terms of reference under which the committees operate**

**The members of Audit committee are as follows-**

<b>Name</b>	<b>Designation</b>
Johannes (Phil) N.H. van Haarlem	Chairman
Faruq Ahmad Siddiqi	Member
Md. Jahurul Alam	Member
Mohammad Ali Deen	Member
Mizanur Rahman	Secretary

**Terms of Reference under which Audit Committee Operates**

**Constitution of the Audit Committee:**

1. The Audit Committee shall be composed of at least 3 (three) members, who shall be directors of the company and shall include at least 1 (one) Independent Director;
2. The Board of Directors shall appoint members of the Audit Committee. It shall also select 1 (one) member, who shall be an independent director, to be its Chairman;
3. All members of the audit committee should be financially literate and at least 1 (one) member shall have sound accounting and financial knowledge and experience;
4. In case of any vacancy or if any committee member to be unable to hold office until expiration of the term of services, The Board of directors shall appoint the new Committee member to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) to ensure continuity of the performance of work of the Audit Committee;
5. The Company Secretary shall act as the Company Secretary.

**Meeting and Responsibilities of the Audit Committee:**

1. The meetings of the Audit Committee shall be presided over by its chairman;
2. The Quorum of the audit committee shall constitute by presence of at least 2 (two) members and shall not constitute without at least 1 (one) independent director;
3. The Audit Committee shall hold at least 4 (four) meetings in a year to perform its duties and responsibilities;
4. The audit committee may invite the chief Executive Officer, Head of Internal Audit or any other officials to attend the meeting;
5. All the observations/findings/recommendations of the Audit Committee shall be recorded in the minutes of the committee;
6. The secretary shall prepare the minutes of the proceedings and resolutions of all Audit Committee meetings, including the names of those present and in attendance and shall circulate the minutes of meetings to all members of the committee.

**Duties and Responsibilities of the Audit Committee:**

1. The audit committee members will oversee the financial reporting process;
2. The audit committee members will monitor the accounting policies and principles;
3. The members of the Audit committee will monitor and control the risk management as well as review the annual financial statement before submission to the board for its approval.
4. The audit committee members will review the quarterly and half yearly financial statement.
5. The members of audit committee will review the adequacy of internal audit function, related party transactions, management letters, and letter of internal control weakness issued by statutory auditors.
6. In case of raised capital by any kind of public offer, the members of the audit committee shall examine the quarterly, half yearly and annual financial results disclosed by its management to the members of the audit committee.

**The members of remuneration committee are as follows-**

<b>Name</b>	<b>Designation</b>
Faruq Ahmad Siddiqi	Chairman
Hafizur Rahman Khan	Member
Md. Mozammel Hossain	Member
Muallem A Choudhury FCA	Member
Mizanur Rahman	Secretary

**Terms of Reference under which Remuneration Committee Operates**

**Constitution of the Remuneration Committee**

1. The remuneration committee shall be composed of at least 3 (three) members, who shall be directors of the company, including at least 1 (one) Independent Director.
2. The Board of Directors shall appoint members of the Remuneration Committee. It shall also select 1 (one) member, who shall be an independent director, to be its Chairman.
3. When the term of service of any member expires or there is any circumstance causing any member to be unable to hold office until expiration of the term of service, thus making the number of the members to be lower than 3 (three), the Board of Directors shall appoint new member(s) to fill the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy(ies) to ensure continuity of the performance of work of the Remuneration Committee.
4. The company secretary shall act as the Secretary of the Remuneration Committee.

**Meeting of the Remuneration Committee:**

1. The meetings of the remuneration committee shall be presided over by its chairman
2. The quorum of a meeting of the remuneration committee shall constitute by majority of members.
3. The remuneration committee shall holds at least 2 (two) meetings in a year to perform its duties and responsibilities
4. The remuneration committee may invite the MD, CFO, Head of HR or any other officials to attend the meeting.
5. All the observations/findings/recommendations of the remuneration committee shall be recorded in the minutes of the committee
6. The secretary shall prepare the minutes of the proceedings and resolutions of all remuneration committee meetings, including the names of those present and in attendance and shall circulate the minutes of meetings to all members of the committee.

**Duties and Responsibilities of the Remuneration Committee:**

1. To review and recommend remuneration of the MD, CFO & senior management, within the terms of the employment contract, annually to the board.
2. To ensure MD, CFO & senior management remuneration is aligned with market trends.
3. To monitor and review the MD, CFO & senior management performance and key performance indicators for determined of the annual bonus components.
4. To review any grievance or complaints about remuneration of MD, CFO & senior management.
5. To ensure that company's remuneration, practices and performance indicators are aligned to the values and overall business objectives

In discharging their responsibilities, the committee members have a duty to act in the best interests of company as a whole, irrespective of personal, commercial of other interests, loyalties or affiliations.

## SECTION XV : VALUATION REPORT OF SECURITIES PREPARED BY THE ISSUE MANAGER

The valuation report of securities to be offered shall be prepared and justified by the issue manager on the basis of the financial and all other information pertinent to the issue.

Over a short term, even a reasonably well functioning market may depict irrational and abrupt price movements due to investors' exuberance. However, considering a reasonable investment horizon, market provides a fair approximation of consensus value of a particular security according to its exposure to various risk factors and potentials for growth. In a well-functioning market, where all the investors are assumed to be rational and risk averse, the investors would not pay more for a particular security with given risk profile than they would for an otherwise similar security. As a result, a rational investor expects the market to reveal the fundamental value of the securities being traded. Nevertheless, in a market with numerous investors and participants, there would be differences in risk aversion, rate of required return and investment horizon. Hence, while deriving at the valuation of the shares of Runner Automobiles Limited, the perspective of a prudent investor has been taken into consideration for simplicity. The essential valuation methods delineated by the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, have been followed.

### Qualitative Factors

Unique shareholding structure, qualified and experienced management with proven track record, increasing demand of 2 Wheelers and expansionary project for development of new models with IPO proceeds are the key qualitative factors that were considered for valuation purpose.

Sponsors include dealers of motor cycles who has in-depth knowledge about market and its preferences and accordingly, helping the board to make the right decision about products and marketing strategies to be followed. Foreign investment by Brummer Frontier PE II (Mauritius) Limited, a foreign equity investor also shows the confidence on the Company, the sector, the sponsors and helped in instituting the governance practices, board functioning, strategic outlook and overall professionalism in the Company.

The market for 2 Wheelers is on the rise in Bangladesh riding on increase in disposable income among the general population. This is exemplified by the rise in the number of 2 Wheelers registered with Bangladesh Road Transport Association (BRTA) from 114,616 in 2011 to 206,387 during January to August 31, 2017 in the current year. During the last seven years the aggregate number of motorcycles registered more than doubled from 759,257 upto 2010 to 1,930,756 till August 31, 2017.<sup>6</sup>

Due to its strong brand image and rapidly growing business in the country, where industrial development and standard of living is on a rising trend, the demand of quality motorcycles at competitive prices is increasing. Runner Automobiles Limited plans to utilize the major portion of its IPO proceeds in expansionary project for development of new models of 2 Wheelers in the range of 110 CC to 150 CC as well as development of existing 80 CC to 100 CC to capitalize on that demand.

### Valuation under different valuation methods as per Bangladesh Securities & Exchange Commission (Public Issue) Rules, 2015 are outline below.

The following table illustrates the summary of valuation under different valuation methods-

Sl. No.	Valuation Methods	Fair Value (BDT)
1A.	Net Asset Value Per Share (with revaluation)	55.70
1B.	Net Asset Value Per Share (without revaluation)	41.94
2.	Earning based Value per Share	50.26
3.	Average Market Price of Similar Stock Based Valuation	95.65

<sup>6</sup> Source: <http://www.brta.gov.bd/newsite/en/whole-bangladesh-up-to-sep-2016/>

### Method 1: Valuation based on Net Asset Value per Share

While deriving at the valuation of the common stock, the Net Asset Value per share of Runner Automobiles Limited has been taken into consideration. The following table illustrates the calculation of Net Asset Value per share based on the audited accounts as at June 30, 2017:

Particulars	As at June 30, 2017 (Figures in BDT)
Share capital	942,029,210
Share Premium	1,169,832,705
Revaluation Reserve	1,296,026,303
Retained Earnings	1,839,030,512
<b>Total Shareholders' Equity on June 30, 2017 attributable to the parent entity's shareholders</b>	<b>5,246,918,730</b>
Number of shares	94,202,921
<b>Net Asset Value Per Share (With Revaluation)</b>	<b>55.70</b>
<b>Net Asset Value Per Share (Without Revaluation)</b>	<b>41.94</b>

### Method 2: Valuation based on Earning based value per share

We have calculated the consolidated weighted average net profit after tax (NPAT) of the company for the year ended June 30, 2014 to June 30, 2017 and multiplied by the relevant P/E multiple to derive at the earning based value per share of the company.

Year	NPAT (BDT)	Number of Shares	Weight on No. of Shares	Weighted NPAT (BDT)
Dec 31, 2012	89,104,161	-	-	-
Dec 31, 2013	336,418,929	-	-	-
2014	483,965,766	43,478,261	0.14634	70,824,248
2015	294,088,795	65,217,391	0.21951	64,556,067
2016	252,463,357	94,202,921	0.31707	80,049,364
2017	303,319,719	94,202,921	0.31707	96,174,553
<b>Total</b>		<b>297,101,494</b>	<b>1.00000</b>	<b>311,604,233</b>
Number of shares				94,202,921
EPS based on consolidated weighted average net profit after tax				<b>3.31</b>
Lower of Average Market P/E and Engineering Sector P/E <sup>7</sup>				<b>15.19</b>
Earnings-based-value per share (in BDT)				<b>50.26</b>

The company changed its financial year from 31st December to 30th June to comply with the Finance Act 2015. Complying with the Finance Act, 2015, the company prepared its first financial statement from the year ended June 30, 2015. As per auditor's report of 2015, comparative information provided in the accompanying financial statements have been prepared through combining relevant amounts included in the previous audited financial statements of the Company for the years ended December 31, 2013 and 2014. Therefore, we considered only four years (June 30, 2014 to June 30, 2017) to calculate the earnings based valuation to avoid the overlapping period due to change in income year.

7

Calculation of relevant P/E multiple: (Source: DSE)

Month	Market P/E	Engineering Sector P/E
March' 18	15.67	16.5
April' 18	15.43	17.3
May' 18	14.48	16.28
Average	<b>15.19</b>	<b>16.69</b>
<b>Relevant P/E Multiple (Lower of three month average P/E of Market and Engineering Sector)</b>		<b>15.19</b>

### Method 3: Average Market price of Similar Stock Based Valuation

We have considered Comparable companies engaged in similar business listed with the Dhaka Stock Exchange to derive valuation based on average market price of similar stock.

Date	Aftab Automobiles	Atlas Bangladesh
June 29, 2017	66.50	128.70
July 31, 2017	71.00	144.50
August 31, 2017	69.90	125.80
September 28, 2017	64.20	126.20
October 31, 2017	67.50	123.80
November 30, 2017	63.70	125.00
December 28, 2017	64.20	131.40
January 31, 2018	60.50	125.00
February 28, 2018	60.40	129.30
March 29, 2018	56.80	128.40
April 30, 2018	57.80	127.30
May 31, 2018	51.50	126.10
<b>Average</b>	<b>62.8</b>	<b>128.50</b>
<b>Average Market price of similar stock</b>		<b>95.65</b>

#### Rationale for selecting the similar stocks

- The nature of business of **Aftab Automobiles Limited** and **Atlas Bangladesh Limited** are same as Runner Automobiles Limited. They are engaged in assembling and marketing of 2 wheelers. Runner Automobiles Limited is also engaged in manufacturing and marketing of 2 wheelers.

## **SECTION XVI : DEBT SECURITIES**

The Company has neither issued any debt securities nor has any future plan as such within next six months.



## SECTION XVII : PARTIES INVOLVED AND THEIR RESPONSIBILITIES

Parties Involved	Name	Responsibilities
Issue Manager	IDLC Investments Limited	Issue manager's primary responsibility is to comply with the regulatory requirements, conduct due diligence appraisal of the issuer's affairs for ensuring proper disclosure of all material facts as per Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.
Underwriters	<ol style="list-style-type: none"> <li>1. IDLC Investments Limited</li> <li>2. IIDFC Capital Limited</li> <li>3. LankaBangla Investments Limited</li> </ol>	Underwriters' responsibility is to take up unsubscribed shares in the event of under-subscription. In case of under-subscription in any category by up to 35% in an initial public offer, the unsubscribed portion of securities shall be taken up by the underwriter(s) within stipulated time.
Auditor	Hoda Vasi Chowdhury & Co. Chartered Accountants	<p>Auditors' responsibility is to express an opinion on the financial statements based on the audit. Auditors conducted the audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that auditors should comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.</p>
Valuer	Rahman Rahman Huq	Valuer's responsibility is to provide a report and fairness opinion regarding valuation and to conduct valuation in accordance with IVS and condition and guidelines for valuation of assets by BSEC on the basis of present location and condition and documents and papers related to the property, plant and equipment of the issuer.
Credit Rating Agency	Credit Rating Agency of Bangladesh Limited	Credit rating agency is responsible for conducting the long term and short term rating of the company based on its financial statements and other relevant qualitative and quantitative information in line with Credit Rating Companies Rules, 1996.
Registrar to the Issue	LankaBangla Investments Limited	Registrar to the Issue is responsible for processing applications from investors, keeping record of applications and money received from investors or paid to the seller of securities, assisting in determining the basis of allotment of securities, finalizing the list of persons entitled to allotment of securities and processing and distributing allotments, refunds or certificates and other related documents as per Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.

## SECTION XVIII : MATERIAL CONTRACTS

### (a) Major agreements entered into by the issuer

1. Underwriting Agreements between the Company and the Underwriters.
2. Issue Management Agreement between the Company and IDLC Investments Limited.
3. Registrar to the Issue Agreement between the Company and LankaBangla Investments Limited

The copies of the aforementioned contracts and documents and a copy of Memorandum of Association and Articles of Association of the Company and the Consent Letter from BSEC may be inspected, on any working day, during office hours, at the Corporate Office of the Company and the Issue Manager.

### (b) Material Parts of the agreement & Fees Payable

Particulars	Underwriting Agreements with the Underwriters
Signing Date	October 25, 2016
Material Terms and Conditions	<ol style="list-style-type: none"> <li>1. In case of under-subscription in any category by up to 35% in an initial public offer, the unsubscribed portion of securities shall be taken up by the underwriter(s):</li> <li>2. The Company, in the event of under subscription, shall send notice to the underwriter(s) within 10 (ten) days of closure of subscription calling upon them to subscribe the securities and pay for this in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall be credited into securities subscription account within the said period</li> <li>3. Within 7 (seven) days of the expiry of the aforesaid 15 (fifteen) days the Company shall send to the Commission proof of subscription and deposit of the money by the underwriter(s).</li> </ol>
Fees Payable	0.5% on Underwritten Amount

Particulars	Issue Management Agreement with IDLC Investments Limited
Signing Date	July 01, 2016
Material Terms and Conditions	<ol style="list-style-type: none"> <li>1. The Issue Manager shall, in compliance with the regulatory requirements, conduct due diligence appraisal of the company's affairs for ensuring proper disclosure of all material facts.</li> <li>2. The Issue Manager shall, as part of its due diligence appraisal, examine and independently verify all relevant documents and materials, as furnished by the company, and also discuss with the Directors, Officers, and other agencies of the company to ensure true, fair, and adequate material disclosure in the prospectus.</li> <li>3. The Issuer shall extend adequate cooperation to the Issue Manager and other related parties so that they may carry out their respective duties.</li> <li>4. The Issuer shall bear all fees and commissions payable to the regulatory authorities, and other appointed service providers including all associated costs.</li> </ol>
Fees Payable	0.7% or BDT 7,500,000 whichever is higher

Particulars	Registrar to the Issue Agreement with LankaBangla Investments Limited
Signing Date	September 27, 2016
Material Terms and Conditions	<ol style="list-style-type: none"> <li>1. Carrying out the activities in relation to an issue including processing applications from investors, keeping record of applications and money received from investors or paid to the seller of securities.</li> <li>2. Assisting in determining the basis of allotment of securities, finalizing the list of persons entitled to allotment of securities and processing and distributing allotments, refunds or certificates and other related documents</li> </ol>

## **SECTION XIX : LITIGATIONS, FINE OR PENALTY**

**(a) The following litigations including outstanding litigations against the issuer or any of its directors and fine or penalty imposed by any authority:**

- i. Litigation involving Civil Laws: No litigations
- ii. Litigation involving Criminal Laws: No litigations
- iii. Litigation involving Securities, Finance and Economic Laws: No litigations
- iv. Litigation involving Labor Laws: No litigations
- v. Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes/duties): No litigations
- vi. Litigation involving any other Laws: No litigations

**(b) Cases including outstanding litigations filed by the Company or any of its directors:**

- i. Litigation involving Civil Laws: No cases filed
- ii. Litigation involving Criminal Laws: No cases filed
- iii. Litigation involving Securities, Finance and Economic Laws: No cases filed
- iv. Litigation involving Labor Laws: No cases filed
- v. Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes/duties): No cases filed
- vi. Litigation involving any other Laws: No cases filed

## **SECTION XX : RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS**

### **(I) INTERNAL RISK FACTORS**

#### **(a) Credit Risk**

##### **Management Perception**

RAL sells its products on credit. If the buyer of the products do not pay for the goods, the shareholders of RAL may face credit risk. RAL has established relationship with many of its clients. For managing its credit risk efficiently, the bad debt of the company has been low historically.

#### **(b) Liquidity Risk**

##### **Management Perception**

Liquidity risk refers to any company's inability to meet short term financial demand. If the company fails to generate cash from its short term assets, the company may face difficulties to pay its creditors. The current ratio and quick ratio of RAL for the year ended June 30, 2017 are 1.47 and 1.13 respectively. Historically the liquidity condition of RAL is good as evidenced by good current and quick ratios. The company manages the liquidity efficiently and does not foresee any significant liquidity risk in the nearer term.

#### **(c) Risk associated with the issuer's interest in subsidiaries, joint ventures and associates**

##### **Management Perception**

Runner Automobiles Limited has two subsidiaries in operation namely, Runner Motors Limited and Freedom Motors Limited in which RAL holds 61.67% shares and 99.99% shares respectively. There is certain degree of risk exist for issuer's interest in subsidiary. To mitigate such risk, both the concern has separate management to run the overall operation.

#### **(d) Significant revenue generated from limited number of customers, losing any one or more of which would have a material adverse effect on the issuer**

##### **Management Perception**

If the company's revenue base is concentrated among few customers, losing any business from any customer of that limited base may affect the company adversely. The revenue base of the company is much diversified. During 2016-17, none of RAL's customer accounted for 10% or more of the total sales of the company. So, the management of the company does not consider losing any single customer as a significant risk for the company.

#### **(e) Dependency on a single or few suppliers of raw materials, failure of which may affect production adversely**

##### **Management Perception**

If the company depends on a single supplier for products or raw materials, failure of the supplier to deliver products may affect the production of the company adversely. Luyang Northern EK Chore MC Co. Limited (Dayang) is a major supplier of raw materials of the company. RAL procures the raw material from various sources around the world.

#### **(f) More than 20% revenue of the issuer comes from sister concern or associate or subsidiary**

##### **Management Perception**

If a significant portion of revenue of the company comes from related concerns, the business of the company may get affected if the business of sister concerns decline. None of the customers of RAL accounted for 10% or more revenues of the company during 2016-17. Further, there is no sales between group companies during the last five years.

**(g) Negative earnings, negative cash flows from operating activities, declining turnover or profitability, during last five years, if any**

**Management Perception**

The net profit after tax of the company enhanced during the year ended June 30, 2017 compared to that of previous year due to increase in revenue compared to the previous year. The company has positive earnings and positive cash flow from operating activities during last four years. Due to the nature of the industry and to expand the business, the company used to flexible credit scheme to gain market share in earlier year. Due this cash flow was negative in earlier year.

**(h) Loss making associate/subsidiary/group companies of the issuer**

**Management Perception**

Runner Automobiles Limited has two subsidiaries namely, Runner Motors Limited and Freedom Motors Limited in which RAL holds 61.67% shares and 99.99% shares respectively. Although, Freedom Motors Limited is currently not in operation, none of the two subsidiaries of RAL are loss making.

**(i) Financial weakness and poor performance of the issuer or any of its subsidiary or associates**

**Management Perception**

The 2 Wheelers industry has a very strong correlation with the economy of the country. Any weakness in the economy may severely impact the business of RAL and convert to weak financial performance. RAL has been operating profitably in its business and expects to continue its operation in that way. The economy of Bangladesh has been growing at a good rate. So the management of RAL is very confident about the business prospect in future. At present Freedom Motors Limited, subsidiary of RAL, is not in active business operation and earns a small amount of non-operating income while incurring some administrative cost. The net profit of Freedom Motors for the year ended June 30, 2017 was BDT 26,801 only.

**(j) Decline in value of any investment**

**Management Perception**

Any decline in value of any investment may affect the profitability of the company. The company has equity investment in subsidiary companies and also has investment in capital market. Value of capital market investments appreciated during the year ended June 30, 2017.

**(k) Risk associated with useful economic life of plant and machinery, if purchased in second hand or reconditioned**

**Management Perception**

If any plant and machinery is purchased in second hand condition, useful economic life of the asset may be lower than the usual estimated useful economic life of the asset. The company does not have any second hand machinery. The company purchased all the machineries in brand new condition.

**(l) Adverse effect on future cash flow if interest free loan given to related party or such loans taken from directors may recalled**

**Management Perception**

If RAL provides interest free loan facility to any related parties, it may affect the investment of the investors. Also, if RAL has taken interest free loan facilities from any directors or any other party, recalling such facility may impact the business of RAL negatively. The company provided short term loan to its related parties during the last year which are short term in nature. Management has obtained confirmation from each of the aforesaid entities and assessed recoverability, upon which satisfied that all these balances are recoverable in full. On the other hand, the company has not taken any loan from any of its directors.

**(m) Potential conflict of interest, if the sponsors or directors of the issuer are involved with one or more ventures which are in the same line of activity or business as that of the issuer and if any supplier of raw materials or major customer is related to the same sponsors or directors**

**Management Perception**

As other related parties of RAL is involved in motor vehicle industries, conflict of interest may arise. However, the products of RAL, i.e. motor cycle is completely different from the product line of other related businesses of the group companies. Hence, potential for conflict of interest does not exist.

**(n) Related party transactions entered into by the company those may adversely affect competitive edge**

**Management Perception**

If RAL enters into any related party transaction that affects its competitive edge, shareholders of RAL will be affected. RAL does not have significant related party transactions and hence the management thinks that the related party transaction will not affect the competitive edge of the company.

**(o) Any restrictive covenants in any shareholders' agreement, sponsors' agreement or any agreement for debt or preference shares or any restrictive covenants of banks in respect of the loan/ credit limit and other banking facilities**

**Management Perception**

If there is any restricting covenant in any agreement including shareholders' agreement, sponsors' agreement or any agreement for debt or preference shares or agreement with banks in respect of the loan/ credit limit and other banking facilities, it may hamper normal business operation of RAL. None of RAL's agreement with any parties have any restrictive covenant that may hamper normal business operation of RAL. RAL reviews terms and conditions of each agreement before entering and does not enter into any agreement with such restrictive covenant.

**(p) Business operations may be adversely affected by strikes, work stoppages or increase in wage demands by employees;**

**Management Perception**

Business operation of RAL may be affected by strikes, work stoppages or increase in wage demands by employees. RAL always maintains a good relationship with all of its employees. The company always believes that employees are their main strength. RAL has 691 employees as per the audited financials of June 30, 2017. Runner Automobiles Limited values its workers and employees and strives to maintain high standard of labor practices to ensure congenial work environment for its employees. So, it is highly unlikely that all the employees will go for strikes.

**(q) Seasonality of the business of the issuer**

**Management Perception**

There is no direct seasonal implication in the products of the company. However, during the crops season in north and south Bengal the business of the company generally improves.

**(r) Expiry of any revenue generating contract that may adversely affect the business**

**Management Perception**

Expiry of any revenue generating contract may adversely affect the business of RAL and the shareholder of RAL. However there is no revenue generating contracts of RAL with any parties.

**(s) Excessive dependence on debt financing which may adversely affect the cash flow**

**Management Perception**

If RAL takes significant amount of debt, the free cash flow available to equity shareholders may decline. Hence, taking on extensive debt may hamper the interest of the investors. RAL has outstanding short and long term debt of BDT 2,019.78 million against total assets of BDT 6,286.97 and a debt equity ratio of 0.5, that is, the company is does not have excessive dependence on debt financing.

**(t) Excessive dependence on any key management personnel absence of whom may have adverse effect on the issuer's business performance**

**Management Perception**

The management of RAL is really experienced in the industry of motor cycle. The company has a well-designed compensation package for the employees to encourage professionalism, greater productivity and stimulate teamwork. All the teams of RAL are composed of qualified professionals. Absence of any one of the team head will not impact the business significantly as the other team members will take up the responsibility. Moreover, the directors of RAL look after the business on a regular basis. The managing director of the business provided overall guidance in regular business issues. Hence, absence of any key management personnel may not impact the business significantly.

**(u) Enforcement of contingent liabilities which may adversely affect financial condition**

**Management Perception**

Any enforcement of contingent liabilities may affect the financial condition of the business adversely. As per audited accounts of the year ended June 30, 2017, RAL does not have any material contingent liability or assets requiring disclosure.

**(v) Insurance coverage not adequately protect against certain risks of damages**

**Management Perception**

If any insurable risk event materialize, the business of the company may be affected if the insurance coverage is not adequate. The company has taken industrial all risk insurance policy from Continental Insurance Limited, Green Delta Insurance Company Limited. Rupali Insurance Company Limited and Crystal Insurance Company Limited.

**(w) Absence of assurance that directors will continue its engagement with Company after expiry of lock in period**

**Management Perception**

RAL is going to enlist its share in the capital market of Bangladesh subject to BSEC's approval. If the sponsor directors of RAL exit from their investment and directorship after the specified lock in period, the business may be affected due to lack of leadership and guidance. The sponsor directors of RAL are very much passionate about this business. They have nurtured the business from its infancy and contributed significantly to establish RAL at its current level. They foresee proliferate business opportunities in this segment and expects to remain with the business for long term.

**(x) Ability to pay any dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure**

**Management Perception**

RAL has been operating its business profitably. However ability to pay any dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure. However, the management has been very successful in running the business profitably. However it is very natural that, ability to pay any dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure. The management of RAL is very much aware regarding this issue and they are highly focused on maintaining sustainable growth of the business.

**(y) History of non operation, if any and short operational history of the issuer and lack of adequate background and experience of the sponsors**

**Management Perception**

Any history of non-operation negatively affects the reputation of a company. In addition, it leads to loss of revenue and profitability. The investors may also be affected adversely if the sponsors of the company lacks adequate background to conduct the business. If the company being listed has short operating history, it becomes difficult for the investors to take appropriate investment decision. Since inception, there has not been any instance of non-operation of the company. Instead, RAL has been able to grow its operation steadily over the years. The sponsors

of the company has been running the business since its inception in 2000 and has sufficient experience in this business.

**(z) Risks related to engagement in new type of business, if any;**

**Management Perception**

Any new business entered into by RAL is based on an opportunity to earn profit. But as the risk and return goes simultaneously, the company also needs to consider the risks regarding the business. The investors of the company may be affected if RAL takes excessive risks or starts doing a business without considering the risks involved in doing the business. The company conducts thorough due diligence and feasibility before entering into any new business.

**(aa) Risk in investing the securities being offered with comparison to other available investment options**

**Management Perception**

Investing in any securities in the capital market involves some risk. The risk may come from the business of the company as well as the capital market. If the business of the company becomes more volatile, the investment of RAL may become more risky. There are many investment options available for the investors including investing in stock market, Investing in bank deposit certificates, and investment in government savings certificate. Among these options, investing in stock market is more risky and risk averse investors may decide not to invest in stock market. Stock market is an ideal place for investors having a comparatively higher risk appetite. The potential investors are requested to carefully read the prospectus and understand the business potential of the company before make investment decision.

**(bb) Any penalty or action taken by any regulatory authorities for non-compliance with provisions of any law**

**Management Perception**

Any penalty or action taken by any regulatory authorities for non-compliance with provisions of any law may affect the business of RAL. The management of RAL is always respectful to all regulatory authorities. Therefore, RAL has never been penalized by any regulatory authorities for non-compliance with provisions of any law. The company will abide all the laws of respective regulatory authorities in future also.

**(cc) Litigations against the issuer for Tax and VAT related matters and other government claims, along with the disclosures of amount, period for which such demands or claims are outstanding, financial implications and the status of the case**

**Management Perception**

If there is litigation against the issuer for Tax and VAT related matters and other government claims, and if government claims this outstanding figure, the company may face liquidity crisis. There is no outstanding litigation against the issuer for Tax and VAT related matters and other government claims except appeal filed against order of DCT to tribunal of income tax by the company which is mentioned under (f) (j) of Section VI of the prospectus.

**(dd) Registered office or factory building or place of operation is not owned by the issuer**

**Management Perception**

If any company takes lease for its registered office or for its factory, and the owner decides to exit the lease contract, the company will have no place to carry on its business activities. The factory at Bhaluka and Registered Office at Tejgaon are located at the Company's own land.

**(ee) Lack of renewal of existing regulatory permissions/ licenses**

**Management Perception**

If the issuer is involved in any business that requires regulatory permission or licenses, lack of renewal of permission or licenses to do the business further may affect the investors adversely. The company has several licenses including trade license, export license, import license etc. The details of the licenses are given in (D)(xv) of Section VI of the prospectus. Till date there has not been any failure in renewing existing regulatory permissions/licenses.



**(ff) Failure in holding AGM or declaring dividend or payment of interest by any listed securities of the issuer or any of its subsidiaries or associates**

**Management Perception**

If there is any history of failure in holding AGM or declaring dividend or payment of interest by any listed securities of the issuer or any of its subsidiaries or associates, it may indicate the weakness of the management. Hence, investment in any company under that management might be risky. The company or its subsidiaries are not listed in the stock exchanges.

**(gg) Issuances of securities at lower than the IPO offer price within one year**

**Management Perception**

If the company issues shares in any form at lower than the IPO offer price within one year, the investors may be affected. However the management has no intention to issue shares at lower than the IPO price within one year of its listing.

**(hh) Refusal of application for public issue of any securities of the issuer or any of its subsidiaries or associates at any time by the Commission**

**Management Perception**

If the public issue of any securities of RAL or any of its associates or subsidiaries had been refused by the commission, it may indicate the issuer's inability to conduct its business properly or any problem in its business. Neither the company nor any of its subsidiaries/associates have been refused by the Commission for public issue of any securities.

**(I) EXTERNAL RISK FACTORS**

**a) Interest rate risks**

**Management Perception**

Interest rate risk is the risk that a Company faces due to unfavorable movement in the interest rates. For the year ended on June 30, 2017 the Company incurred net finance cost (difference between interest income and interest expense) of BDT 185.70 million. As on June 30, 2017, the total amount of outstanding short term and long term bank loans of RAL stood at BDT 2,019.77 million which is 32.13% of the total assets of the company. Overall, the leverage level of the company is well within its control. As a major portion of the IPO proceeds will be utilized in expansionary project, asset value of the company will be increased in future. In addition, the company will repay some its outstanding loan with the proceeds of IPO which will reduce the interest burden of the company. It should also be noted that, overall bank interest rates in Bangladesh is currently showing a decreasing trend due to macroeconomic stability and availability of loanable funds. As net finance cost is low and trend of interest rate is decreasing, the management of the company does not view interest expense as a major threat for its profitability.

**b) Exchange rate risks**

**Management Perception**

The company is exposed to fluctuation in foreign exchange rate as it imports machineries, raw materials and other spares parts against payment of foreign currency. Unfavorable volatility in exchange rates may affect the profitability of the company. The management of the company is very much aware of the risk and it has policy for continuous monitoring of the fluctuations on a day to day basis to capitalize the opportunity from any favorable movement in the currencies (normally US Dollar and BDT) whilst avoiding any unexpected movements in those currencies.

**c) Industry risks**

**Management Perception**

The company's machineries run on electricity. The factory's daily maximum requirement of electricity is around 1,367 KW. Due to the very nature of its technology, the painting machineries need to be kept running round the clock. In case there is any unscheduled stoppage for any reason, the machineries require extra time to warm up and restart. It causes cost overrun and delay in delivery of the products. Hence, without consistent and adequate

supply of electricity the industry can hardly sustain in the long run. The company's requirement for electricity is met by Rural Electrification Board (REB) and its own generators. During severe shortage of electricity, the standby diesel generators operate. The combined capacities of the diesel generators are 1,136 KW (1430 KVA). As a result, the company can run the operation of the factory uninterruptedly even during severe power shortages

#### **d) Economic and political risks**

##### **Management Perception**

The economy of Bangladesh has shown a strong resilience against all adversities over last decade. For last five years the economy grew over 6% annually irrespective of global economic swings, domestic political volatility, and series of natural calamities. Demographic indicators show gradual improvements and a broader market in the urban and rural economy of Bangladesh.

The next general election is due in 2019. With historical instances of turmoil in pre-election year, business people are expected to stay cautious up to election, which signal a potential slowdown in business expansion. In addition, if political turmoil heats up, business smoothness would be significantly affected.

#### **e) Market and technology-related risks**

##### **Management Perception**

Market risk may arise due to decrease in demand of RAL's products from increased competition which would affect the performance of the company. RAL is a strong brand and a dominant market player in the 2 Wheelers industry in Bangladesh. Due to its strong brand image and rapidly growing business in the country, where industrial development and standard of living is on a rising trend, the demand of quality 2 Wheelers at competitive prices is increasing. RAL has always been aware of the competitive situation in market and accordingly has developed a sound and effective marketing policy to share knowledge about their products thus creating more awareness in the minds of the customers. Moreover, with further business expansion through new technology, RAL will be able to enhance their market share and retain significant market presence in this sector for a long time to come.

The company's operation is highly capital intensive. The quality of the finished products is directly dependent on the sophistication of the machinery in place. Any fault in the technology of the machinery can result in significant overhauling cost and loss of production. All major machineries of the company are state-of-the-art and of mainly of Chinese and Taiwanese origin and are regarded as among the best technology of motor cycle machineries in the country and requires significantly lower maintenance costs. Till date, the machineries at the factory have been running smoothly. Since inception, there has not been any instance of breakdown or stoppage of production due to technical failure at the factory.

#### **f) Potential or existing government regulations**

##### **Management Perception**

Unless there is any significant change in regulatory policy that may bring about any adverse effect on the industry, the business of the company will not be affected significantly. As a developing country, economy as well as living standard is improving over time leading to rising demand of 2 Wheelers as a means of transport. Moreover, the industry has experienced robust growth during the last decade which is likely to sustain in the near future. Therefore, it is highly unlikely that the government will initiate any fiscal measure having adverse effect on the growth of the industry.

#### **g) Potential or existing changes in global or national policies**

##### **Management Perception**

Changes in the existing global or national policies can have either positive or negative impact on the company. Any scarcity or price hike of raw materials due to changes in policy in the international market might hamper the production and profitability. Any changes in the global and national policy will affect the industry as a whole. Financial and operational strength of the company has reached a steady level by now and the company is capable of handling reasonable threats. Moreover, the company has adequate system and procedures in place to take care of such events.

#### **h) Statutory clearances and approvals those are yet to be received by the issuer**

##### **Management Perception**

The company has received all the statutory clearances and approvals that are required to operate the business. A list of licenses of the Company has been disclosed in (D) (xv) of Section VI of the prospectus.

#### **i) Competitive condition of the business**

##### **Management Perception**

Runner Automobile Limited is well renowned in the local market as one of the leading manufacturer, assembler and seller of 2 Wheelers in the country. The company has established brands in the market namely Dayang Runner, Freedom Runner, LML Freedom and Runner. There are several importers and sellers namely Uttara Motors, TVS Auto BD, Nitol Motors and Walton. RAL's competitive edge lies in its ability to manufacture and assemble quality products and market those at a lower cost compared to other importers and sellers. Hence, the company has been able to create a niche among value conscious buyers looking for quality products.

#### **j) Complementary and supplementary products/services which may have an impact on business of the issuer**

##### **Management Perception**

Motorcycle accessories, spare parts, lubricants, oil are the complementary products for the business in which RAL operates. Motor car is the supplementary product for motor cycle in a sense that with gradual increase of income and to accommodate increasing no. of family members, a part of motor cycle owners tend to buy motor car.

#### **k) Risk related to lack of own service centre**

##### **Management Perception**

Although Runner Automobiles Limited does not have any service centre of its own, it has arrangement with another entity for providing warranty and non-warranty related services for its customers and hence it is not considered a risk for the company.

#### **l) Risk related to unutilized capacity**

##### **Management Perception**

Although the company has unutilized capacity, a review of trend of capacity utilization shows considerable increase in utilization to 31.74% in June 30, 2017 that is an increase of 68.24% from that of the previous year. The management has taken steps to further augment its capacity through investing of IPO proceeds to develop existing as well as new models of motorcycles which will improve capacity utilization significantly over the next few years.

#### **m) Risk related to customized motor cycles which will be built from IPO proceeds may not attract customers**

##### **Management Perception**

Since incorporation in the year 2000, Runner Automobiles Limited has made significant progress from being an assembler to becoming the first motorcycle manufacturer in Bangladesh. Through our experience and market intelligence we have gathered market insight over the years on customer preferences based on which we will develop new models 2 wheelers that will attract customers.

#### **n) Risk related to cancellation of agreement regarding 3 wheeler with Bajaj Autos Limited**

##### **Management Perception**

3 wheeler being a new product of Runner Automobiles Limited, accounted for only BDT 197.64 million or 8.20% of revenue during the year ended June 30, 2017. Both management and Bajaj Autos Limited believe that there is business opportunity for 3 wheelers to flourish and hence has entered into agreement. Management does not foresee any risk of cancellation of the agreement in near future.

#### **o) Risk related to cancellation of distributorship of Runner Motors Limited by VE Commercial Vehicles Limited (A Volvo Group and Eicher Motors Joint Venture) regarding commercial vehicles**

##### **Management Perception**

Runner Motors Limited has been in the business of trading of commercial vehicles since inception in February 19, 2005. The company's strong track record and goodwill as one of the leading players in the market is also exemplified in the company being appointed as the sole distributor of Volvo Eicher commercial vehicles in Bangladesh since its inception. Management believes that in continuation of strong business relationship, risk of cancellation of the distributorship will not occur in the near future.

## SECTION XXI : DESCRIPTION OF THE ISSUE

### (a) Issue Size

Issue size of the company is BDT 1000 million.

### (b) Number of securities to be issued

Public Offer of [●] ordinary shares

### (c) Authorized capital and paid-up capital

Authorized capital : BDT 2,000,000,000  
Paid up capital : BDT 942,029,210

### (d) Face value, premium and offer price per unit of securities

Face Value : BDT 10  
Premium : [●]  
Offer Price : [●] per share

### (e) Number of securities to be entitled for each category of applicants

Category	Securities	No. of Shares	Total Amount (BDT)
Eligible Institution	50% of IPO i.e. [●] Ordinary Shares shall be reserved for EI excluding mutual funds and CIS	[●]	[●]
	10% of IPO i.e. [●] Ordinary Shares shall be reserved for Mutual Funds and CIS	[●]	[●]
General Public	30% of IPO i.e. [●] Ordinary Shares shall be reserved for GP excluding NRB and ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী	[●]	[●]
	10% of IPO i.e. [●] Ordinary Shares shall be reserved for Non-Resident Bangladeshis (NRB)	[●]	[●]
	<b>Total</b>	[●]	<b>1,000,000,000</b>

### (f) Holding structure of different classes of securities before and after the issue

The company does not have different classes of securities. The company has issued only ordinary shares.

### (g) Objective of the issue including financing requirements and feasibility in respect of enhanced paid-up capital

RAL is well renowned in the local market as one of the leading manufacturers, assemblers and sellers of 2 Wheelers in the country. It is a strong brand and a dominant market player. Due to its strong brand image and rapidly growing business in the country, where industrial development and standard of living is on a rising trend, the demand of quality motorcycles at competitive prices is increasing. Runner Automobiles Limited plans to utilize the major portion of its IPO proceeds in expansionary project for development of new models of motorcycles in the range of 110 CC to 150 CC as well as development of existing 80 CC to 100 CC to capitalize on that demand. The project will be financed from IPO proceeds as well as through company's business generated income. Net proceeds from Initial Public Offering (IPO) will be used for Design, Development and R&D, Machinery for New Models, Die & Mold for New Models, Development of Existing 80CC/110CC, Workshop & QC Machinery, Repayment of Bank Loan, IPO Expenses.

Payback Period of the project is 3.30 years, Discounted Payback Period is 4.03 years and Internal Rate of Return is 22.40% which indicate a good financial performance in terms of early pay back and cost of borrowing perspective scenario.

## SECTION XXII : USE OF PROCEEDS

### (a) Use of net proceeds of the offer indicating the amount to be used for each purpose with head-wise break-up

The Company has plans to develop new series of two-wheelers in the range of 110cc to 150cc as well as development of existing 80cc to 150cc bike and also introduce Scooter series for local and international market which will be financed from IPO proceeds and company's business generated income. The Company plans to raise BDT 1,000 mn through IPO and utilize the IPO proceeds in the following manner:

Particulars	Estimated Amount (BDT)
Design, Development and R&D	147,000,000
Machinery for New Models	100,000,000
Die & Mold for New Models	205,000,000
Development of Existing 80CC/110CC	18,000,000
Workshop & QC Machinery	160,000,000
Repayment of Bank Loan	330,000,000
Estimated IPO Expenses	40,000,000
<b>Total</b>	<b>1,000,000,000</b>

Note: The estimated IPO expenses will be paid at actual and any adjustment will be made from repayment of bank loans

### Total Project Cost

Runner Automobiles Limited is planning to introduce some attractive models of two wheelers with concurrent design and style that goes with the users' choice. The new two wheelers will be the combination of Cruiser bikes, Street bike and Scooter Bike which ranges from 100cc to 150cc segments. The Company has already signed an agreement for production of high range product with UM International LLC, USA for local and international market. In order to reach that target, the company plans to revamp it's press shop with new dies and moulds for manufacturing new models. The introduction with these new models will enhance the quality of two wheelers to get a competitive edge in two wheelers market. Dies, moulds, new product design and machineries will be purchased from various countries and mostly from Europe, India, Korea and Japan. Presently RAL is sourcing its products design from single supplier for specific models from PRC and India. By implementing this project, the Company will be able to improve excellence for producing different components at its own plant which will reduce the risk of single supplier also help to reduce cost of material. The total project cost would be **BDT 787 mn**. The new design of motorcycles will be marketed **within 19 months of obtaining IPO proceeds** and the expansion through this project will increase the overall profitability of the company.

Particulars	Estimated Project Total Cost (BDT)	From IPO Proceeds (BDT)	From Own Finance (BDT)
1. Building & Civil Works	45,600,000	-	45,600,000
2. Design, Development and R & D	169,320,000	147,000,000	22,320,000
3. Machinery	104,995,000	100,000,000	4,995,000
4. Die & Mold	223,685,000	205,000,000	18,685,000
5. Development of Existing 80CC/110CC	20,459,500	18,000,000	2,459,500
6. Workshop & QC Machinery	220,946,000	160,000,000	60,946,000
7. Furniture & Fixtures	2,682,706	-	2,682,706
<b>Total</b>	<b>787,688,206</b>	<b>630,000,000</b>	<b>157,688,206</b>

## 1. Building & Civil Works [financed from own source]

Items of Building	Area/Sft	Rate / Sft (BDT)	Estimated Total Price (BDT)
Pre-Engineered Building-Basic Package for CKD Store /Warehouse Building	20,000	850	17,000,000
Material & Labor Cost for CKD Store/ Warehouse Building	20,000	310	6,200,000
Test Track for Bikes	10,000	750	7,500,000
Enclosed / Covered Engine Shop	8,000	500	4,000,000
Floor Painting of Engine Shop	8,000	50	400,000
Utility, Power Cables, Air & Water pipe Line	300	500	150,000
Enclosed Room for QC Standard Room	3,000	500	1,500,000
Utility, Power Cables, Air pipe Line	100	500	50,000
Machine Shop Utility, Power Cables, Air & Water Line	10,000	500	5,000,000
Floor Painting of Machine Shop	10,000	50	500,000
Other related cost	-	-	3,300,000
<b>Total</b>			<b>45,600,000</b>

## 2. Design, Development and R&D

USD/BDT - 83

Item Name	Source	Country	Qty	Est. Unit Price in USD	Estimated Total Price in USD	Estimated Total Price in BDT	Remarks/ Specification
Cost for 80CC/100CC & 110 CC (Existing)	InterTech, Giant Union	India, Europe & Taiwan	1	600,000	600,000	49,800,000	New Design of Antilock Braking System (ABS), Head Lamp, Fuel Tank
Cost for 100 CC (Vertical Engine)	InterTech, Giant Union	India, Europe & Taiwan	1	250,000	250,000	20,750,000	Engine development & Testing
Cost for 125 CC (Vertical Engine)	InterTech, Giant Union	India, Europe & Taiwan	1	300,000	300,000	24,900,000	Engine development & Testing
Cost for 150 CC (Vertical Engine)	InterTech, Giant Union	India, Europe & Taiwan	1	320,000	320,000	26,560,000	Engine development & Testing
Scooter Bike	InterTech, Giant Union	India, Europe & Taiwan	1	175,000	175,000	14,525,000	Engine development & Testing
Drawing Plotter	HP	India	1	20,000	20,000	1,660,000	Computerized embroidery machine to design, plot vector graphics.
3 D Printer	HP, Stratasys, Sindoh	India, USA & Korea	1	125,000	125,000	10,375,000	Liquid Resin 3D Printer SLA Large Printing Machine for Rapid Prototype
Design Software - Reverse Engineering, 3 D Model Generation, 2 D Drawings	3 D System, Dassault, System, Microsoft	India, Europe	1	100,000	100,000	8,300,000	-
Load Sensors	PCB Piezotronics	USA	1	150,000	150,000	12,450,000	Converts an input mechanical force into an electric output signal.
<b>Total</b>					<b>2,040,000</b>	<b>169,320,000</b>	

### 3. Machinery

USD/BDT – 83

Item Name	Brand	Country of Origin	Unit of Measure	Qty	Est. Unit Price in USD	Estimated Total Price in USD	Estimated Total Price in BDT
a. Press Shop Machinery	Iszec, Schuler	India, Europe	Lot	1	700,000	700,000	58,100,000
b. Welding Machinery	Weldronics	India	Lot	1	200,000	200,000	16,600,000
Lab Machinery & Literature	Mira Horiba	India, Europe, Japan	Lot	1	250,000	250,000	20,750,000
<b>Total</b>						<b>1,150,000</b>	<b>95,450,000</b>
Bank Charge, C&F, Transportation & Others							9,545,000
<b>Grand Total</b>							<b>104,995,000</b>

#### 3.1 Press Shop Machinery

Item Name	Model	Specifications	Unit	Est. Unit Price in USD	Estimated Total Price in USD
Straight-sided two-point mechanical press	JS2-400A	45 KW	1	235,500	235,500
C frame inclinable mechanical press	JH23-80	7.5 KW	2	70,000	140,000
C frame inclinable mechanical press	JH23-63	5.5 KW	2	50,000	100,000
Four-column hydraulic press	YH32-500D	45 KW	3	21,500	64,500
Four-column hydraulic press	YH32-315		2	50,000	100,000
CNC tube bending machine	CNC-35		3	20,000	60,000
<b>Subtotal</b>					<b>700,000</b>

#### 3.2 Welding Shop Machinery

Item Name	Model	Unit	Specification	Est. Unit Price in USD	Estimated Total Price in USD
Seam Welding machine	FN160Q	5	Speed: 200 dph, Forming time: 1-3.8m/min, Dimension: 2600*730*2100mm, Voltage: 380V	33,000	165,000
Spot welding machine	DN80G	6	Cylinder cell, Dimensions: L400*W560*H400mm, Voltage-220V, Output: 10KVA	3,400	20,400
MIG welding machine	NBC 350	9	Iron Panel, Power: 24.3 KV, Dimensions: 650*340*890	1,289	11,600
TIG welding machine	WSM-400	6	Pulsed TIG, Voltage: 220V, DC Motor, Power: 18 KVA, Dimension: 450*200*385.	500	3,000
<b>Subtotal</b>					<b>200,000</b>

### 4 Die & Mould

USD/BDT - 83

Item Name	Brand	Country	Qty	Est. Unit Price in USD	Estimated Total Price in USD	Estimated Total Price in BDT
Die/Mold for 80cc & 100CC (ABS Items & AI Castings)	Imould, InterTech	India, China, Taiwan	1 Lot	500,000	500,000	41,500,000
Die/Mold for 110CC (Sheet Metals, ABS Items & AI Castings)	Imould, InterTech	India, China, Taiwan	1 Lot	650,000	650,000	53,950,000
Die/Mold for 125CC (Sheet Metals, ABS Items & AI Castings)	Imould, InterTech	India, China, Taiwan	1 Lot	650,000	650,000	53,950,000
Die/Mold for 150CC (Sheet Metals, ABS Items & AI Castings)	Imould, InterTech	India, China, Taiwan	1 Lot	650,000	650,000	53,950,000
<b>Total Machinery value</b>						<b>203,350,000</b>
Bank Charge, C&F, Transportation & Others						20,335,000
<b>Grand Total</b>						<b>223,685,000</b>

## 5 Development of 80CC/110CC

USD/BDT - 83

Items	Unit of Measure	Qty	Est. Unit Price in USD	Estimated Total Price in USD	Estimated Total Price in BDT
Plastic Mould	Pcs	1	80,000	80,000	6,640,000
Lamps Mould	Pcs	1	75,000	75,000	6,225,000
Speedometers Mould	Pcs	1	20,000	20,000	1,660,000
Air Cleaner Mould	Pcs	1	10,000	10,000	830,000
Muffler Mould	Pcs	1	30,000	30,000	2,490,000
Rear Fork Mould	Pcs	1	5,000	5,000	415,000
Foot Feg Mould	Pcs	1	3,000	3,000	249,000
Carrier Mould	Pcs	1	2,500	2,500	207,500
Inner Plate of Fender Mould	Pcs	2	2,000	4,000	332,000
Protecting Wire Net	Pcs	2	3,500	7,000	581,000
Rear Fork Mould	Pcs	2	5,000	10,000	830,000
<b>Total</b>					<b>20,459,500</b>

## 6 Workshop Machines, QC Equipment & Logistic Fleets

USD/BDT - 83

Item Name	Brand	Country of origin	Unit of Measure	Qty	Est. Unit Price in USD	Estimated Total Price in USD	Estimated Total Price in BDT	Remarks/ Specification
VMC - 5 Axis (Cyl Head)	Grob, Doosan	Europe, S Korea	pcs	2	400,000	800,000	66,400,000	Motion control system, high-quality finishes often required in aerospace and die/mold applications.
Valve Seat Pressing Station (Cyl Head)	SPM Machines	India	pcs	1	40,000	40,000	3,320,000	Cutting system to create valve seats of any angle and minimizes tool pressures.
HMC(Horizontal Machining Centers) - 4 Axis with APC (Automatic Pallet Changer System)	LMT, Doosan	India, S Korea	pcs	3	90,000	270,000	22,410,000	MCC- and MCD-Series for large parts and molds made of steel and other hardened materials.
VMC (Vertical Machining Centers) - 4 Axis	LMT, Doosan	India, S Korea	pcs	4	80,000	320,000	26,560,000	Creating the parts and die/molds that matter with precision, accuracy, repeatability and surface finishes that virtually eliminate bench work.
Drill Tap Center	LMT, Doosan, Fanuc	India, S Korea	Set	4	60,000	240,000	19,920,000	Drilling, rigid tapping, precision milling with minor allowance on non-ferrous material like copper, aluminum or steel parts.
Engine Test Bench (50 cc ~	SAJ, CP Cireia, Horiba	India, Europe, Japan	Set	1	125,000	125,000	10,375,000	Load units supplied with control system, mounted on an anti-vibration chassis,



250 cc) with Gas Analyser								together with any motor trucks and quick-connection plates for fluid management.
Quality / Measuring Instruments & Equipment	Nickon, Carl Ziess, Mitotoyo	India, Europe, Japan	Set	1	350,000	350,000	29,050,000	Testing the bikes in brakes and weighing, Compression, leakdown, metal stuck to the drain plug with a user-friendly remote control handset to command the operation in digital display.
R&D Equipment Chassis Test Rig	Mira, AVL	India, Europe, Japan	Set	3	40,000	120,000	9,960,000	Modular chassis dynamometers controlled by CADET software on a single roll set.
Material Handling Equipment Bins & Trolleys	Runner	Bangladesh	Set	1	15,000	15,000	1,245,000	-
Chips, Scrap handling, Storage & Disposal	Runner	Bangladesh	Set	1	15,000	15,000	1,245,000	
Truck Fleet - 22 feet Long Truck	Runner	Bangladesh	Pcs	5	25,000	125,000	10,375,000	
<b>Total Value of machinery</b>						<b>2,420,000</b>	<b>200,860,000</b>	
Estimated bank charge							20,086,000	
<b>Total</b>							<b>220,946,000</b>	

## 7 Furniture & Fixtures [ financed from own source]

Items	Brand/Supplier	Unit of Measure	Qty	Est. Unit Price (BDT)	Estimated Total Price (BDT)
Half Secretarial Table	Alif Enterprise/ Apon Furniture/ Akter Furniture	Pcs	5	8,000	40,000
Revolving Chair –High back	Alif Enterprise/ Apon Furniture/ Akter Furniture	Pcs	2	22,500	45,000
Revolving Chair –Low back	Alif Enterprise/ Apon Furniture/ Akter Furniture	Pcs	10	6,000	60,000
Side Rack	Alif Enterprise/ Apon Furniture/ Akter Furniture	Pcs	2	5,500	11,000
Wooden Rack	Alif Enterprise/ Apon Furniture/ Akter Furniture	Pcs	2	15,000	30,000
Almira	Alif Enterprise/ Apon Furniture/ Akter Furniture	Pcs	10	25,000	250,000
Air Condition	Best Electronics/ Tiara Trading	Pcs	8	65,000	520,000
Drawing Racks	Akhtar Furnishers Ltd	Pcs	10	50,000	500,000
Documents Cup Board	Akhtar Furnishers Ltd	Pcs	10	40,000	400,000
Wooden Table with Top Glass	Akhtar Furnishers Ltd	Pcs	5	20,000	100,000
Computers Desktop - High End	HP, Dell	Pcs	5	40,000	200,000
Interior Decoration	Skelton Architect Ltd.				526,706
<b>Total</b>					<b>2,682,706</b>

**Repayment of Bank Loan**

SI No	Name of Bank	Name of Branch	Estimated Amount of loan to be Repaid
1	BRAC Bank Limited.	Head Office, Head of Corporate Banking	20,000,000
2	Eastern Bank Limited.	Area Head, Corporate Banking	130,000,000
3	Mercantile Bank Limited.	Karwan Bazar Branch, Dhaka	100,000,000
4	Standard Bank Limited.	Principal Branch	30,000,000
5	Al-Arafah Islami Bank Ltd.	New Elephant Road Branch, Dhaka	30,000,000
6	Dhaka Bank Ltd.	Local Office, Dhaka	20,000,000
<b>Total amount in BDT</b>			<b>330,000,000</b>

**(b) Where the sponsors' contribution or privately placed fund has been brought prior to the public issue and has already been deployed by the issuer, indication of use of such funds in the cash flow statement**

Runner Automobiles Limited raised BDT 326,088,000 through private placement prior to public issue vide BSEC's letter no. SEC/CI/CPLC-431/2013/464 dated September 21, 2015. The company utilized the fund in the following manner:

Particulars	Amount (BDT)
Investment in Fixed Deposit	100,000,000
Bank Loan Repayment	200,570,000
Advance & Prepayments	11,624,551
Investment in Securities	7,500,000
Balance at Mercantile Bank Limited A/C No - 110313115351633	6,393,449
<b>Total</b>	<b>326,088,000</b>

**Investment in Fixed Deposit**

Name of the Bank/FI	FDR No.	Amount	Indicate in cash flows statements
IDLC Finance Limited	12052208073802	100,000,000	FY 2015-16 : Cash flows from investing activities

**Bank Loan Repayment**

Name of the Bank/FI	Account No.	Amount	Indicate in cash flows statements
Eastern Bank Limited	1011060276627	27,500,000	FY 2015-16 : Cash flows from financing activities
Jamuna Bank Limited	021100714	57,590,000	
Basic Bank Limited	3116010000186	2,400,000	
EXIM Bank Limited	191110000993	7,100,000	
Al-Arafah Bank Limited	0161220000577	60,980,000	
Dhaka Bank Limited	2011751864	35,000,000	
BRAC Bank Limited	1501200130463001	10,000,000	
<b>Total</b>		<b>200,570,000</b>	

**Advance & Prepayments**

Particulars	Amount	Indicate in cash flows statements
Advance payment for showroom decoration	11,624,551	FY 2015-16 : Cash flows from investing activities

## Investment in Securities

Name of the Institution	Account No.	Amount	Indicate in cash flows statements
Trust Bank Investment Limited	T-2703	7,500,000	FY 2015-16 : Cash flows from investing activities

**(c) If one of the objects is an investment in a joint venture, a subsidiary, an associate or any acquisition, details of the form of investment, nature of benefit expected to accrue to the issuer as a result of the investment, brief description of business and financials of such venture**

The IPO proceeds will be utilized in loan repayment, IPO expenses and development of new models of motorcycles in the range of 110cc to 150cc as well as development of existing 80cc to 100cc The Company has no plan to invest the IPO proceeds in any subsidiary, associate, joint venture companies or any acquisition.

**(d) If IPO proceeds are not sufficient to complete the project, then source of additional fund must be mentioned. In this connection, copies of contract to meet the additional funds are required to be submitted to the Commission. The means and source of financing, including details of bridge loan or other financial arrangement, which may be repaid from the proceeds of the issue along with utilization of such funds**

The total project cost for will be BDT 787,688,206. Out of the total project cost, BDT 630,000,000 will be invested from IPO proceeds and rest amount will be invested from own financing.

**(e) A schedule mentioning the stages of implementation and utilization of funds received through public offer in a tabular form, progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, the approximate date of completion of the project and the projected date of full commercial operation etc. The schedule shall be signed by the Chief Executive Officer or Managing Director, Chief Financial Officer and Chairman on behalf of Board of Directors of the issuer**

The estimated IPO expenses will be paid time to time, as and when required. The tentative implementation schedule of the project is presented below:

Particulars	Progress Status	Approximate date of completion of the project	Projected date of full commercial operation
Civil Construction	After receiving the IPO proceeds	Within 9 months of obtaining IPO Proceeds	Within 19 months of obtaining IPO Proceeds
Completion of Design & Drawing of New Models		Within 5 months of obtaining IPO Proceeds	
LC opening for Imported Machinery		Within 5 months of obtaining IPO Proceeds	
LC opening for Die/Mould Manufacturing		Within 6 months of obtaining IPO Proceeds	
Completion of Die/Mould Manufacturing		Within 12 months of obtaining IPO Proceeds	
All Machinery/Die/Mould Arrival		Within 15 months of obtaining IPO Proceeds	
Completion of Machinery Erection		Within 16 months of obtaining IPO Proceeds	
Trial Production		Within 18 months of obtaining IPO Proceeds	
Start of commercial Production		Within 19 months of obtaining IPO Proceeds	
Loan Repayment	-	Within 3 months of obtaining IPO Proceeds	-
IPO Expenses (approximated)	-	At actual	-

Sd/-  
**Hafizur Rahman Khan**  
Chairman  
On behalf of Board of Directors  
Runner Automobiles Limited

Sd/-  
**Mukesh Sharma**  
Managing Director and CEO  
Runner Automobiles Limited

Sd/-  
**Muhammad Nazrul Islam FCA**  
Chief Financial Officer  
Runner Automobiles Limited

**(f) If there are contracts covering any of the activities of the issuer for which the proceeds of sale of securities are to be used, such as contracts for the purchase of land or contracts for the construction of buildings, the issuer shall disclose the terms of such contracts, and copies of the contracts shall be enclosed as annexure to the prospectus**

There are no contracts covering any of the activities of the issuer for which the proceeds of sale of securities are to be used.

**(g) If one of the objects of the issue is utilization of the issue proceeds for working capital, basis of estimation of working capital requirement along with the relevant assumptions, reasons for raising additional working capital substantiating the same with relevant facts and figures and also the reasons for financing short with long term investments and an item wise break-up of last three years working capital and next two years projection**

The company is not going to utilize its IPO proceeds in working capital.

**(h) Where the issuer proposes to undertake one or more activities like diversification, modernization, expansion, etc., the total project cost activity-wise or project wise, as the case may be;**

The company has planned to use its IPO proceeds in expansionary project. The company has planned to expand the project by developing civil construction, purchasing machineries which have been disclosed in Use of IPO proceeds and implementation schedule of this chapter.

**(i) Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phases, if any, which have already been implemented**

The company has planned to implement to project by using IPO proceeds after receiving the funds, which have been mentioned in projects Implementation schedule of this chapter.

**(j) The details of all existing or anticipated material transactions in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies**

There is no existing or anticipated material transaction in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies.

**(k) Summary of the project appraisal/ feasibility report by the relevant professional people with cost of the project and means of finance, weaknesses and threats, if any, as given in the appraisal/ feasibility report**

To  
The Managing Director  
Runner Automobiles Limited  
138/1 Tejgoan I/A, Dhaka

Date: 14<sup>th</sup> November 2017

Dear Sir,

I would like to submit the Business Case Feasibility Report of Investment amount of Taka 787.69 million which will be utilized for capital machineries procurement, buildings and development and furniture and fixture proposed to be financed through IPO process.

The proposed Project Investment Cost Payback period is 3.30 and Internal Rate of Return is 22.40% which indicate a good financial performance in terms of early pay back and cost of borrowing perspective scenario.

Best Regards,

Sd/-

**Md.Faruque Sikder, FCMA**  
Consultant & CEO  
Cost & Management Accountant's

## Summary of feasibility report

### Cost of the Project and Means of Finance

The total project cost would be BDT 787 mn. The new design of motorcycles will be marketed within 19 months of obtaining IPO proceeds and the expansion through this project will increase the overall profitability of the company.

Particulars	Estimated Project Total Cost (BDT)	From IPO Proceeds (BDT)	From Own Finance (BDT)
1. Building & Civil Works	45,600,000	-	45,600,000
2. Design, Development and R & D	169,320,000	147,000,000	22,320,000
3. Machinery for New Models	104,995,000	100,000,000	4,995,000
4. Die & Mold for New Models	223,685,000	205,000,000	18,685,000
5. Development of Existing 80CC/110CC	20,459,500	18,000,000	2,459,500
6. Workshop & QC Machinery	220,946,000	160,000,000	60,946,000
7. Furniture & Fixtures	2,682,706	-	2,682,706
<b>Total</b>	<b>787,688,206</b>	<b>630,000,000</b>	<b>157,688,206</b>

### Weaknesses and Threats

#### Weakness

- Not a global brand despite high volume production
- Absence in the premium bike segment
- Market is becoming more competitive

#### Threats

- Entry of international brands
- Other 2 Wheelers players have a strong brand
- Strong competition from Indian as well as International
- Dependency on overseas market for raw materials brands

### Financial Projection

#### Financial Evaluation

The profitability analysis of the project has been computed for five projected years of operation to assess the financial viability of the project. The financial projections that have been made include sales revenue, manufacturing expenses, other direct expenses, administrative expenses, marketing and financial expenses. The complete statement showing the results of the projections are shown in the Projected Income Statement in the following page. Assumptions in this regard are mentioned in the following section.

#### Assumptions underlying the Financial Projections:

The main assumptions on the basis of which the financial projections have been made are as follows:

- The project will operate 200 days in yearly capacity calculated considering single shift operation.
- Incremental 10% revenue will be generated by the result of the implementation of the project.
- Consumption of raw materials have been computed on the basis of standard requirement for standard proportion of the products. Normal process loss of the above mentioned materials has been considered.
- Price of raw materials and finished goods have been assumed to remain same throughout the projected years of operation with the assumption such that any increase in the price of raw materials would be offset by the corresponding increase in the price of finished goods.
- Sales price of the projects have been assumed on the basis of the prevailing price in the local market.
- Annual increment has been considered for calculating of wages and salaries. Moreover, two bonuses have been considered for the workers as well as employees.
- Cost of goods sold has been calculated on the basis of the previous year's actual cost.

- Raw materials, administrative and general overhead, marketing, distribution and promotional expenses and other costs will get about 10% cost benefit after implementation of the projects
- Depreciation has been charged on the reducing balance method at the rate of 10% to 20 % on Machinery and equipment and 10% to 20% on Furniture and fixtures.
- As per Govt. tax policy applied in the DSE and CSE listed company, 5% of corporate tax has been accounted for in operating profit. &

#### Profitability:

Based on the above projection, the earning forecast of the Company (as whole) reveals the following:

a) Profitability	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Sales	4,296	5,080	6,692	8,215	9,991
Gross Profit	1,274	1,505	1,985	2,442	3,132
Operating Profit	738	837	1,164	1,424	1,870
Net Profit before tax	449	518	702	847	1,167
Net Profit after tax	410	474	647	783	1,085
b) Profitability Ratio					
Gross Profit ratio	30%	30%	30%	30%	31%
Operating Profit ratio	17%	16%	17%	17%	19%
Net Profit before tax ratio	10%	10%	10%	10%	12%
Net Profit after tax ratio	10%	9%	10%	10%	11%

#### Payback Period:

The project promises to return back its total initial investment within very short time, the detailed calculations of which is as follows. The project payback period is **3.30 years**.

PAY BACK PERIOD					
	FY 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Cash inflow from incremental sales	42,682,184	49,239,026	66,675,692	80,474,828	120,703,681
Cash inflow from cost savings	133,578,860	148,215,407	262,843,395	280,065,637	349,083,815
<b>Total incremental Cash inflows</b>	<b>176,261,044</b>	<b>197,454,433</b>	<b>329,519,087</b>	<b>360,540,465</b>	<b>469,787,496</b>

Year	Cash Flows	Recovery of Initial Outlay		Payback Year
		Needed	Balance	
0	(787,688,206)	-		
1	176,261,044	787,688,206	611,427,162	1.00
2	197,454,433	611,427,162	413,972,729	1.00
3	329,519,087	413,972,729	84,453,642	1.00
4	360,540,465	84,453,642	-	0.30
		<b>Total Payback Years</b>		<b>3.30</b>

#### Net Present Value:

The future cash inflow and outflow of the project has been considered with the time value of money. The project will have a positive attractive **net present value of Tk. 257.34 million**.

## NET PRESENT VALUE (NPV) & INTERNAL RATE OF RETURN (IRR)

Year	Cash Flows	PV of Tk 1.00 @ 12%	PV of Cash flows	Cumulative PV of Cash Flow	Discounted Payback Year
0	(787,688,206)	1	(787,688,206)	(787,688,206)	
1	176,261,044	0.893	157,375,932	(630,312,274)	1.00
2	197,454,433	0.797	157,409,465	(472,902,809)	1.00
3	329,519,087	0.712	234,545,178	(238,357,631)	1.00
4	360,540,465	0.636	229,129,984	(9,227,648)	1.00
5	469,787,496	0.567	266,570,042	257,342,394	0.03
	<b>Net Present Value</b>		<b>257,342,394</b>		<b>4.03</b>

**Discounted Payback Year: 4.03 Years**

### Internal Rate of Return (IRR):

The internal rate of return has been computed following the discounted cash flow method, the detailed of which may be seen in *above exhibit*. The project promises an **Internal Rate of Return (IRR) of 22.40%**.

### Cash Flow

The projected cash flow indicates that the project will have comfortable fund generation from the beginning of the first operational year. The project will be able to meet all its operational expenses, repay its debt obligations provide substantial return to the sponsors and build an excellent reserve.

### Project Viability

On the basis of the above, it can be undoubtedly said that the project is financially viable, technically possible and demandable in present market scenario of Bangladesh.

### Conclusion

Within a short span of time the Runners Automobiles Ltd. has been able to make a strong market position. The company has delivered strong top line growth in the past with the help of their innovative and time demanding products, quality management and on ground sales employees.

The proposed capital expenditure is more of a necessity from RAL's perspective to cater to the demand from 2018 onwards. Although management have considered the own financing or Loan financing for machinery procurement and project implementation purpose.

Payback period is 3.30 years, Discounted Payback period is 4.03 years and Internal Rate of Return is 22.40% which indicate a good financial performance in terms of early pay back and cost of borrowing perspective scenario.

The automobiles sector by nature is less prone to negative impacts of economic cycles. Steady growth in income levels of consumers coupled with population growth and no drastic change in the demographics in the near future, we feel that the sector will enjoy significant growth in the near term. We believe there is enough scope in the market for Runners Automobiles Ltd. to achieve the projected results.

## SECTION XXIII : LOCK IN

### (a) Provisions for lock in as per these Rules;

Ordinary shares of the issuer shall be subject to lock-in, from the date of issuance of prospectus or commercial operation, whichever comes later, in the following manner:

- 1) All shares held, at the time of according consent to the public offer, by sponsors, directors and shareholders holding ten percent (10%) or more shares, other than alternative investment funds, for 03(three) years.
- 2) In case any existing sponsor or director of the issuer transfers any share to any person, other than existing shareholders, all shares held by those transferee shareholders, at the time of according consent to the public offer, for 03 (three) years.
- 3) Twenty five percent (25%) of the shares allotted to eligible investors, for 06 (six) months and other twenty five percent (25%) of the shares allotted to them, for 09 (nine) months.
- 4) All shares held by alternative investment funds, at the time of according consent to the public offer, for 01 (one) year.
- 5) All shares held, at the time of according consent to the public offer, by any person other than the persons mentioned in sub-rules (1), (2) and (3) above, for 01 (one) year.

Provided that ordinary shares converted from any other type of securities shall also be subject to lock-in as mentioned above.

### (b) Statement of securities to be locked in for each shareholder along with BO account number, lock-in period and number of securities to be locked-in

Sl. No.	Name	Designation	BO ID No.	Number of Shares	Pre IPO Percentage of Shareholding	Lock-in Period from date of Prospectus Issuance
1	Hafizur Rahman Khan	Chairman	1203680059525023	10,272,000	10.90%	3 years
2	Md. Mozammel Hossain	Director	1203680059521405	6,648,000	7.06%	3 years
3	Taslim Uddin Ahmed	Director	1203680059523265	2,580,000	2.74%	3 years
4	Mohammad Ali Deen	Director	1203680059525157	2,400,000	2.55%	3 years
5	Md. Jahurul Alam	Director	1203680059510596	3,000,000	3.18%	3 years
6	Brunner Frontier PE II (Mauritius) Limited	Shareholder	1602510062973280	26,956,521	28.62%	3 years
7	Md. Sairul Islam	Sponsor	1203680059521456	100,000	0.11%	3 years
8	Mohammad Nazim Uddin	Sponsor	1203680059525041	100,000	0.11%	3 years
9	Md. Ahsan Sayed	Sponsor	1203680059525173	750,000	0.80%	3 years
10	Rafiqul Islam Chowdhury	Sponsor	1203680059510611	1,200,000	1.27%	3 years
11	Sabrina Bari	Shareholder	1203680059525058	1,752,000	1.86%	1 year
12	Md. Anisur Rahman	Shareholder	1203680059523273	375,000	0.40%	1 year
13	Alhaj Imtiaz	Shareholder	1203680059510601	300,000	0.32%	1 year
14	Md. Rezaul Karim	Shareholder	1203680059510636	100,000	0.11%	1 year
15	Sankar Roy	Shareholder	1203680059521421	150,000	0.16%	1 year
16	Tofail Ahmed Chowdhury	Shareholder	1203680059521464	60,000	0.06%	1 year
17	Tofail Ahmed Choudhury & Jubair Raquib Chowdhury	Shareholder	1203680059525090	240,000	0.25%	1 year
18	Md. Mozammel Haque	Shareholder	1203680059521472	150,000	0.16%	1 year



Sl. No.	Name	Designation	BO ID No.	Number of Shares	Pre IPO Percentage of Shareholding	Lock-in Period from date of Prospectus Issuance
19	Syed Mokbar Ali	Shareholder	1203680059510628	40,000	0.04%	1 year
20	Mahafuza Begum	Shareholder	1203680059523230	1,308,000	1.39%	1 year
21	Amid Sakif Khan	Shareholder	1203680059525031	3,840,000	4.08%	3 years
22	Rudaba Tazin	Shareholder	1203680059525181	1,800,000	1.91%	3 years
23	Mahamud Al Nahian	Shareholder	1203680059523222	600,000	0.64%	3 years
24	Nawsheen Ishrat Promee	Shareholder	1203680059523206	1,395,000	1.48%	3 years
25	Md. Shamsul Alam	Shareholder	1203680059523257	100,000	0.11%	3 years
26	Sherin Akhter	Shareholder	1203680053875675	75,000	0.08%	1 year
27	Rokshana Yeasmin	Shareholder	1201610041069945	25,000	0.03%	1 year
28	4 You Clothing Limited	Shareholder	1602510060182191	200,000	0.21%	1 year
29	Md. Golam Mostafa	Shareholder	1202020059201161	50,000	0.05%	1 year
30	Humayun Kabir	Shareholder	1203680024057107	225,000	0.24%	1 year
31	Dr. Md. Abu Syed Tito	Shareholder	1203300000173662	400,000	0.42%	1 year
32	Saida Dil Afroz	Shareholder	1201900020422000	25,000	0.03%	1 year
33	Shanta Holdings Limited	Shareholder	1203490007707441	2,465,000	2.62%	1 year
34	Prime Bank Investment Limited. P086	Shareholder	1602110046848797	150,000	0.16%	1 year
35	Prime Bank Investment Limited. N491	Shareholder	1602110054529389	200,000	0.21%	1 year
36	Md. Abdul Karim	Shareholder	1204120026638616	5,000	0.01%	1 year
37	Asadullah Mahmud	Shareholder	1201730063180891	3,000	0.0032%	1 year
38	Nasima Akter Lata	Shareholder	1205700055599464	890,000	0.94%	1 year
39	Md. Sayadur Rahman	Shareholder	1204220000101539	50,000	0.05%	1 year
40	Mohammed Yeasin	Shareholder	1601880002280647	100,000	0.11%	1 year
41	Mahtab Uddin Ahmed	Shareholder	1202980015641263	100,000	0.11%	1 year
42	Farhat Tabassum	Shareholder	1203520059967853	25,000	0.03%	1 year
43	Farida Banu	Shareholder	1203300045081619	50,000	0.05%	1 year
44	H. 1. Technology and Properties Limited	Shareholder	1202020059525403	100,000	0.11%	1 year
45	Md. Salah Uddin	Shareholder	1202400058704295	2,500	0.0027%	1 year
46	Md. Azmal Hossain Chowdhury	Shareholder	1204100021477325	3,200	0.0034%	1 year
47	Ekhlasul Jannet	Shareholder	1203300043481106	302,700	0.32%	1 Year
48	Shafinaz Islam	Shareholder	1203300007721878	250,000	0.27%	1 Year
49	Md. Abdullah	Shareholder	1203300003677573	50,000	0.05%	1 Year
50	Md. Moazzem Hossain	Shareholder	1202420000688181	200,000	0.21%	1 Year
51	SAR Securities Limited	Shareholder	1201690000007607	100,000	0.11%	1 Year
52	Md. Rafiqul Islam	Shareholder	1201520000001578	100,000	0.11%	1 Year
53	Islami Bank Bangladesh Limited	Shareholder	1603700044716333	5,462,000	5.80%	1 Year
54	First Security Islami Capital & Investment Limited	Shareholder	1605140054136021	400,000	0.42%	1 Year
55	Premier Bank Limited	Shareholder	1204590020688076	4,080,000	4.33%	3 Years
56	United Commercial Bank Limited	Shareholder	1205590015459615	3,240,000	3.44%	3 Years
57	Md. Saydur Rahman	Shareholder	1202550062754323	50,000	0.05%	1 Year
58	Hajera Khanom	Shareholder	1202550062084488	50,000	0.05%	1 Year
59	Rekha Kundu	Shareholder	1201910062218441	40,000	0.04%	1 Year

Sl. No.	Name	Designation	BO ID No.	Number of Shares	Pre IPO Percentage of Shareholding	Lock-in Period from date of Prospectus Issuance
60	Indira Rani Kundu	Shareholder	1201910062216691	30,000	0.03%	1 Year
61	Mohammad Fakhru Alam	Shareholder	1205150062036961	70,000	0.07%	1 Year
62	Sadhan Kumar Kundu	Shareholder	1201910062218573	30,000	0.03%	1 Year
63	Md Lutfor Rahman	Shareholder	1203600013625030	70,000	0.07%	1 Year
64	Shikha Ghosh	Shareholder	1201750064437507	18,000	0.02%	1 Year
65	Alea Corporation	Shareholder	1205200062885987	1,300,000	1.38%	1 Year
66	Romana Rouf Chowdhury	Shareholder	1204490063810795	600,000	0.64%	1 Year
67	Manik Ahmed	Shareholder	1202140008557293	100,000	0.11%	1 Year
68	SRP Trading	Shareholder	1201500063883674	500,000	0.53%	3 Years
69	beliv IT	Shareholder	1203680063917102	500,000	0.53%	3 Years
70	Credence First Growth Fund	Shareholder	1604580062906208	200,000	0.21%	1 Year
71	Md. Zakir Hossain	Shareholder	1204280020398371	1,000,000	1.06%	3 Years
72	Md. Delowar Hussain	Shareholder	1204280063912781	50,000	0.05%	3 Years
73	Shamsun Nahar	Shareholder	1204280058572439	50,000	0.05%	3 Years
74	Prilink Securities Limited	Shareholder	1203300005828888	800,000	0.85%	3 Years
75	Mohammad Saidul Hoque	Shareholder	1602510062579341	500,000	0.53%	1 Year
76	Uttara Finance and Investments Limited	Shareholder	1203770012801322	1,000,000	1.06%	1 Year
77	ERP Consultants BD Ltd	Shareholder	1201510064941620	1,700,000	1.80%	3 Years
	<b>Total</b>			<b>94,202,921</b>	<b>100%</b>	

## **SECTION XXIV : MARKETS FOR THE SECURITIES BEING OFFERED**

The issuer shall apply to all the relevant exchanges in Bangladesh with 7 (seven) working days from the date of consent accorded by the Commission to issue prospectus.

The issuer will apply at:

**Dhaka Stock Exchange Limited**

Stock Exchange Building, 9/E, Motijheel C/A, Dhaka 1000

**Chittagong Stock Exchange Limited**

CSE Building, 1080, Sheikh Mujib Road, Chittagong 4100

### **Declaration about listing of shares with Stock Exchange(s)**

None of the stock exchange(s), if for any reason, grants listing within seventy five (75) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said seventy five (75) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen (15) days, the company's directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (Two Percent) per month above the bank rate, to the subscribers concerned.

The Issue Manager, in addition to the Issuer Company, shall ensure due compliance of the above mentioned conditions and submit compliance report, thereon, to the Commission within seven (7) days of expiry of the aforesaid fifteen (15) days time period allowed for refund of the subscription money.

### **Trading and Settlement**

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the company.

The issue shall be placed in Category "N" with DSE and CSE.

## **SECTION XXV : DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED**

The Company has issued ordinary shares to the Subscribers to the Memorandum and other shareholders from time to time which has been disclosed in the Section XIII "OWNERSHIP OF THE COMPANY'S SECURITIES".

### **a) Dividend, Voting, Preemption Rights**

The share capital of the company is divided into ordinary shares and is eligible to receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the company. All Shareholders shall have the usual voting right in person or by proxy or power of attorney in connection with, among others, selection of Directors and Auditors and other usual General Meeting whether ordinary or extraordinary. On a show of hands every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her. In case of any additional issue of shares for raising further capital, the existing shareholders shall be entitled in terms of the guidelines issued by BSEC time to time.

### **b) Conversion and Liquidation Rights**

If the Company at any time issues convertible preferences shares or debentures with the consent of BSEC or/and other regulatory authority, such holders of securities shall be entitled to convert such securities into ordinary shares if it is so determined by the Company.

In terms of the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant rules in force, the shares, if any, of the company are freely transferable. The company shall not charge any fee for registering transfer of bonds. No transfer shall be made to firms, minors or persons of unsound mind.

### **c) Dividend Policy**

1. The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the shares held by them respectively.
2. The Company in General Meeting may declare dividend to be paid to the members according to their rights and interests in the profits and may fix the time of payment. But no larger dividend shall be declared than is recommended by the Directors, but the Company at its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net profit of the company shall be conclusive.
3. No dividend shall be payable except out of profits of the company or any other undistributed profits. Dividend shall not carry interest as against the Company.
4. The Directors may, from time to time, pay the members, such interim dividend, as in their judgment, the financial position of the Company may justify.
5. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
6. There is no limitation on payment of dividends to common stockholders.

### **d) Other Rights of the Shareholders**

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the law and Bangladesh Accounting Standards (BAS). Financial Statements will be prepared in accordance with the Bangladesh Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and Bangladesh Accounting Standard to the shareholders regarding the financial and operational position of the Company.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it, in proportion to their shareholdings, on the date of book closure for the purpose.

The shareholder holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the company as provided under Section 84 of the Companies Act, 1994.

## **SECTION XXVI : FINANCIAL STATEMENTS**

- (a) Consolidated & Standalone Audited Financial Statements of Runner Automobiles Limited for the years ended June 30, 2017
- (b) Information as is required under section 186 of the Companies Act 1994 relating to holding company for the years ended June 30, 2017
- (c) Selected ratios as specified in Annexure D
- (d) Auditors report under Section 135(1), Para 24(1) of Part II of Schedule III of the Companies Act 1994

**Audited Consolidated Financial Statements**  
**of**  
**Runner Automobiles Limited**  
*For the year ended 30 June 2017*

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RUNNER AUTOMOBILES LIMITED**

### **Report on consolidated financial statements**

We have audited the accompanying consolidated financial statements of Runner Automobiles Limited and its subsidiaries (the "Group") which comprise the consolidated statement of financial position (balance sheet) as at 30 June 2017, and the related consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 30 June 2017 and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2017 and of its financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS).

### **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:

- 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 account as required by law have been kept by the Group so far as it appeared from our examination of those books;
- c) the Group's balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred were for the purpose of the Group's business.

Dhaka, 26 October 2017

**Sd/-**  
**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

**Runner Automobiles Ltd.**  
**Consolidated Statement of Financial Position**  
*As at 30 June 2017*

	Notes	Amount in Taka	
		30-Jun-17	30-Jun-16 Restated
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	3	4,020,040,263	3,938,438,710
Intangible assets	4	1,100,000	-
Capital Work in progress	5	152,732,456	199,941,872
Investment in subsidiaries & associates	6	59,734,663	58,101,823
Trade receivables	7	2,556,693,894	2,482,677,648
		<b>6,790,301,276</b>	<b>6,679,160,053</b>
<b>Current assets</b>			
Inventories	8	1,279,606,414	1,097,045,455
Trade receivables	9	2,941,160,370	2,413,690,676
Short term investment	10	1,007,391,022	999,921,119
Advances, deposits and prepayments	11	1,145,247,291	985,928,197
Related party receivables	12	115,527,371	106,374,373
Other receivables	13	79,136,968	107,378,822
Cash and cash equivalents	14	442,030,688	109,682,050
<b>Total current assets</b>		<b>7,010,100,124</b>	<b>5,820,020,692</b>
<b>TOTAL ASSETS</b>		<b>13,800,401,400</b>	<b>12,499,180,745</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to ordinary shareholders of the Parent entity</b>			
Share capital	15	942,029,210	942,029,210
Share premium	16	1,169,832,705	1,169,832,705
Revaluation reserve	17	1,296,026,303	1,297,972,923
Retained earnings	18	1,839,030,512	1,533,764,173
<b>Total equity attributable to the Parent entity's shareholders</b>		<b>5,246,918,730</b>	<b>4,943,599,011</b>
Non controlling interest	19	839,441,656	769,971,686
<b>Total equity</b>		<b>6,086,360,386</b>	<b>5,713,570,696</b>
<b>Non current liabilities</b>			
Long term loan net off current portion	20	2,364,097,436	1,934,841,034
Finance lease net off current portion	20.1	-	1,249,875
Net deferred tax liability	21	103,266,236	91,900,672
		<b>2,467,363,672</b>	<b>2,027,991,581</b>
<b>Current liabilities</b>			
Trade payables	22	266,548,090	153,976,698
Short term loan from banks	23	2,969,580,926	2,575,417,542
Current portion of long term loan	24	1,221,764,343	1,014,631,447
Current portion of finance lease	25	731,746	1,825,980
Provision for income tax	26	254,216,512	589,707,760
Provision for WPPF and welfare fund	27	111,228,128	81,649,106
Liabilities for expenses and other provision	28	422,607,597	340,409,935
<b>Total current liabilities</b>		<b>5,246,677,342</b>	<b>4,757,618,468</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,800,401,400</b>	<b>12,499,180,745</b>

The annexed notes form an integral part of these financial statements

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

See annexed auditor's report to the shareholders of even date

Sd/-  
Hoda Vasi Chodhury & Co.  
Chartered Accountants

Dhaka, 26 October 2017



**Runner Automobiles Ltd.**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*For the year ended 30 June 2017*

	Notes	Amount in Taka	
		2016 - 17	2015 - 16 Restated
Revenue	29	6,494,673,830	5,164,999,397
Cost of sales	30	(4,845,959,645)	(3,824,348,503)
<b>Gross profit</b>		<b>1,648,714,185</b>	<b>1,340,650,895</b>
<b>Operating expenses</b>		<b>(768,686,382)</b>	<b>(571,484,217)</b>
Administrative expenses	31	(184,898,660)	(144,543,686)
Selling and distribution expenses	32	(583,787,722)	(426,940,531)
<b>Operating profit</b>		<b>880,027,803</b>	<b>769,166,678</b>
Financial expenses	33	(385,425,765)	(291,219,500)
Other income	34	93,926,826	80,406,964
<b>Net profit before WPPF</b>		<b>588,528,863</b>	<b>558,354,142</b>
Provision for contribution to WPPF & welfare fund	35	(29,579,022)	(26,616,775)
<b>Net profit before income tax &amp; Share of profit from associates</b>		<b>558,949,841</b>	<b>531,737,367</b>
Share of profit from associates		1,632,840	1,481,823
<b>Net profit before income tax</b>		<b>560,582,681</b>	<b>533,219,190</b>
<b>Income tax expenses</b>		<b>(167,092,993)</b>	<b>(169,448,016)</b>
Current tax	36	(155,727,429)	(178,312,979)
Deferred tax expenses	21.2	(11,365,564)	(1,432,855)
Deferred tax benefits	21.2	-	10,297,817
<b>Net profit after tax</b>		<b>393,489,689</b>	<b>363,771,173</b>
<b>Other comprehensive income</b>	37	-	-
<b>Total comprehensive income</b>		<b>393,489,689</b>	<b>363,771,173</b>
<b>Net Profit for the period attributable to</b>			
Equityholders of the Parent entity		303,319,719	252,463,357
Non-controlling interest		90,169,970	111,307,816
		<b>393,489,689</b>	<b>363,771,173</b>
<b>Total comprehensive income attributable to</b>			
Equityholders of the Parent entity		303,319,719	252,463,357
Non-controlling interest		90,169,970	111,307,816
		<b>393,489,689</b>	<b>363,771,173</b>
<b>Earnings per share</b>	38	<b>3.22</b>	<b>2.78</b>

The annexed notes form an integral part of these financial statements

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

See annexed auditor's report to the shareholders of even date

Dhaka, 26 October 2017

Sd/-  
Hoda Vasi Chodhury & Co.  
Chartered Accountants

**Runner Automobiles Ltd.**  
**Consolidated Statement of Cash Flows**  
*For the year ended 30 June 2017*

	Amount in Taka	
	2016-17	2015-16 Restated
<b>Cash flows from operating activities</b>		
Receipt from customers and dealers	5,900,665,125	4,406,842,479
Payment to suppliers and employees	(5,652,652,400)	(4,134,667,685)
<b>Cash generated / (used) for operating activities</b>	<b>248,012,725</b>	<b>272,174,793</b>
Income tax paid	(175,909,356)	(124,357,566)
<b>Net cash from operating activities</b>	<b>72,103,369</b>	<b>147,817,228</b>
<b>Cash flows from investing activities</b>		
Net Proceeds from sale /(purchase) of financial assets	(7,470,904)	(188,873,754)
Receipt from investment income	95,225,953	73,376,125
Receipts/ Payment to related parties	(9,152,999)	5,802,368
Investment in subsidiaries / associates	-	(47,113,500)
Payment for Property, Plant and Equipment	(352,399,266)	(281,451,594)
Proceeds from disposal of Property, Plant and Equipment	78,539	1,724,638
Capital Work in process	(73,309,756)	-
Dividend income	2,328,445	265,338
<b>Net cash used in investing activities</b>	<b>(344,699,987)</b>	<b>(436,270,380)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity instrument	-	326,088,000
Dividends Paid	(18,240,000)	-
Proceeds from borrowings	6,618,853,598	3,395,829,538
<i>Repayments of Borrowings</i>		
Principal	(5,590,645,027)	(3,069,997,335)
Finance cost (note - 2.7)	(405,023,314)	(366,330,636)
<b>Net cash from / (used) in financing activities</b>	<b>604,945,257</b>	<b>285,589,568</b>
<b>Net increase/(decrease) in cash and cash equivalents for the year</b>	<b>332,348,638</b>	<b>(2,863,585)</b>
Cash and cash equivalents at the beginning of the year	109,682,050	112,545,635
<b>Cash and cash equivalents at the end of the year</b>	<b>442,030,688</b>	<b>109,682,050</b>

The annexed notes form an integral part of these financial statements

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

**Runner Automobiles Ltd.**  
**Consolidated Statement of Changes in Equity**

Amount in Taka

Particulars	Share Capital	Share Premium	Revaluation Surplus	Non Controlling Interest	Retained Earnings	Total
<b>Balance as on 01 July 2015</b>	<b>652,173,910</b>	<b>916,208,705</b>	<b>1,299,028,055</b>	<b>658,663,869</b>	<b>1,495,874,440</b>	<b>5,021,948,979</b>
Net profit for the year				110,739,834	251,549,517	362,289,351
Issuance of bonus share	217,391,300				(217,391,300)	-
Issuance of Placement share	72,464,000	253,624,000				326,088,000
Realization of revaluation reserve through depreciation charge			(1,055,132)		1,055,132	-
Excess provision adjusted with refund (as per refund order)					1,762,544	1,762,544
<b>Balance as on 30 June 2016</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,297,972,923</b>	<b>769,403,703</b>	<b>1,532,850,333</b>	<b>5,712,088,874</b>
Share of profit from association (restated)				567,983	913,840	1,481,823
<b>Balance as on 01 July 2016</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,297,972,923</b>	<b>769,971,686</b>	<b>1,533,764,173</b>	<b>5,713,570,696</b>
Net profit for the year				90,169,970	303,319,719	393,489,689
Payment of dividend				(20,700,000)	-	(20,700,000)
Realization of revaluation reserve through depreciation charge			(1,946,620)		1,946,620	-
<b>Balance as on 30 June 2017</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,296,026,303</b>	<b>839,441,656</b>	<b>1,839,030,512</b>	<b>6,086,360,386</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

# **Runner Automobiles Limited**

## **Notes to the Consolidated Financial Statements**

As at and for the year ended 30 June 2017

### **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 address of the Company's registered office and Head Office is 138/1 Tejgaon Industrial Area, Dhaka-1208, 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. The Company was converted into a public limited company on January 26, 2012 under the Companies Act 1994.

#### **1.2 Nature of the business**

##### ***Runner Automobiles Limited***

RAL is the flagship Company of Runner Group with principal activities to manufacture motorcycles. The Company has approximately 691 employees. In the past 17 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 06 series of motorcycles ranging from 50 cc to 150 cc, and about 15 models of motorcycles & two model of three-wheeler (limited quantity).

During the year BAJAJ Autos Ltd. of India appointed RAL as a distributor for famous BAJAJ RE brand (LPG, Diesel, Passenger and Cargo) 3W in Bangladesh. Since incorporation, the Company organizing its dealer network and well covered service supports countrywide.

At present, RAL has more than 80 active dealers and over 230 sales centers run by trained dealer staff along with own twenty-one operational showrooms. Runner Automobiles Ltd. is selling the highest quantity of motorcycles in the domestic and overseas market as a manufacturer in Bangladesh.

##### ***Runner Motors Ltd***

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 15,494 EICHER trucks and pickups in Bangladesh up to June 2017.

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.

### ***Runner Electronics Limited***

Runner Electronics Ltd started its operation in 2005 and incorporated under the Companies Act 1994 on 17th February, 2005 vide registration no. C-56029(2712)/05. Initially it was engaged with dealing of electronics and household appliances. Now the Company is dormant and in the process of liquidation.

## **2.0 Basis of preparation**

### **2.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), 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 BFRS 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 26 October 2017.

### **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. Consolidated Financial statements have been prepared for the year ended 30 June 2017 & 30 June 2016. RAL gained controlled on Runner Motors Ltd effective on 01 July 2013 and Freedom Motors 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 loss are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment

**2.4 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. 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.

**2.5 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.

**2.6 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.

**2.7 Statement of Cash flows**

Statement of cash flows has been prepared as per BAS 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 (including TDS) and other investing income are considered as returns on investments and hence included as part of investing cash flows.

**2.8 Use of estimates and judgments**

The preparation of financial statements in conformity with BFRS 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.

## **2.9 Comparatives and reclassification**

Comparative information has been disclosed for the year 2015-2016 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 2015-2016 have been rearranged wherever considered necessary to ensure comparability with the current year.

Comparative information has been restated to incorporate Equity method accounting for the associate of Runner Motors Ltd. named Runner Terra EV Ltd.

## **2.10 Reporting period**

These financial statements covered the reporting period of one year commencing from 01 July 2016 to 30 June 2017 along with the related comparative information for the period 1 July 2015 to 30 June 2016 as mentioned above in note 2.9.

## **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.

## **2.11 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 addition commencing from the date of acquisition and depreciation is charged on disposal item up to the date of disposal. The annual rates of depreciation are as follows.

<u>Assets</u>	<u>Rates (%)</u>
Land and land development	Nil
Plant and Machinery	10%-20%
Motor Vehicle	20%
Furniture and Fixtures	10%-20%
Office Equipment's	10%-20%
Buildings and Other Construction	2.5%-5%
Computer & Accessories	15%-30%

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

**d. Capital work in progress**

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

**e. Revaluation of Property, plant and equipment**

The revaluation of the Company's assets was made on 31 December, 2010 and 2014 by the Rahman Rahman Huq, a Chartered Accountants firm in Bangladesh and a member of the KPMG. The valuation has been made to reflect the fair value of its assets. As per report of revolution, 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. The previous valuation was done as at 31 December 2010 and since the final valuation report was received on 28 January



2013, the related valuation adjustment has been recorded in the financial statements for the year ended 31 December 2011.

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 Leases**

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the entity separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

### **a. Finance Lease**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

### **b. Operating lease**

Leases that are not finance lease are considered as operating leases and the leased assets are not recognized in the Group's statement of financial position. Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

## **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 BAS-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 short term loan, 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 BAS-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 Provident Fund for all permanent employees at which both the Group and employees contribute @ 10% 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. The Group is in the process of setting up Trust to manage and distribution of WPPF. As this trust is not established the undistributed amount of WPPF is shown as liability.

## **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 and VAT**

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 dividends and other income.

As per SRO No-186-LAW/2009, Date- 01.07.2009 and NBR order no-08.01.0000.034.046.12-281 (2) Date- 12.06.2012 applicable Income Tax rate for the Company is 5% of business income (wef. 15/03/2008 to 24/03/2020), instead of the normal income tax rate of 35% (2015: 35%). The applicable tax rate for RML and other entities of the Group are 35% (2015: 35%).

### **Deferred tax:**

Deferred tax is recognized in compliance with BAS 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:**

RAL has paid VAT on import and production of motorcycle by complying with related rules and regulations for the year ended 30 June 2017 which was exempted by the NBR for the period 30 June 2014 to 30 June 2016 through NBR nothi no: 6(3) VAT Act & Rule/2011/145, dated: 19/03/2014.

## **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.

### **a. Financial assets**

The Group initially recognizes loans and 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.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale financial assets.

### **i. 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 Group manages such investment and makes purchase or sale decisions based on their fair value in accordance with the Group'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.

### **ii. Held to maturity**

If the Group has the positive intent and ability to hold debt securities to maturity then such financial assets are classified as held to maturity. These assets are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

### **iii. Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost.

### **iv. Available-for-sale**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exists. Cumulative gain/losses recognized in the other comprehensive income are reclassified from equity to profit or loss upon de recognition.

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 uncollectibility of any amount so recognized.

**(iii) Investments**

Investment in listed securities is measured at fair value on portfolio basis. Considering the significant and prolonged decline in price of listed shares hold by the Group, such 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, except investment in one subsidiary which is in the process liquidation. 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 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.

**2.21 Equity Instruments**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as expenses. Paid-up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company.

**2.22 Revenue**

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

The timing of the transfer of risk and rewards depends on the individual terms of the sales agreement.

Consolidated revenue includes combined revenue of RAL, RML and FML for the year ended 30 June 2017.

### **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 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 FIs against terms loans.

### **2.24 Finance income**

RAL: Interest income on bank deposits are recognized on accrual basis and excludes interest of Tk. 30,737,985 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. 462,221,258 (2015-16: Tk. 369,927,267) received on credit sales which are netted off against related borrowing costs.

### **2.25 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 -38 to the Financial Statements).

No diluted earnings per share is 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**

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

**Objective evidence that financial assets are impaired includes:**

- Default or delinquency by a debtor;
- Restructuring of an amount due to the company on terms that the company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security; or
- Observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

**Non-financial assets**

The carrying amounts of the Group's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an 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 Measurement of fair values**

When measuring the fair value of an asset or 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 and 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: Input for the assets or liabilities that are not based on observable market data. If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**Property, plant and equipment**

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

**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.

## **2.29 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. 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.

## **2.30 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, 2016 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 2017 and earlier application is permitted; however, the Group has not early applied these new or amended standards in preparing these consolidated financial statements.



	<u>30-Jun-17</u>	<u>30-Jun-16</u>
<b>3 Property, plant and equipment</b>		
Details of property, plant and equipment and depreciation as of 30 June 2017 are shown in the <b>Annexure-I</b> . The break up of the balance are as below:		
<b>Property, plant and equipment-at costs</b>		
Opening balance	4,349,394,974	4,259,525,099
Addition during the year	166,620,151	108,980,549
Adjustment for sale/transfer	(177,296)	(19,110,673)
<b>Closing Balance</b>	<b>4,515,837,829</b>	<b>4,349,394,974</b>
<b>Accumulated Depreciation:</b>		
Opening Balance	410,956,264	327,433,214
Charged during the year	79,850,799	80,085,956
Depreciation on revaluation	5,089,260	4,432,747
Adjustment for sale/transfer	(98,757)	(995,652)
<b>Closing Balance</b>	<b>495,797,566</b>	<b>410,956,264</b>
<b>Written Down Value</b>	<b>4,020,040,263</b>	<b>3,938,438,710</b>
Some of the above assets of the Group are kept as security for loans and borrowings from different banks and Fis.		

**4 Intangible assets**  
During the period RAL has implemented software and mobile application for Human Resources Division which recognized as intangible assets. Commercial operation of that assets started from end of June'17 and depreciation will charge accordingly.

<b>5 Capital Work in progress</b>		
Three wheeler project (note: 5.1)	-	137,597,660
ERP software	34,197,332	26,841,165
Factory development	7,980,604	3,347,303
Showroom, Land and other development	110,554,520	32,155,744
	<b>152,732,456</b>	<b>199,941,872</b>

**5.1** Commercial operation of "Three Wheeler Project" to develop and manufacture three wheeler vehicle for selling all over Bangladesh has been started from June 2017 and these amounts allocated various account head and depreciation would started.

<b>6 Investment in subsidiary / Associate</b>	<b>Share Holding Percentage</b>		
Runner Motors Ltd. (RML)	61.67%	138,750,000	138,750,000
Freedom Motors Ltd. (FML)	99.99%	6,854,000	6,854,000
Runner Electronics Ltd. (REL) *	83.28%	7,620,000	7,620,000
Runner Terra EV Ltd (RTL) **	49.00%	49,000,000	49,000,000
		<b>202,224,000</b>	<b>202,224,000</b>
Investment in RML and FML adjusted with Consolidation		(145,604,000)	(145,604,000)
Share of profit from associates (RTL)		3,114,663	1,481,823
		<b>59,734,663</b>	<b>58,101,823</b>

\* Full provision has been made for investment in Runner Electronics Ltd. of Tk. 76,20,000 which is under the process of winding up effective from 31 October 2013.

\*\* Runner Motors Ltd. has invested in Runner Terra EV Ltd (RTL) which is a private limited company incorporated on 11 June 2015 with the Registrar of Joint Stock Companies and firms under the Companies Act, (Act XVIII) 1994 vide Certificate of Incorporation No. C-123662/2015. RTL has its registered office at 138/1, Tejgaon Industrial Area, Dhaka-1208. The Authorized Share Capital of RTL is Tk 300,000,000 divided into 30,000,000 ordinary shares of Tk 10 each. The Paid up Share Capital is Tk 3,850,000 of which Terra Motors Corporation hold 51% equal to 196,350 shares and Runner Motors Ltd holds 49% equal to 188,650 shares. Equity method accounting has been applied based on audited financial statements of RTL in these consolidated financial statements and the comparative statements has been restated accordingly.

	30-Jun-17	30-Jun-16
<b>7</b>		
<b>Accounts receivables non current portion</b>		
Receivables non current portion (due after 365 days as stated in note 9)	<b>2,556,693,894</b>	<b>2,482,677,648</b>
<b>8</b>		
<b>Inventories</b>		
Raw Materials*	385,800,104	305,673,174
Work-in-Progress	8,636,139	23,716,662
Finished Goods **	700,081,441	652,453,060
Material in transit ***	185,088,729	115,202,561
<b>Total</b>	<b>1,279,606,414</b>	<b>1,097,045,455</b>

\* Details breakup 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.

\*\*\*All material in transit subsequently received.

**\*\*Runner Automobiles Ltd.**

Finished Stock	30-Jun-17	30-Jun-16
50 CC Motor Cycle	222,046	4,024,990
80 CC Motor Cycle	31,584,176	19,169,860
100 CC Motor Cycle	32,898,603	3,179,017
110 CC Motor Cycle	36,076,682	14,820,824
125 CC Motor Cycle	9,181,946	65,972
135 CC Motor Cycle	99,456	217,317
150 CC Motor Cycle	14,159,962	1,846,135
Three Wheeler	24,695,604	4,607,933
<b>Total:</b>	<b>148,918,475</b>	<b>47,932,048</b>

Total quantity of finished goods for two wheeler is 2,297 and three wheeler is 85 units

**\*\*Runner Motors Limited**

Particulars	30-Jun-17	30-Jun-16
Finished Goods	551,162,967	604,521,011
<b>Total:</b>	<b>551,162,967</b>	<b>604,521,011</b>

Total quantity of finished goods is 478 units

Some of inventories are hypothecated with various banks to secure loans and borrowings by the Group.

<b>9</b>		
<b>Trade receivables</b>		
Accounts receivable	2,877,512,386	2,314,425,657
Sundry dealer receivable	63,647,984	99,265,019
<b>Total</b>	<b>2,941,160,370</b>	<b>2,413,690,676</b>

**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	745,715,283	908,401,789
60-120 days	211,372,704	210,197,161
120 -365 days	267,542,664	67,110,680
	<b>1,224,630,651</b>	<b>1,185,709,630</b>
Due after 365 days	15,668,944	28,761,720
	<b>1,240,299,595</b>	<b>1,214,471,350</b>

**Ageing of trade and other receivables of Runner Motors Limited**

0-90 days	465,843,092	306,739,491
90-180 days	449,392,860	230,054,618
Over 181-365 days	801,293,766	690,163,855
	<b>1,716,529,719</b>	<b>1,226,957,964</b>
Due after 365 days	2,540,001,868	2,453,915,928
	<b>4,256,531,587</b>	<b>3,680,873,892</b>

**Ageing of trade and other receivables of Freedom Motors Ltd.**

Due after 365 days	1,023,082	1,023,082
	<b>1,023,082</b>	<b>1,023,082</b>

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 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 but not yet identified.

	30-Jun-17	30-Jun-16
<b>10 Short term investments</b>		
Shares in listed companies (note - 10.1)	49,031,849	38,181,156
Fixed deposit with banks and FIs (note - 10.2)	958,359,173	961,739,962
<b>Total</b>	<b>1,007,391,022</b>	<b>999,921,119</b>
<b>10.1 Shares in listed companies</b>		
Marketable securities : Cost price	10,691,046	41,930,464
Unrealized loss on marketable securities	(2,046,356)	(6,696,984)
<b>Closing balance</b>	<b>8,644,690</b>	<b>35,233,480</b>
Beneficiary owners (B.O) investment current A/C	40,387,160	2,947,677
	<b>49,031,849</b>	<b>38,181,156</b>
<b>Details Shown in annexure II</b>		
<b>10.2 Fixed deposit with banks and FIs</b>		
Al Arafah Islami Bank Ltd.	165,634,179	155,410,162
BRAC Bank Ltd.	75,868,815	56,162,939
Export Import Bank of Bangladesh Ltd.	84,761,427	176,942,753
Jamuna Bank Ltd.	77,331,349	73,715,772
National Bank Ltd.	1,997,534	1,837,234
Agrani Bank Limited	-	91,683,739
AB Bank Ltd.	8,879,003	5,199,640
BD Finance Ltd	53,327,986	20,000,000
FAS Finance & Investment Ltd.	2,926,647	5,044,500
IDLC Finance Limited	7,837,131	106,743,750
Mutual Trust Bank Ltd	2,000,000	-
Industrial and Infrastructure Development Finance Company Ltd.	50,000,000	-
Lanka Bangla Finance Ltd	54,245,966	-
Reliance Finance Ltd.	-	10,000,000
Intenational Leasing & Financial Service Ltd.	-	20,000,000
Industrial Promotion and Development Com. of Bangladesh Ltd.	25,033,667	10,450,629
Mercantile Bank Limited	69,931,478	66,220,412
NCC Bank Ltd	20,935,401	-
NRBC Bank Ltd	19,017,706	-
One Bank Limited	38,319,386	11,644,138
Pubali Bank Limited	15,857,503	15,077,378
Shahajalal Islami Bank Ltd	15,709,561	27,325,040
Standard Bank Limited	63,784,311	32,683,177
Trust Bank Ltd	20,621,649	-
United Commercial Bank Limited	38,987,660	36,665,143
United Finance Company Ltd.	45,350,814	38,933,556
	<b>958,359,173</b>	<b>961,739,962</b>
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 hypothicated to secure the Group's borrowings.		
<b>11 Advances, deposits and prepayments</b>		
<b>Advances</b>		
Advance Income Tax (note-11.1)	209,628,261	500,323,299
Advance paid for marketing and selling expenses	11,229,442	9,592,636
Advance paid for showroom decoration	90,554,084	79,899,085
Advance to employees	49,894,196	31,384,744
Advance paid to suppliers	259,057,239	207,655,910
Advance for land & land development	330,116,264	30,300,000
Advances for showroom rent	23,686,514	37,842,034
Advance for Registration	9,663,346	23,397,120
Advance for Tour/ Expenses	1,917,448	15,843,056
	<b>985,746,793</b>	<b>905,937,884</b>
<b>Deposit</b>		
Mymenshingh Palli Bidduth Samity	3,345,526	3,345,526
Dhaka Power Distribution Co Ltd.	408,000	408,000
Other Suppliers	1,695,797	495,797
Bangladesh Krishi Bank	500,138	500,138
Rajshahi Krishi Unnayan Bank	505,000	505,000
Rural Electrification Board (REB)	74,200	74,200
Bank Gurantee for Shipping line	-	630,000
Bank Gurantee for tender sale	5,147,802	2,994,002
World Link Logistics	153,930	153,930
Sena Kalayan Sangstha	170,000	170,000
	<b>12,000,393</b>	<b>9,276,593</b>

	<b>30-Jun-17</b>	<b>30-Jun-16</b>
<b>Prepayments</b>		
LC Margin deposited with banks	97,750,097	56,294,193
VAT Current Account	47,725,300	12,308,553
Prepaid Insurance	2,024,707	1,927,201
Other prepayments	-	183,773
	<b>147,500,104</b>	<b>70,713,720</b>
<b>Total</b>	<b>1,145,247,291</b>	<b>985,928,197</b>
<b>11.1 Advance income tax</b>		
Opening balance	500,323,299	514,505,845
Addition during the year	175,909,356	124,357,566
	<b>676,232,655</b>	<b>638,863,412</b>
Adjustment during the year - against AIT refund	-	(38,390,048)
against provision for tax	(466,604,394)	(100,150,065)
<b>Total</b>	<b>209,628,261</b>	<b>500,323,299</b>
The above advance tax relates to the assessment years for which assessments are pending at various stages. Once the final assessment is made for any assessment year the related advance income tax and income tax provision are adjusted, with the balance amount either charged or credited to profit and loss during the period of final settlement of tax assessment.		
<b>12 Related party receivables</b>		
Runner Properties Ltd. (note: 12.1)	29,682,271	29,682,272
Runner Automobiles Services Ltd (note: 12.2)	85,845,100	76,692,102
<b>Total</b>	<b>115,527,371</b>	<b>106,374,373</b>
<b>12.1</b>	This represent temporary advances and short term in nature, and repayable on demand. Management has obtained confirmation from each of the aforesaid entities and assessed recoverability, upon which satisfied that all these	
<b>12.2</b>	RAL receives warranty and non warranty related services from Runner Automobiles Services Ltd, which is an separate entity. Runner Automobiles Services claim service charge from RAL based on number of unit serviced in a year.	
<b>13 Other receivables</b>		
Accrued interest on FDRs	245,619	2,250,685
Rental receivable	2,460,915	4,083,420
AIT Refund (Note - 13.1)	76,430,433	101,044,717
	<b>79,136,968</b>	<b>107,378,822</b>
<b>13.1 AIT Refund</b>		
The Company is satisfied that the above amount is recoverable and already received refundable notice from Tax authority allowing refund of Tk. 71,841,084 for the year 2009-2011 and Tk. 40,152,592 for the year 2012 relating to the following income tax assessment years:		
<b>Opening Balance</b>	<b>101,044,717</b>	<b>60,892,125</b>
2013-2014 (accounting year 31 December 2012)	-	40,152,592
	101,044,717	101,044,717
Settlement against claim from tax authority on Tax Assesment for Income Year January to December 2013 & 2014	(24,614,284)	-
	<b>76,430,433</b>	<b>101,044,717</b>
<b>AIT refund is created during the year as follows :</b>		
Against credit of Advance income tax	-	38,390,048
Against credit of Retained earnings	-	1,762,544
	-	<b>40,152,592</b>
As mentioned above, these refunds are related to income years up to 31 December 2012. Although the Company was always confident of receiving these refunds, but considering some uncertainty and expected long time taken for the final settlement, on prudent basis, a portion of these refund claims were charged to expenses.		
<b>14 Cash and cash equivalents</b>		
<b>Cash in hand</b>		
Cash in hand	1,800,936	7,986,865
Cash at banks (note -14.1)	440,229,752	101,695,185
<b>Total</b>	<b>442,030,688</b>	<b>109,682,050</b>

	30-Jun-17	30-Jun-16
<b>14.1 Cash at bank</b>		
<b><u>Current Accounts</u></b>		
Agrani Bank Ltd.	3,884,835	2,810,642
A B Bank Ltd.	18,545,008	2,357,044
Bank Asia Ltd.	112,628	255,598
Bangladesh Commerce Bank Limited	2,782,948	1,706,396
BRAC Bank Ltd.	3,403,895	9,707,761
Dutch Bangla Bank Ltd.	25,197,984	4,143,487
Eastern Bank Ltd.	19,865,493	920,917
Exim Bank Ltd.	1,435,922	1,775,971
IFIC Bank Ltd.	3,141,972	1,291,906
Islami Bank Bangladesh Ltd.	6,994,609	4,092,197
Jamuna Bank Ltd.	2,883,739	535,798
Mercantile Bank Ltd.	5,236,078	2,325,526
Mutual Trust Bank Ltd.	4,714,368	757,423
National Bank Ltd.	1,649,607	840,832
Prime Bank Ltd.	3,332,370	617,745
Premier Bank Limited	835	-
Pubali Bank Ltd.	23,123,275	9,344,518
Sahajalal Islami Bank Ltd.	2,721,600	228,044
Sonali Bank Ltd.	11,414,101	1,353,920
Southeast Bank Ltd.	2,277,292	315,279
Standard Bank Ltd.	9,803	1,842,955
Standard Chartered Bank, Bangladesh	266,301	43,948
United Commercial Bank Ltd.	3,778,684	1,005,230
Uttara Bank Ltd.	406,242	254,818
ONE Bank Limited	2,870,827	93,678
Dhaka Bank Ltd	2,733,674	396,376
IFIC Bank Ltd-Federation	-	17,957
Janata Bank Limited	228,649	155,747
South Bangla Agriculture & Commerce Bank Ltd (SBAC)	1,198	-
Social Islami Bank Ltd.	19,039,445	1,696,990
<b><u>STD Account</u></b>		
A B Bank Limited	768,963	410,512
BRAC Bank Ltd	-	1,401,383
Agrani Bank Ltd.	19,225,324	163,935
Al-Arafah Islami Bank Ltd.	30,857,571	4,211,493
Basic Bank Ltd.	4,127,796	1,097,085
Dhaka Bank Ltd.	1,053,020	825,650
Dutch Bangla Bank Ltd.	86,233	86,233
Exim Bank Ltd.	924,938	1,262,024
Eastern Bank Limited	12,906,562	510,266
First Security Islamic Bank Limited	495,858	156,081
ICB Islamic Bank Limited	760,700	8,863
IFIC Bank Limited	5,661,169	376,369
Islami Bank Bangladesh Limited	478,484	2,621,123
Janata Bank Ltd.	5,279,779	733,002
Jamuna Bank Limited	-	552,379
Mercantile Bank Ltd.	55,566,686	9,359,462
Mutual Trust Bank Ltd.	36,448,474	11,930,282
National Bank Limited	252,523	-
NRB Bank Ltd.	8,927,732	23,746
NRB Com. Bank Ltd	445,131	567,516
NCC Bank Ltd.	5,972,485	3,544,310
One Bank Ltd.	202,799	3,482,895
Pubali Bank Ltd.	22,504,712	2,146,423
Premier Bank Limited	1,812,688	128,852
Prime Bank Ltd	8,824,129	328,667

	30-Jun-17	30-Jun-16
Rajshahi Krishi Unnayan Bank Ltd.	860	12,695
Shahjalal Islami Bank Limited	6,179	248,630
Southeast Bank Limited	3,408,737	940,119
Standard Bank Ltd	20,361,276	653,971
State Bank of India	838,813	12,354
Trust Bank Ltd	19,976,750	3,010,157
<b>Total</b>	<b>440,229,752</b>	<b>101,695,185</b>

**15 Share capital**

**Authorized Capital**

200,000,000 Ordinary shares of Tk. 10/- each

2,000,000,000	2,000,000,000
<b>2,000,000,000</b>	<b>2,000,000,000</b>

**Issued, Subscribed & paid up Capital**

Ordinary share  
Allotment of 13,478,261 ordinary shares  
Issuance of bonus shares @ 50% of Ordinary Share Capital  
Issuance of bonus shares @ 33.33% of Ordinary Share Capital  
Issuance of placement share

300,000,000	300,000,000
134,782,610	134,782,610
217,391,300	217,391,300
217,391,300	217,391,300
72,464,000	72,464,000
<b>942,029,210</b>	<b>942,029,210</b>

**The composition of shareholders at 30 June was :**

Ordinary shareholders  
Brummer Frontier PE II (Mauritius) Ltd ( foreign investor )

672,464,000	672,464,000
269,565,210	269,565,210
<b>942,029,210</b>	<b>942,029,210</b>

**Total**

SI No	Name of Share Holder	No of Ordinary Share	% of total share holding	Amount in Taka 30 June 2017	Amount in Taka 30 June 2016
01	Hafizur Rahman Khan	10,272,000	10.90%	102,720,000	102,720,000
02	Md. Mozammel Hossain	6,648,000	7.06%	66,480,000	66,480,000
03	Taslim Uddin Ahmed	2,580,000	2.74%	25,800,000	25,800,000
04	Md. Jahurul Alam	3,000,000	3.18%	30,000,000	30,000,000
05	Mohammad Ali Deen	2,400,000	2.55%	24,000,000	24,000,000
06	Brummer Frontier pe ii (Mauritius) Limited, reg.	26,956,521	28.62%	269,565,210	269,565,210
07	Other Shareholders	35,100,000	37.26%	351,000,000	351,000,000
08	Placement Shareholders	7,246,400	7.69%	72,464,000	72,464,000
	<b>Total:</b>	<b>94,202,921</b>	<b>100%</b>	<b>942,029,210</b>	<b>942,029,210</b>

**As per requirement of schedule XI, Part I of the companies Act, 1994 the issuance of share at 30 June 2017 was as follows**

Cash	224,746,610	224,746,610
Bonus	656,982,600	656,982,600
Other than Cash	60,300,000	60,300,000
	<b>942,029,210</b>	<b>942,029,210</b>

**16 Share premium**

20,000 numbers Ordinary Share @ Tk. 45.00 per share  
1,34,78,261 Ordinary Shares @ Tk. 67.91 per share  
72,46,400 Ordinary Shares @ Tk. 35.00 per share (Placement)

900,000	900,000
915,308,705	915,308,705
253,624,000	253,624,000
<b>1,169,832,705</b>	<b>1,169,832,705</b>

**17 Revaluation reserve**

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	1,297,972,923	1,299,028,055
Realization of revaluation reserve through depreciation charge	(1,946,620)	(1,055,132)
<b>Total</b>	<b>1,296,026,303</b>	<b>1,297,972,923</b>

	30-Jun-17	30-Jun-16
<b>18 Retained earnings</b>		
<b>Opening Balance</b>	<b>1,533,764,173</b>	<b>1,495,874,440</b>
Group Share of Post Acquisition Profit Runner Motors Ltd.	145,076,493	179,085,748
Group Share of Post Acquisition Profit/(loss) Freedom Motors Ltd.	26,798	(598,078)
Current year Profit for Runner Automobiles Limited	190,899,828	73,975,688
	<b>1,869,767,292</b>	<b>1,748,337,797</b>
<b>Add</b>		
Excess provision adjusted with income tax refund (as per refund order)	-	1,762,544
Realization of revaluation reserve through depreciation charge	1,946,620	1,055,132
	<b>1,946,620</b>	<b>2,817,676</b>
<b>Less:</b>		
Payment of Dividend	(32,683,400)	-
Issuance of Bonus share	-	(217,391,300)
<b>Total</b>	<b>(32,683,400)</b>	<b>(217,391,300)</b>
<b>Net Retained Earnings</b>	<b>1,839,030,512</b>	<b>1,533,764,173</b>
<b>19 Calculation of non controlling interest</b>		
<b>Opening balance</b>	769,971,686	658,663,869
Payment of dividend	(20,700,000)	-
Share of post Acquisition profit of RML	90,169,968	111,307,876
Share of post Acquisition profit/ (loss) of FML	3	(60)
	<b>839,441,656</b>	<b>769,971,686</b>
<b>20 Long term loan net of current portion</b>		
Jamuna Bank Ltd	107,276,143	103,759,887
Basic Bank Ltd	-	7,302,272
EXIM Bank Ltd	17,795,633	78,344,290
FAS Finance & Invt. Ltd.	-	1,528,513
Eastern Bank Ltd	18,380,743	37,239,006
AB Bank Ltd	49,821,763	75,469,291
Premier Bank Ltd.	94,333,842	-
Lanka Bangla Ltd	260,433,511	20,943,329
NCC Bank Ltd	260,891,183	215,099,418
NRBC	81,269,830	77,951,695
Trust Bank Ltd	290,677,244	59,832,478
Al Arafah Bank Ltd	51,753,249	123,218,844
BD Finance & Investment Limited	213,442,745	-
BRAC Bank Ltd	132,644,958	76,847,951
Hajj Finance Ltd	41,167,698	-
BD Finance & Investment Limited	-	94,714,794
IDLC Finance Ltd	43,143,676	68,401,725
IIDFC	37,816,241	59,800,025
IPDC of Bangladesh Ltd.	88,181,145	4,960,358
Mercantile Bank Ltd	64,348,933	134,574,896
One Bank Ltd	125,861,739	131,447,973
Pubali Bank Ltd	23,596,293	44,990,738
Social Islami Bank	126,910,654	278,083,511
Standard Bank Ltd.	164,837,130	111,081,899
United Commercial Bank Ltd.	7,567,908	15,589,957
United Finance Ltd.	61,945,175	113,658,183
	<b>2,364,097,436</b>	<b>1,934,841,034</b>
<b>20.1 Finance lease net of current portion</b>		
United Finance Ltd.	-	1,249,875
	-	<b>1,249,875</b>
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 11% to 13%. The Group has hypothecated 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.		
<b>21 Deferred tax liability</b>		
On revaluation of assets (note - 21.1 )	81,232,107	81,232,107
On temporary timely difference (note - 21.2 )	22,034,129	10,668,565
	<b>103,266,236</b>	<b>91,900,672</b>

	30-Jun-17	30-Jun-16
<b>21.1 On revaluation of assets</b>		
Opening balance	81,232,107	81,232,107
Provision during the year	-	-
	<b>81,232,107</b>	<b>81,232,107</b>
Adjustment during the year	-	-
	<b>81,232,107</b>	<b>81,232,107</b>

In according with BAS 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 BAS 12 instead of charging to profit and loss.

<b>21.2 On temporary timing difference</b>		
Opening balance	10,668,565	19,533,527
Movement during the year	11,365,564	(8,864,962)
	<b>22,034,129</b>	<b>10,668,565</b>
Less: Adjustment during the year	-	-
	<b>22,034,129</b>	<b>10,668,565</b>

**The above balance is comprise of the following**

**Runner Automobiles Limited**

Deferred tax liability on depreciation	34,694,077	26,926,452
Deferred tax assets on WPPF	(1,841,604)	(1,286,027)
	<b>32,852,473</b>	<b>25,640,425</b>

**Runner Motors Limited**

Deferred tax liability on depreciation	15,220,271	2,902,657
Deferred tax assets on WPPF	(26,137,083)	(17,874,517)
	<b>(10,916,812)</b>	<b>(14,971,860)</b>
	<b>21,935,661</b>	<b>10,668,565</b>

**Movement during the year are as follows**

**Runner Automobiles Limited**

Deferred tax liability on depreciation	7,767,625	1,652,881
Deferred tax assets on WPPF	(555,577)	(220,026)
Deferred tax expenses	<b>7,212,048</b>	<b>1,432,855</b>

**Runner Motors Limited**

Deferred tax liability on depreciation	10,617,134	(2,522,128)
Deferred tax assets on WPPF	(6,463,618)	(7,775,689)
Deferred tax benefits	<b>4,153,516</b>	<b>(10,297,817)</b>
	<b>11,365,564</b>	<b>(8,864,962)</b>

<b>22 Trade payables</b>		
Details of trade payables shown in standalone financial statements of RAL and RML	<b>266,548,090</b>	<b>153,976,698</b>

<b>23 Short term loan from banks</b>		
Eastern Bank Ltd.	456,906,815	80,014,906
Al-Arafah Islami Bank Ltd.	365,841,160	92,037,956
Jamuna Bank Ltd.	178,205,901	108,804,699
Marcentile Bank Ltd.	614,430,787	254,096,232
Standard Bank Ltd.	281,927,689	-
BRAC Bank Ltd.	155,131,251	147,369,088
Trust Bank Ltd	278,020,352	242,020,299
One Bank Ltd.	-	2,893,106
Dhaka Bank Ltd.	181,171,853	62,266,698
Standard Bank Ltd.	-	153,794,822
Premier Bank Ltd.	6,539,678	-
IIDFC	350,000,000	1,050,000,000
NCC Bank Ltd.	40,962,739	172,162,443
AB Bank Ltd.	-	104,731,000
Pubali Bank Limited	6,280,031	-
Social Islami Bank Limited	54,162,668	105,226,292
<b>Total</b>	<b>2,969,580,926</b>	<b>2,575,417,542</b>

These loans are taken to finance working capital requirement of the Group. The average tenure of these facilities are normally 12 months with renewal option. The rate of interest/profit against these facilities range from 11% to 13%. The Group has hypothecated its current assets as well mortgaged its property, plant and equipment to secure these loans.



	30-Jun-17	30-Jun-16
<b>24 Current portion of long term loan</b>		
Jamuna Bank Ltd	78,499,356	67,444,441
Basic Bank Ltd	10,192,281	28,772,724
Eastern Bank Ltd	25,144,348	25,144,348
EXIM Bank Ltd	8,897,816	39,172,145
AB Bank Ltd	24,910,881	37,734,646
Lanka Bangla Ltd	130,216,755	10,471,665
NCC Bank Ltd	130,445,592	107,549,709
NRBC	40,634,915	38,975,847
Trust Bank	145,338,622	29,916,239
Al Arafah Bank Ltd	25,876,625	61,609,422
BD Finance & Investment Limited	106,721,373	47,357,397
BRAC Bank Ltd	66,322,479	38,423,976
FAS Finance & Invt. Ltd.	-	764,256
IDLC Finance Ltd	21,571,838	34,200,862
IIDFC	18,908,120	29,900,012
Premier Bank Ltd	35,875,004	-
IPDC of Bangladesh Ltd.	44,090,573	2,480,179
Mercantile Bank Ltd	32,174,467	67,287,448
Hajji Finance	20,583,849	-
One Bank Ltd	62,930,869	65,723,986
Pubali Bank Ltd	11,798,146	22,495,369
Social Islami Bank	63,455,327	139,041,756
Standard Bank Ltd.	82,418,565	55,540,950
United Commercial Bank Ltd.	3,783,954	7,794,979
United Finance Ltd.	30,972,588	56,829,092
<b>Total</b>	<b>1,221,764,343</b>	<b>1,014,631,447</b>
<b>25 Current portion of finance lease</b>		
United Finance Ltd.	731,746	1,825,980
<b>Total</b>	<b>731,746</b>	<b>1,825,980</b>
<b>26 Provision for income tax</b>		
Opening balance	589,707,760	511,544,847
Provision during the Year	155,727,429	178,312,979
	<b>745,435,189</b>	<b>689,857,826</b>
Adjustment during the Year*	(491,218,677)	(100,150,065)
<b>Total</b>	<b>254,216,512</b>	<b>589,707,760</b>
*On account of settlement of pending income taxes for RAL up to 31 December 2014 and for RML upto 30 June 2016,related amount of provision has been adjusted.		
<b>27 Provision for contribution to WPPF and welfare fund</b>		
Opening Balance	81,649,106	55,032,331
Contribution during the year @ 5 % (Note : 27.1)	29,579,022	26,616,775
<b>Total</b>	<b>111,228,128</b>	<b>81,649,106</b>
<b>27.1 WPPF</b>		
Workers Profit Participation Fund (80 %)	23,663,218	21,293,420
Workers Welfare Fund (2016 - 10%; 2015 - 20%)	2,957,902	2,661,678
Government Welfare Fund (10%) *	2,957,902	2,661,678
<b>Total :</b>	<b>29,579,022</b>	<b>26,616,776</b>

The Group 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. In the current year RAL has formed the Trust to transfer & distribution the fund and comply with related rules & regulations. RML is in the process of setting up the trust and complete other related formalities. In this regard a committee has already been formed to accelerate this process.

	<u>30-Jun-17</u>	<u>30-Jun-16</u>
<b>28 Liabilities for expenses and provision</b>		
VAT deduction at source	1,140,841	4,489,537
Income tax deduction at source	71,031	3,522,917
Bonus Payable	759,382	-
Contributory Provident fund (Notes: 28.1)	2,327,612	1,916,852
Zakat fund	637,834	1,967,094
Provision for C& F Bill	10,266,468	10,467,547
Provision for Factory Expenses	397,399	771,778
Provision for Freight	-	210,489
Salaries and wages	18,446,717	12,733,041
Provision for dealer conference	-	19,436,009
Provision for staff incentive	-	3,897,471
Provision for audit fees	2,575,000	2,594,000
Provision for advertising and promotional activities	-	9,551,390
Provision for sales staff incentive	-	11,512,617
Provision for bad & doubtful debts (Notes: 28.2)	330,451,772	184,777,353
Provision for Interest on Bank loans	44,643,041	64,240,590
Provision Tax Consultancy Fees	460,000	-
Provision for impairment of investment in subsidiary (REL)	7,620,000	7,620,000
Dividend Payable	2,460,000	-
Provision for Ownership Transfer Bank Charge	350,500	701,250
<b>Total</b>	<b><u>422,607,597</u></b>	<b><u>340,409,935</u></b>
<b>28.1 Contributory provident fund</b>		
Opening balance	1,916,852	1,271,327
Employees' contribution during the year	10,868,468	10,633,816
Employers' contribution during the year	10,868,468	10,633,816
	<b>23,653,788</b>	<b>22,538,959</b>
Payment during the year	(21,326,176)	(20,622,107)
<b>Total</b>	<b><u>2,327,612</u></b>	<b><u>1,916,852</u></b>
<b>28.2 Provision for Bad &amp; doubtful debt.</b>		
Opening balance	184,777,353	33,967,186
Addition during the year	178,932,434	151,631,420
Adjustments during the year	(33,258,014)	(821,253)
<b>Total</b>	<b><u>330,451,772</u></b>	<b><u>184,777,353</u></b>

	2016 - 17	2015 - 16
<b>29 Revenue</b>		
Motorcycle Sales (Runner Automobiles Limited)	2,410,036,191	1,550,187,260
Truck Sales (Runner Motors Ltd)	4,084,637,639	3,614,812,137
<b>Total Turnover</b>	<b>6,494,673,830</b>	<b>5,164,999,397</b>

**Break-up motorcycle sales by RAL**

Description		
50 CC Motor Cycle	9,849,000	17,301,500
80 CC Motor Cycle	871,416,000	559,566,000
100 CC Motor Cycle	779,186,500	610,669,500
110 CC Motor Cycle	255,858,000	247,953,000
125 CC Motor Cycle	189,891,000	39,055,000
135 CC Motor Cycle	234,000	27,582,000
150 CC Motor Cycle	105,961,000	36,582,000
Three Wheeler	197,640,691	11,478,260
<b>Total:</b>	<b>2,410,036,191</b>	<b>1,550,187,260</b>

**Motor Truck Sales details as are below-**

Description		
Net Cash Sales	2,015,914,891	1,780,032,826
Credit sale	2,672,259,274	2,359,578,397
VAT	(603,536,526)	(524,799,086)
<b>Total:</b>	<b>4,084,637,639</b>	<b>3,614,812,137</b>

<b>30 Cost of sales</b>		
Motorcycle - cost of sales	1,728,585,019	1,119,483,197
Truck unit - cost of sales	3,117,374,626	2,704,865,305
	<b>4,845,959,645</b>	<b>3,824,348,503</b>

**Details of costs of sales are shown in respective stand alone accounts.**

<b>31 Administrative expenses</b>		
Salaries and allowances	51,157,204	54,664,678
Telephone & Internet	635,913	702,813
Board meeting fees	626,750	212,750
Stationery & Photocopy	12,251,597	11,106,557
Tours ,Traveling & Conveyance	7,808,899	11,308,033
Consultancy, Legal & Professional Fees	14,551,751	8,806,693
Office Expenses-Documentation	5,639,948	3,674,641
Directors' Remuneration	12,812,207	3,814,160
Guard & Security expenses	3,343,868	2,410,614
Internet & IT expenses	303,903	1,549,462
Training & Recruitment	54,074	124,494
Entertainment	4,688,615	3,200,682
Repair & Maintenance	9,835,750	2,481,346
Gas, Fuel & Lubricant	581,249	231,265
Uniform	1,266,768	1,136,830
Utility Expenses	6,866,547	5,642,421
Contributed to Provident fund	5,920,014	5,143,534
Gardening Expenses	60,826	85,719
Audit Fees and other certificate	2,575,000	2,500,000
Medical Expenses	814,733	295,242
Insurance premium	3,349,666	2,467,657
Other admin Expenses	2,334,328	1,898,610
Deprecation	18,450,310	15,844,426
AGM Expense	273,760	25,000
IPO Expense	11,182,151	-
Rent Expenses	2,632,080	2,632,080
Software expense	3,744,301	1,129,756
Annual day program expense	1,136,448	1,454,223
	<b>184,898,660</b>	<b>144,543,686</b>

	<u>2016 - 17</u>	<u>2015 - 16</u>
<b>32 Selling, distribution and after sales service expenses</b>		
Salary & Allowance	148,715,397	121,114,885
Bad & Doubtful debts	178,932,433	149,904,502
Telephone, Internet & IT Expense	4,502,085	3,212,291
Project R & D Expenses	4,540,631	5,735,676
Rent Rates & Taxes	14,800,827	3,654,551
Vehicle Repairs & Maintenance	462,635	438,561
Tours ,Traveling & Conveyance	13,129,452	3,783,185
Advertisement & Promotional Expenses	144,650,021	79,716,509
Other Selling & distribution Expenses	3,147,952	2,147,519
Dealer conference	444,328	4,909,175
Postage & stamp	1,760,024	428,079
Contributed to Provident fund	2,474,227	621,429
Stationery & Photocopy	1,746,725	885,468
Entertainment	1,805,193	554,955
Repair & Maintenance	1,995,487	2,009,645
Free Service/Service Charge/Warranty-Dealer (note: 32.1)	3,140,928	5,352,320
Fuel expense	89,349	68,730
Spare Parts	5,333,140	4,848,309
Staff/Guest House Rent	123,200	123,200
Training Expenses	2,272,989	2,129,860
Traveling Exp.	36,059,975	24,074,454
Vehicle Transfer Exp.	13,660,726	11,227,227
	<b><u>583,787,722</u></b>	<b><u>426,940,531</u></b>

**32.1** RAL has an agreement with RAL Services whereby, RAL Services is responsible for providing related warranty Services to RAL customers within the free warranty period. While making any new sale, RAL paid at actual amount to RAL Services to cover all future costs. Since RAL retains no future obligation for warranty claim no provision is hence required.

<b>33 Financial expenses</b>		
Term Loan Interest	57,294,295	29,420,277
Letter of Trust Receipts/Trust Receipts Interest	48,064,111	40,744,103
Mudaraba Post Import interest	8,861,206	17,160,358
Revolving Loan /Import Loan Interest	4,830,134	13,311,080
Bank Charges	5,816,697	7,715,313
Int. on B Loan-MPI/LTR/LIM/SOD	152,976,348	120,205,250
Demand Loan interest	4,642,829	5,416,338
Overdraft Interest	23,963,061	10,783,663
Mortgage Expenses	1,600,000	1,617,000
Commercial Paper(CP) Interest	77,377,085	44,846,117
<b>Total</b>	<b><u>385,425,765</u></b>	<b><u>291,219,500</u></b>

Consistent with prior periods banks charges are included as finance costs and interest received from customers on credit sale is netted off against relevant interest expenses.

<b>34 Other income</b>		
Interest income	67,762,850	58,908,916
Rental income	15,549,660	20,158,129
Gain on sale of Share	3,173,563	1,473,702
Gain/loss on sale of PPE	23,679	(423,950)
Unrealized loss on Marketable Securities	4,650,628	-
Dividend Income on Marketable Securities	2,328,445	265,338
Interest Income on B.O account	662,797	24,829
Expenses of BO account	(224,795)	-
<b>Total</b>	<b><u>93,926,826</u></b>	<b><u>80,406,964</u></b>

<b>35 Provision for contribution to WPPF &amp; welfare fund</b>		
Provision from RAL	11,111,542	4,400,521
Provision from RML	18,467,480	22,216,254
	<b><u>29,579,022</u></b>	<b><u>26,616,775</u></b>

	<b>2016 - 17</b>	<b>2015 - 16</b>
<b>36 Current tax</b>		
Runner Automobiles Ltd	24,118,961	12,601,884
Runner Motors Ltd	131,582,461	165,711,095
Freedom Motors Ltd	26,007	-
	<b>155,727,429</b>	<b>178,312,979</b>
<b>38 Earning Per Share (EPS):</b>		
<b>Basic Earning Per Share</b>		
The computation of EPS is given below:		
(a) Earning attributable to the ordinary shareholders (Net Profit after provision for tax)	303,319,719	252,463,357
(b) Total number of ordinary share	94,202,921	90,847,739
<b>Calculation of Weighted Average Number of Share</b>		
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 Share Issued on 28.09.2013 (pro rata 276 days)	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 share	7,246,400	3,891,218
<b>Total Weighted average Number of Share on 30 June</b>	<b>94,202,921</b>	<b>90,847,739</b>
<b>(c) Basic EPS</b>	<b>3.22</b>	<b>2.78</b>
<b>Diluted earnings per share</b>		

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.

#### 39 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 BAS-24.

Name of Parties	Relationship	Nature of Transactions	2016 - 2017	2015 - 2016
Runner Motors Ltd.	Subsidiary	Short term loan (including interest bearing portion)	355,722,294	(20,229,896)
		Dividend Income	32,683,400	-
		Interest income	5,908,096	-
		Rental Income	2,392,800	2,392,800
Freedom Motors Ltd	Subsidiary	Short term loan	(4,998,002)	(4,998,002)
Runner Tera EV Ltd	Inter Company	Rental Income	1,618,800	1,452,550
Runner Bricks Ltd.	Inter Company	Rental Income	240,000	240,000
Runner Properties Ltd.	Inter Company	Short term loan	532,179	532,179
		Rental Income	1,724,400	1,724,400
Promita Oil & Gas	Inter Company	Rental Income	50,000	-
Runner Automobiles Services	Inter Company	Short term loan	85,845,100	76,692,102
		Rental Income	-	1,870,080
Deen Impex	Director related entity	Accounts Receivable	18,392,522	52,799,430
Venus Autos	Director related entity	Accounts Receivable	71,748,363	171,952,838
Islam & Company	Director related entity	Accounts Receivable	52,904,834	44,263,842

#### 40 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.

**41 Attendance status of board meeting of directors**

During the period from 01.07.2016 to 30.06.2017 there were 5 (Five) Board Meeting 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	4
3	Brig. Gen. Shafiquzzaman (Retd.)	Managing Director	5	4
4	Mr. Mukesh Sharma *	Managing Director and CEO	5	5
5	Mr. Md. Jahurul Alam	Director	5	5
6	Mr. Taslim Uddin Ahmed	Director	5	5
7	Mr. Mohammad Ali Deen	Director	5	5
8	Faruq Ahmad Siddiqi	Independent Director	5	5
9	Johannes (Phil) N.H. van Haariem	Independent Director	5	4
10	Mr. Khalid Shahidul Quadir	Director	5	3
11	Mr. Muallem A Choudhury	Director	5	5

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) per meeting.

**41.1 Disclosure as per requirements of Schedule XI, Part-II., Para-4 of the Companies Act. 1994**

Name of Directors	Position	Remuneration	Festival Bonus	Total Payment
Mr. Hafizur Rahman Khan	Chairman	3,418,044	543,605	3,961,649
Mr. Md. Mozammel Hossain	Vice Chairman	2,974,578	465,980	3,440,558
Brig. Gen. Shafiquzzaman (Retd)	MD	660,000	200,000	860,000
Mr. Mukesh Sharma	MD & CEO	4,400,000	150,000	4,550,000
<b>Total:</b>		<b>11,452,622</b>	<b>1,359,585</b>	<b>12,812,207</b>

Period of payment to Directors is from 01 July 2016 to 30 June 2017. The above Directors of the Company did not take any benefits from the Company other than the remuneration and festival bonus.

- Expenses reimbursed to the managing agent- Nil.
- Commission or other remuneration payable separately to a managing agent or his associates- Nil.
- Commission received or receivable by the managing agent or his associates as selling of buying agent of other concerns in respect of contracts entered into such concerns with the company- Nil.
- The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associates during the financial year- Nil.
- Any other perquisites or benefit in cash or in kind stating- Nil.
- Other allowances and commission including commission- Nil.

**Pensions, etc.-**

- Pensions- Nil.
- Gratuities- Nil.
- Payment from Provident Fund- Nil
- Compensation for loss of office- Nil.
- Consideration in connection with retirement from office - Nil.

**41.02 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 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	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 (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.	

**41.3 Disclosure as per requirement of schedule XI, Part - I ( A. Horizontal Form) of Companies Act. 1994**

**Accounts Receivable (Ref: Note 7)**

**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 Group has made required provision for doubtful debts as on 30 June 2017.

**III. Debt due by directors or other officers of the company**

There is no such debt in this respect as on 30 June 2017. 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 2017 includes some director related entity which is disclosed in note 36.

**IV. Debt due by Common Management**

Refer to related party disclosere.

**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 2017

**42 Proposed Dividend**

11% cash dividend was declared by the board of director of RAL.

**43 Commitments and contingencies:**

**43.1 Bank guarantees**

Runner Automobiles Limited  
Runner Motors Limited

8,901,328	6,947,528
1,403,268	1,403,268
<b>10,304,596</b>	<b>8,350,796</b>

**Runner Automobiles Limited**

Mymensingh Palli Bidduth Samity  
Dhaka Power Distribution Co Ltd.  
Social Development Fund \*  
Jatiyo protibondhi unnayan Foundation(JPUF) \*  
Islamic Foundation \*  
World Vision Bangladesh \*  
Primary Education Development Program (PEDP - 3) \*  
Livestock disease prevention and control project \*  
Teesta River Bridge \*  
Directorate of Secondary and Higher education \*  
Nagar Bhaban, Dhaka South City Corporation \*  
Addi DIG,Police HQ,Bangladesh Police \*  
Gazipur City Corporation \*  
SEQAEP,Secondary Education \*  
Border Guard Bangladesh \*  
National Securities Intelligence \*  
Bangladesh Ansar & VDP \*  
Sulko Goyanda & Todonto Audidaptar \*  
Custom House,ICD,Kamalapur \*  
PD,DDIP,South City Corporation,Dhaka \*

3,345,526	3,345,526
408,000	408,000
-	320,962
-	1,522,500
-	700,000
-	247,340
-	403,200
80,000	-
87,900	-
2,000,000	-
100,000	-
1,300,000	-
60,000	-
160,000	-
600,000	-
40,000	-
256,500	-
98,400	-
20,000	-
345,002	-
<b>8,901,328</b>	<b>6,947,528</b>

**Runner Motors Limited**

Bangladesh Krishi Bank  
Rajshahi Krishi Unnayan Bank  
Rural Electrification Board (REB)  
World Link Logistics  
Sena Kalayan Sangstha

500,138	500,138
505,000	505,000
74,200	74,200
153,930	153,930
170,000	170,000
<b>1,403,268</b>	<b>1,403,268</b>

The above margin and deposits have been included in advance, deposits and pre-payments.

**43.2** There exists no capital commitments either contracted or work order issued at 30 June 2017 (2016: nil).

**43.3** There exists no material contingent liability or assets requiring disclosure at 30 June 2017 (2016: nil).

**43.4** Except twenty one showrooms, 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. 2,40,00,000



**44 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

**44.1 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

**44.1.1 Credit risk**

Credit risk is risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arises principally from the Group's receivables and investments.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Investment in quoted shares and debts securities	49,031,849	38,181,156
Investment in FDRs (Short term & long term)	958,359,173	961,739,962
Advances, deposits and prepayments	884,140,204	469,542,819
Trade and other receivables	5,497,854,264	4,896,368,324
Due from inter companies	115,527,371	106,374,373
Cash and cash equivalents	442,030,688	109,682,050
	<b>7,946,943,549</b>	<b>6,581,888,685</b>

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.

**44.1.2 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**

Non-derivative financial liabilities	Carring amount as on 30 June 2017	Within 12 months	1 to 5 years	More than 5 years	Carring amount as on 30 June 2016
	Taka	Taka	Taka	Taka	Taka
Long term loan	2,364,097,436	-	2,364,097,436	-	1,934,841,034
Finance lease	-	-	-	-	1,249,875
Trade payables	266,548,090	266,548,090	-	-	153,976,698
Short term loan from banks	2,969,580,926	2,969,580,926	-	-	2,575,417,542
Current portion of long term loan	1,221,764,343	1,221,764,343	-	-	1,014,631,447
Current portion of finance lease	731,746	731,746	-	-	1,825,980
Inter company payable	-	-	-	-	-
Provision for income tax	254,216,512	254,216,512	-	-	589,707,760
Provision for WPPF and Welfare Fund	111,228,128	111,228,128	-	-	81,649,106
Liabilities for expenses	422,607,597	422,607,597	-	-	340,409,935
<b>Total</b>	<b>7,610,774,778</b>	<b>5,246,677,342</b>	<b>2,364,097,436</b>	<b>-</b>	<b>6,693,709,378</b>

As at 30 June 2017, 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.

#### **44.1.3 Market risk**

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

#### **44.2 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 foreign exchange risk.

#### **44.3 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.

#### **44.4 Other market price risk**

The Group is exposed to equity price risk, which arises from available for sale equity investments. Management regularly monitors its investment portfolio based on market indices and all buy and sell decisions are subsequently ratified by the Directors.

**Runner Automobiles Limited**  
**Consolidated Schedule of Fixed Assets**  
*As at 30 June 2017*

<b>Annexure I</b>											
<b>Amount in taka</b>											
SI No	Particulars	C O S T				D E P R E C I A T I O N				Written Down Value as at 30.06.17	Written Down Value as at 30.06.16
		Opening Balance	Addition during the year	Sales/ Adjustment	Closing Balance	Opening Balance	Addition during the year	Adjustment	Closing Balance		
1	Land & Land Development	2,647,777,455	5,423,655		2,653,201,110	-				2,653,201,110	2,647,777,455
2	Building & Other Construction	918,245,665	112,507,876		1,030,753,541	159,062,317	22,039,859		181,102,176	849,651,365	759,183,348
3	Plant & Machineries	545,607,288	14,312,575		559,919,863	153,456,097	39,591,865		193,047,962	366,871,901	392,151,191
4	Furniture & Fixture	57,481,320	13,354,841		70,836,161	15,005,976	4,386,207		19,392,183	51,443,978	42,475,344
5	Office Equipment	51,986,800	3,492,912		55,479,712	22,214,764	2,996,614		25,211,378	30,268,334	29,772,036
6	Motor Vehicle	92,135,178	15,489,216		107,624,394	45,443,709	10,944,329		56,388,038	51,236,356	46,691,469
7	Computer & Accessories	36,161,269	2,039,076	177,296	38,023,049	15,773,401	4,981,186	98,757	20,655,830	17,367,219	20,387,868
	<b>Total</b>	<b>4,349,394,974</b>	<b>166,620,151</b>	<b>177,296</b>	<b>4,515,837,829</b>	<b>410,956,264</b>	<b>84,940,060</b>	<b>98,757</b>	<b>495,797,566</b>	<b>4,020,040,263</b>	<b>3,938,438,710</b>

The above assets of the Group are kept as security for loans and borrowings from different banks and FIs.

## Runner Automobiles Ltd

Investment in marketable securities for the year ended 30 June 2017

Details of marketable securities are given below:

**Annexure-II**

SI No	Name of Company	30 June 2017				30 June 2016			
		No of Shares	Cost Price Taka	Market Price at the end	Gain/(Loss)	No of Shares	Cost Price Taka	Market Price at the end	Gain/(Loss)
01	Beximco Pharmaceuticals Ltd.	15,300	297,684	146,880	(150,804)	-	-	-	-
02	Beximco Synthetics Ltd.					15,300	297,684	96,390	(201,294)
03	Exim Bank Ltd.					368,620	4,303,909	2,948,960	(1,354,949)
04	Fareast Islami Life Insurance	34,155	3,445,656	2,582,118	(863,538)	34,155	3,445,656	2,343,033	(1,102,623)
05	Paramount Insurance	89,489	1,811,769	1,700,287	(111,482)	-	-	-	-
06	Islami Bank Bd Ltd.					107,220	3,291,049	3,130,824	(160,225)
07	Jamuna Bank Limited					357,327	4,304,120	4,252,191	(51,929)
08	Mercantile Bank Ltd					149,508	1,826,397	1,495,080	(331,317)
09	National Bank Ltd.					378,689	4,408,384	3,029,514	(1,378,870)
10	NCC Bank Ltd.					394,640	4,527,561	3,433,368	(1,094,193)
11	One Bank Ltd					92,000	1,160,665	1,196,000	35,335
12	Prime Bank Limited	72,000	1,931,150	1,641,600	(289,550)	72,000	1,931,150	1,137,600	(793,550)
13	Square Pharma	610	147,202	176,961	29,759	4,000	1,014,635	1,062,800	48,165
14	Titas Gas T&D Co. Ltd.	250	16,590	12,650	(3,940)	25,000	1,055,658	1,207,500	151,843
15	Trust Bank 1st MF					1,606,000	7,809,318	8,190,600	381,282
16	United Airways	253,000	2,467,380	1,771,000	(696,380)	253,000	2,467,380	1,644,500	(822,880)
17	Zahintex Industries Limited	28,080	503,305	550,368	47,063	-	-	-	-
18	Desco Ltd.	596	31,705	29,740	(1,965)	596	31,705	29,860	(1,846)
19	Malek Spinning Mills Ltd.	250	3,810	5,725	1,915	250	3,810	4,225	415
20	Prime Bank Limited	1,200	34,793	27,360	(7,433)	1,200	34,793	18,960	(15,833)
21	Titas Gas T&D Co. Ltd.					250	16,590	12,075	(4,515)
<b>Grand Total</b>		<b>494,930</b>	<b>10,691,046</b>	<b>8,644,690</b>	<b>(2,046,356)</b>	<b>3,859,755</b>	<b>41,930,464</b>	<b>35,233,480</b>	<b>(6,696,984)</b>
<b>Year end BO account balance</b>						<b>40,387,160</b>	<b>2,946,677</b>		

All investment in marketable securities are valued on an aggregate portfolio basis, at the lower cost and market value, at the balance sheet date.

**Audited Financial Statements**  
**of**  
**Runner Automobiles Limited**  
*For the year ended 30 June 2017*

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RUNNER AUTOMOBILES LIMITED**

We have audited the accompanying financial statements of Runner Automobiles Limited (the "Company") which comprise the statement of financial position (balance sheet) as at 30 June 2017, and the related statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS).

### **Other matter**

Pursuant to a mutual debt collection agreement executed between the Company (RAL) and its subsidiary Runner Motors Limited (RML), as at 30 June 2017, RML has directly collected and retained an aggregate amount of Tk 369,032,600 from RAL's dealers/customers which has been recognized as collection of RAL's own receivables. Because of retention by RML, the corresponding amount is recognized by RAL as loan to related party (RML) and upon expiry of 30 days moratorium period interest @10% is charged on the amount collected and retained by RML.

### **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:

- 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 account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the Company's balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred were for the purpose of the Company's business.

**Dhaka, 26 October 2017**

**Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants**

## Runner Automobiles Limited

### Statement of Financial Position

As at 30 June 2017

		Amount in Taka	
Notes		30-Jun-17	30-Jun-16
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>3,227,255,404</b>	<b>3,276,785,754</b>
	Property, plant and equipment	3,006,885,877	2,923,904,278
	Intangible assets	1,100,000	-
	Capital Work in progress	50,376,583	170,895,755
	Trade receivable	15,668,944	28,761,720
	Investments in subsidiary	153,224,000	153,224,000
<b>Current Assets</b>		<b>3,059,713,354</b>	<b>2,384,685,141</b>
	Inventories	699,515,450	477,506,585
	Trade and other receivables	1,224,630,651	1,185,709,630
	Short term investments	131,988,259	214,520,016
	Advances, deposits and prepayments	317,131,159	249,628,009
	Related party receivables	442,099,573	77,224,281
	Other receivables	79,041,002	107,286,322
	Cash and cash equivalents	165,307,259	72,810,299
<b>TOTAL ASSETS</b>		<b>6,286,968,758</b>	<b>5,661,470,895</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>4,005,614,226</b>	<b>3,814,714,398</b>
	Share capital	942,029,210	942,029,210
	Share premium	1,169,832,705	1,169,832,705
	Revaluation reserve	1,296,026,303	1,297,972,923
	Retained earnings	597,726,009	404,879,560
<b>Non-Current Liabilities</b>		<b>201,663,877</b>	<b>147,861,972</b>
	Long term loan net off current portion	114,368,528	66,528,795
	Finance Lease net off current portion	-	1,249,875
	Deferred tax liability	87,295,349	80,083,301
<b>Current Liabilities</b>		<b>2,079,690,655</b>	<b>1,698,894,524</b>
	Trade and other payables	12,282,934	32,771,063
	Short term loan from banks	1,808,509,026	1,374,208,709
	Current portion of long term loan	96,899,889	80,475,328
	Current portion of finance lease	731,746	1,825,980
	Related party payables	4,998,002	25,227,899
	Provision for income tax	32,517,054	43,457,106
	Provision for WPPF and Welfare Fund	36,832,084	25,720,542
	Liabilities for expenses and other provision	86,919,920	115,207,897
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,286,968,758</b>	<b>5,661,470,895</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Chief Financial Officer

Sd/-  
Company Secretary

See annexed Auditor's report to the Shareholders of even date

Dhaka, 26 October 2017

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**Runner Automobiles Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
*For the year ended 30 June 2017*

	Notes	Amount in Taka	
		2016-17	2015-16
<b>Revenue</b>	26	2,410,036,191	1,550,187,260
Cost of sales	27	(1,728,585,019)	(1,119,483,197)
<b>Gross profit</b>		<b>681,451,172</b>	<b>430,704,062</b>
<b>Operating expenses</b>		<b>(327,161,281)</b>	<b>(199,226,612)</b>
Administrative expenses	28	(90,529,626)	(71,763,217)
Selling and distribution expenses	29	(236,631,655)	(127,463,396)
<b>Operating Profit</b>		<b>354,289,891</b>	<b>231,477,450</b>
Finance costs	30	(198,482,579)	(170,880,232)
Other Income/ (Expenses)	31	77,535,067	31,813,729
<b>Profit before tax and WPPF</b>		<b>233,342,379</b>	<b>92,410,948</b>
Contribution to WPPF and welfare fund	24	(11,111,542)	(4,400,521)
<b>Profit before tax</b>		<b>222,230,837</b>	<b>88,010,426</b>
Income tax expenses		(31,331,009)	(14,034,738)
Current tax	23	(24,118,961)	(12,601,883)
Deferred tax	18.2	(7,212,048)	(1,432,855)
<b>Net Profit for the year</b>		<b>190,899,829</b>	<b>73,975,688</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<b>190,899,829</b>	<b>73,975,688</b>
<b>Basic Earning Per Share (EPS)</b>	33	<b>2.03</b>	<b>0.81</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

See annexed Auditor's report to the Shareholders of even date

Dhaka, 26 October 2017

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants



## Runner Automobiles Limited

### Statement of Cash Flows

For the year ended 30 June 2017

	Amount in Taka	
	2016-17	2015-16
<b>Cash flows from operating activities</b>		
Receipt from customers and dealers	2,391,685,180	1,451,143,294
Payment to suppliers and employees	(2,314,236,836)	(1,413,803,815)
<b>Cash generated from operating activities</b>	<b>77,448,344</b>	<b>37,339,478</b>
Income tax paid	(24,774,913)	(5,946,899)
<b>Net cash generated from operating activities</b>	<b>52,673,431</b>	<b>31,392,579</b>
<b>Cash flows from investing activities</b>		
Net Proceeds from sale /(purchase) of financial assets	82,531,756	(143,074,551)
Receipt from investment income	46,154,259	25,472,884
Receipt/ Payment to related parties	(385,105,189)	(52,684,288)
Payment for Property, Plant and Equipment	(42,046,878)	(227,502,450)
Proceeds from disposal of Property, Plant and Equipment	78,539	659,638
Dividend income	35,011,845	265,338
<b>Net cash used in investing activities</b>	<b>(263,375,669)</b>	<b>(396,863,429)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity instrument	-	326,088,000
Proceeds from borrowings	1,349,688,396	398,921,032
<i>Repayments of Borrowings</i>		
Principal	(853,467,897)	(110,254,733)
Finance costs (note - 2.6)	(193,021,301)	(248,705,927)
<b>Net cash generated from financing activities</b>	<b>303,199,198</b>	<b>366,048,372</b>
Net increase/(decrease) in cash and cash equivalents for the year	<b>92,496,960</b>	<b>577,522</b>
Cash and cash equivalents at the beginning of the year	72,810,299	72,232,777
<b>Cash and cash equivalents at the end of the year</b>	<b>165,307,259</b>	<b>72,810,299</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

**Runner Automobiles Limited**  
**Statement of Changes in Equity**  
*For the year ended 30 June 2017*

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
<b>Balance as at 30 June 2015</b>	<b>652,173,910</b>	<b>916,208,705</b>	<b>1,299,028,055</b>	<b>545,477,496</b>	<b>3,412,888,166</b>
Net profit after tax				73,975,688	73,975,688
Issuance of Bonus shares	217,391,300			(217,391,300)	-
Excess provision adjusted with income tax refund (as per refund order)				1,762,544	1,762,544
Issuance of placement shares	72,464,000	253,624,000			326,088,000
Realization of revaluation reserve through depreciation charged			(1,055,132)	1,055,132	-
<b>Balance as at 30 June 2016</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,297,972,923</b>	<b>404,879,561</b>	<b>3,814,714,398</b>
Net profit after tax				190,899,829	190,899,829
Realization of revaluation reserve through depreciation charged			(1,946,620)	1,946,620	-
<b>Balance as at 30 June 2017</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,296,026,303</b>	<b>597,726,009</b>	<b>4,005,614,226</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
**Chairman**

Sd/-  
**Vice Chairman**

Sd/-  
**Managing Director**

Sd/-  
**Chief Financial Officer**

Sd/-  
**Company Secretary**

# **Runner Automobiles Limited**

## **Notes to the Financial Statements**

*As at and for the year ended 30 June 2017*

### **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 address of the Company's registered office and head office is 138/1 Tejgaon Industrial Area, Dhaka-1208, 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. The Company was converted into a public limited Company on January 26, 2012 under the Companies Act 1994.

#### **1.2 Nature of the business**

RAL is the flagship Company of Runner Group with principal activities to manufacture motorcycles. The Company has approximately 691 employees. In past 17 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 06 series of motorcycles ranging from 50 cc to 150 cc, and about 15 models of motorcycles & two model of three-wheeler (limited quantity).

Recently BAJAJ Autos Ltd. of India appointed RAL as a distributor for famous BAJAJ RE brand (LPG, Diesel, Passenger and Cargo) 3W in Bangladesh. Since incorporation, the Company organizing its dealer network and well covered service supports countrywide.

At present, RAL has more than 80 active dealers and over 230 sales centers run by trained dealer staff along with own twenty-one operational showrooms. Runner Automobiles Ltd. is selling the highest quantity of motorcycles in the domestic and overseas market as a manufacturer in Bangladesh.

### **2.0 Basis of preparation**

#### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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 BFRS 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 26 October 2017.

### **2.3 Going concern**

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

### **2.4 Basis of measurement**

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.

### **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.

### **2.6 Statement of Cash flows**

Statement of cash flows has been prepared as per BAS 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, 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 BFRSs 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.

## **2.8 Comparative & reclassification**

Comparative information has been disclosed for the year 2015-2016 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 2015-2016 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 2016 to 30 June 2017 along with the related comparative information for the period 1 July 2015 to 30 June 2016 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 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 addition commencing from the date of acquisition or when the asset is fully ready for use and depreciation is charged on disposal item up to the date of disposal. The annual rates of depreciation are as follows.

<u>Assets</u>	<u>Rates (%)</u>
Land and land development	Nil
Plant and Machinery	10%
Motor Vehicle	20%
Furniture and Fixtures	10%
Office Equipment's	10%
Buildings and Other Construction	2.5%
Computer & 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.

## 2.11 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/BAS 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:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) 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;

- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) 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.

## **2.12 Leases**

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the entity separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

**a. Finance Lease**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

**b. Operating lease**

Leases that are not finance lease are considered as operating leases and the leased assets are not recognized in the Company's Statement of Financial Position. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

### **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 BAS-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 short term loan and share of common expenses from time to time. These balances are unsecured but considered good and realizable. Wherever applicable interest are 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 BAS-19.

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

The Company maintains the Recognized Provident Fund for all permanent employees at which both the Company and employees contribute @ 10% 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 Company to manage and distribution of WPPF but the balance not transferred to trust account until reporting date. For that undistributed amount of WPPF is shown as liability.

### **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-186-LAW/2009, Date- 01.07.2009 and NBR order no-08.01.0000.034.046.12-281 (2) Date-12.06.2012 applicable Income Tax rate for the Company is 5% of business income (wef. 15/03/2008 to 24/03/2020), instead of the normal income tax rate of 35% (2016: 35%).

### **Deferred tax:**

Deferred tax is recognized in compliance with BAS 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 and production of motorcycle by complying with related rules and regulations for the year ended 30 June 2017 which was exempted by the NBR for the period 30 June 2014 to 30 June 2016 through NBR nothi no: 6(3) VAT Act & Rule/2011/145, dated: 19/03/2014.

## **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.

### **a. Financial assets**

The Company initially recognizes loans and 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.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale financial assets.

### **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.

### **Held to maturity**

These assets are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method. If the Company has the positive intent and ability to hold debt securities to maturity then such financial assets are classified as held to maturity.

### **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost.

### **Available-for-sale**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exists. Cumulative gain/losses recognized in the other comprehensive income are reclassified from equity to profit or loss upon derecognition.

#### **(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 cash management are 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 uncollectibility of any amount so recognized.

**(iii) Investments**

Investment in listed securities is measured at fair value on portfolio basis. Considering the significant and prolonged decline in price of listed shares hold by the Company, such changes between closing market price at 30 June and the respective cost price 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) Investments in subsidiaries**

Investments in subsidiaries are fully eliminated in consolidated financial statements, except investment in one subsidiary which is in the process liquidation. 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 dates that are 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. Incremental costs directly attributable to the issue of ordinary shares are recognized as expenses. Paid-up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company.

## **2.22 Revenue**

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

The timing of the transfer of risk and rewards depends on the individual terms of the sales agreement, but normally it happens when the customer takes possession of the motor cycle.

## **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. 30,737,985 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-35 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**

### **Financial assets**

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

**Objective evidence that financial assets are impaired includes:**

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security;
- Observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets;

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

**Non-financial assets**

The carrying amounts of the Company's property, plant and equipment's are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an 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 Measurement of fair values**

When measuring the fair value of an asset or 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 and 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 assets or liability that is not based on observable market data. If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**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.

**2.29 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 is involved primarily in manufacturing and marketing of motor cycles and this forms the focus of the Company's internal reporting system. While the Company differentiates various models, segmentation within a wide portfolio of models is not part of the regular internally reported financial information to the chief operating decision maker. Therefore, it is not possible to segment the Company's results by model or any other suitable category without a high degree of estimation.

### **2.30 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, 2016 are duly adopted by the Company 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 2017 and earlier application is permitted; however, the Company has not early applied these new or amended standards in preparing these consolidated financial statements.

**Amount in BDT**  
**30-Jun-17**      **30-Jun-16**

**3 Property, plant and equipment**

Details of property, plant and equipment and depreciation as of 30 June 2017 are shown in the **Annexure-I**. The break up of the balance are as below:

**Fixed Assets at cost:**

Cost at 01 July	3,262,621,436	3,196,992,588
Addition during the year	156,084,028	84,076,521
Adjustment for sale/transfer	(177,296)	(18,447,673)
<b>Closing Balance</b>	<b>3,418,528,169</b>	<b>3,262,621,436</b>

**Accumulated Depreciation:**

Opening Balance	338,717,158	267,563,724
Charged during the year	71,077,271	70,806,710
Depreciation on revaluation	1,946,620	1,055,132
Adjustment for sale/transfer	(98,757)	(708,408)
<b>Closing Balance</b>	<b>411,642,292</b>	<b>338,717,158</b>

**Written Down Value**

<b>3,006,885,877</b>	<b>2,923,904,278</b>
----------------------	----------------------

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**

During the period the Company has implemented software and mobile application for Human Resources Division which recognized as intangible assets. Commercial operation of that assets started from end of June'17 and depreciation will charge accordingly.

**5 Capital Work in progress**

Three wheeler project (note: 5.1)	-	137,597,660
ERP software	32,921,215	26,841,165
Factory & HO development	7,980,604	3,347,303
Showroom development	9,474,764	3,109,627
	<b>50,376,583</b>	<b>170,895,755</b>

**5.1** Commercial operation of "Three Wheeler Project" to develop and manufacture three wheeler vehicle for selling all over Bangladesh has been started from June 2017 and these amounts allocated various account head and depreciation would started.

**6 Investments in subsidiaries      Share Holding Percentage**

Runner Motors Ltd. (RML)	61.67%	138,750,000	138,750,000
Freedom Motors Ltd. (FML)	99.99%	6,854,000	6,854,000
Runner Electronics Ltd. (REL)*	83.28%	7,620,000	7,620,000
		<b>153,224,000</b>	<b>153,224,000</b>

\* Full provision has been made for investment in Runner Electronics Ltd. of Tk. 76,20,000 which is under the process of winding up effective from 31 October 2013.

**7 Inventories**

Raw Materials *	385,164,109	291,405,643
Work-in-Process *	8,636,139	23,716,662
Finished Goods **	124,222,871	43,324,115
Raw Materials for 3 Wheeler *	238,596	12,967,865
Finished Goods for 3 Wheeler **	24,695,604	4,607,933
Material in transit***	156,558,132	101,484,367
<b>Total</b>	<b>699,515,450</b>	<b>477,506,585</b>

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

\*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.

\*\*\*All material in transit subsequently received.

\*\* Finished Goods : Required by The Companies Act, 1994 :

Amount in BDT

30-Jun-17                      30-Jun-16

Particulars	30 June 2017	30 June 2016
Particulars	Value	Value
50 CC Motor Cycle	222,046	4,024,990
80 CC Motor Cycle	31,584,176	19,169,860
100 CC Motor Cycle	32,898,603	3,179,017
110 CC Motor Cycle	36,076,682	14,820,824
125 CC Motor Cycle	9,181,946	65,972
135 CC Motor Cycle	99,456	217,317
150 CC Motor Cycle	14,159,962	1,846,135
Three Wheeler	24,695,604	4,607,933
<b>Total:</b>	<b>148,918,475</b>	<b>47,932,048</b>

Total quantity of finished goods for 2 wheeler is 2,297 and 3 wheeler is 85 units.

**8 Trade and other receivables**

Dealer receivables 2W	572,550,989	943,756,329
Dealer receivables 3W	72,494,200	-
Retail customer receivables	531,606,422	171,450,002
Others	63,647,984	99,265,019
<b>Total</b>	<b>1,240,299,595</b>	<b>1,214,471,350</b>

**Aging of trade and other receivables**

The ageing of gross value at the reporting date that was not impaired as follows:

0-60 days	745,715,283	908,401,789
60-120 days	211,372,704	210,197,161
120 - 360 days	267,542,664	67,110,680
<b>Within 360 Days</b>	<b>1,224,630,651</b>	<b>1,185,709,630</b>
More than 360 days	15,668,944	28,761,720
<b>Total</b>	<b>1,240,299,595</b>	<b>1,214,471,350</b>

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. Some of receivables are hypothecated with various banks against loans and borrowings.

- 8.1** With the objective to leverage the expertise of the Company's subsidiary Runner Motors Limited (RML) recovery department, RAL and RML has executed a mutual debt collection agreement whereby RML on behalf of RAL is authorized to directly collect RAL's outstanding receivables (Dealer / Customers) balance. Accordingly, from above receivables some are collected directly by RML. Upon collecting receivables amount by RML on behalf of RAL, RML shall transfer the fund to RAL within a maximum period of 30 days and provide required information to RAL for making required entries in the books of RAL. However, with consent of RAL, RML may retain a portion of the collected amount for its own business expansion activities. Such entire retained amount is considered as interest bearing loan and interest at the rate of 10% per annum as mentioned in the agreement has been charged upon expiry of 30 days moratorium period.

**9 Short term investments**

Shares in Listed Companies (note - 9.1)	49,031,849	38,180,156
Fixed Deposit with Banks and FIs (note - 9.2)	82,956,410	176,339,859
<b>Total</b>	<b>131,988,259</b>	<b>214,520,016</b>

**9.1 Shares in listed companies**

Marketable Securities : Cost Price	10,691,046	41,930,464
Less: Unrealized loss on Marketable Securities	(2,046,356)	(6,696,984)
Closing Balance	8,644,690	35,233,480
Add: Beneficiary Owners (B.O) Investment Current A/C balance	40,387,160	2,946,677
	<b>49,031,849</b>	<b>38,180,156</b>



	Amount in BDT	
	30-Jun-17	30-Jun-16
<b>9.2 Fixed deposit with banks and Fis</b>		
Al Arafah Islami Bank Ltd.	804,937	756,174
BRAC Bank Ltd.	8,217,645	7,859,075
Export Import Bank of Bangladesh Ltd.	-	17,900,810
Arab Bangladesh Bank Ltd.	3,000,000	-
Jamuna Bank Ltd.	17,516,746	16,748,133
National Bank Ltd.	1,417,082	1,331,917
Mercantile Bank Ltd.	2,000,000	-
Industrial and Infrastructure Development Finance Company Ltd.	50,000,000	-
IDLC Finance Ltd.	-	101,743,750
Intenational Leasing & Financial Service Ltd.	-	20,000,000
Reliance Finance Ltd.	-	10,000,000
<b>Total</b>	<b>82,956,410</b>	<b>176,339,859</b>

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

##### Advances

Advance Income Tax (note-10.1)	33,369,578	19,039,394
Advance paid for marketing and selling expenses	11,229,441	9,592,636
Advance paid for showroom decoration (note - 10.2)	85,282,108	79,900,085
Advance to employees	49,894,196	31,384,744
Advance paid to suppliers	54,621,317	12,052,625
Advances for showroom rent	23,686,514	32,570,058
	<b>258,083,154</b>	<b>184,539,542</b>

##### Deposits

Mymensing Palli Bidduth Samity	3,345,526	3,345,526
Dhaka Power Distribution Co Ltd.	408,000	408,000
Bank Guarantee for Shipping line	-	630,000
Bank Guarantee for tender sale	5,147,802	2,994,002
Other Suppliers	1,695,797	495,797
	<b>10,597,125</b>	<b>7,873,325</b>

##### Prepayments

LC Margin deposited with banks	37,629,960	52,174,998
VAT Current Account (note-10.3)	8,796,213	3,112,943
Prepaid insurance	2,024,707	1,927,201
	<b>48,450,880</b>	<b>57,215,142</b>
<b>Total</b>	<b>317,131,159</b>	<b>249,628,009</b>

##### Aging Schedule of Advances, Deposit & Prepayment

Particulars	1 - 3 Months	3 - 6 Months	6-9 Months	> 9 Months	Total
Advances (Excl. Tax )	104,515,513	84,817,685	18,799,819	16,580,560	<b>224,713,576</b>
Deposits	1,695,797	5,147,802	-	3,753,526	<b>10,597,125</b>
Prepayments (Excl. VAT)	18,814,980	18,814,980	2,024,707	-	<b>39,654,667</b>

#### 10.1 Advance Income Tax

Opening Balance	19,039,394	66,398,478
Addition during the year	24,774,913	5,946,899
	<b>43,814,307</b>	<b>72,345,377</b>
Adjustment during the year -		
Against AIT refund	-	(38,390,048)
Against provision for tax	(10,444,729)	(14,915,935)
<b>Total</b>	<b>33,369,578</b>	<b>19,039,394</b>

The above advance tax relates to the tax assessment year 2016-2017. All tax assessments up to the accounting year ended 31 December 2014 (assessment year 2015-2016) have been completed and refund have been received accordingly.

- 10.2** The Company has decided to open 12 new showrooms across the country for expand direct business activity. These advances would be capitalized upon completion of work.

	Amount in BDT	
	30-Jun-17	30-Jun-16
<b>10.3 VAT Current Account</b>		
Opening Balance	3,112,943	2,215,472
New deposit during the year	109,290,285	17,798,169
Rebate claim during the year	248,973,386	118,119
	<b>361,376,614</b>	<b>20,131,760</b>
Adjustment during the year	(1,486,001)	(11,530,125)
Adjustment of VAT payable	(351,094,400)	(5,488,692)
<b>Total</b>	<b>8,796,213</b>	<b>3,112,943</b>

<b>11 Related party receivables</b>		
Runner Properties Ltd (note:11.1)	532,179	532,179
Runner Motors Ltd. (note:11.3)	355,722,294	-
Runner Automobiles Services (note: 11.2)	85,845,100	76,692,102
<b>Total</b>	<b>442,099,573</b>	<b>77,224,281</b>

**11.1** This represent temporary advance and short term in nature, and repayable on demand. Management has obtained confirmation from each of the aforesaid entities and assessed recoverability, upon which satisfied that all these balances are recoverable in full.

**11.2** RAL receives warranty and non warrantee related services from Runner Automobiles Services unit, which is an separate entity. Runner Automobiles Services claim service charge from RAL based on number of unit serviced in a year.

**11.3** As stated in note 8.1 above, RAL and RML has executed a mutual debt collection agreement, whereby during the period ended 30 June 2017, RML on behalf of RAL has directly collected an aggregate amount of Tk 369,032,600 from customers of RAL. Since RML required temporary funding for its business expansion, instead of returning this collected amount to RAL within the stipulated period of 30 days, RML has utilized this fund. Accordingly, as per the agreement, interest @10% is payable by RML to RAL on this amount retained upon expiry of 30 days moratorium period.

<b>12 Other receivables</b>		
Accrued interest on FDRs	149,654	2,158,185
Rental receivable	2,460,915	4,083,420
Advance income tax refund (Note - 12.1)	76,430,433	101,044,717
	<b>79,041,002</b>	<b>107,286,322</b>

**12.1 AIT Refund**

The Company is satisfied that the above amount is recoverable and already received refundable notice from Tax authority allowing refund of Tk 71,841,084 for the year 2009 - 2011 and Tk. 40,152,592 for the year 2012 relating to the following income tax assessment years:

<b>Opening Balance</b>	<b>101,044,717</b>	<b>60,892,125</b>
2013-2014 (accounting year 31 December 2012)	-	40,152,592
	<b>101,044,717</b>	<b>101,044,717</b>
Settlement against claim from tax authority on Tax Assesment for Income Year January to December 2013 & 2014	(24,614,284)	-
	<b>76,430,433</b>	<b>101,044,717</b>

**AIT refund is created during the year as follows:**

Against credit of Advance income tax	-	38,390,048
Against credit of retained earnings	-	1,762,544
	-	<b>40,152,592</b>

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

**13 Cash and cash equivalents**

**Cash in Hand**

Cash in hand	653,462	4,854,154
Cash at banks (note -13.1)	164,653,797	67,956,144
<b>Total</b>	<b>165,307,259</b>	<b>72,810,299</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>13.1 Cash at Bank</b>			
	<u>Current Accounts</u>		
	AB Bank Ltd.	1,936,303	1,166,826
	Bangladesh Commerce Bank Ltd.	2,780,478	1,653,911
	BRAC Bank Ltd.	3,403,895	9,707,761
	Dhaka Bank Ltd.	1,165,497	57,334
	Dutch Bangla Bank Ltd.	19,217,796	3,407,313
	Eastern Bank Ltd.	19,865,493	920,917
	Exim Bank Ltd.	1,179,652	1,549,145
	IFIC Bank Ltd.	2,500,415	1,273,625
	Islami Bank Bangladesh Ltd.	6,994,609	4,092,068
	Jamuna Bank Ltd.	2,883,739	535,798
	Mercantile Bank Ltd.	5,236,078	2,325,526
	Mutual Trust Bank Ltd.	527,996	697,248
	National Bank Ltd.	1,649,607	840,832
	Premier Bank Ltd.	835	
	Prime Bank Ltd.	3,332,370	617,745
	Pubali Bank Ltd.	19,277,994	9,021,463
	Sahajalal Islami Bank Ltd.	2,721,600	228,044
	Sonali Bank Ltd.	6,057,334	1,085,850
	Southeast Bank Ltd.	2,277,292	315,261
	Standard Bank Ltd.	9,803	1,842,955
	Standard Chartered Bank, Bangladesh	43,801	43,801
	United Commercial Bank Ltd.	2,477,903	167,042
	Uttara Bank Ltd.	406,242	254,818
	<u>STD Account</u>		
	Agrani Bank Ltd.	1,609,953	163,935
	Al-Arafah Islami Bank Ltd.	6,689,533	3,571,763
	Basic Bank Ltd.	2,915,940	850,737
	Dhaka Bank Ltd.	1,053,020	825,650
	Dutch Bangla Bank Ltd.	86,233	86,233
	Exim Bank Ltd.	150,433	652,909
	FSIBL	495,858	156,081
	Janata Bank Ltd.	1,383,156	733,002
	Mercantile Bank Ltd.	6,734,401	6,593,449
	Mutual Trust Bank Ltd.	26,155,194	11,148,007
	One Bank Ltd.	91,208	38,176
	Pubali Bank Ltd.	11,342,136	1,330,917
	<b>Total</b>	<b>164,653,797</b>	<b>67,956,144</b>
<b>14 Share capital</b>			
	<u>Authorized Capital</u>		
	200,000,000 Ordinary shares of Tk. 10/- each	2,000,000,000	2,000,000,000
		<b>2,000,000,000</b>	<b>2,000,000,000</b>
	<u>Issued, subscribed, called-up and paid up capital</u>		
	Ordinary share	300,000,000	300,000,000
	Allotment of 13,478,261 ordinary shares	134,782,610	134,782,610
	Issuance of bonus shares @ 50% of Ordinary Share Capital	217,391,300	217,391,300
	Issuance of bonus shares @ 33.33% of Ordinary Share Capital	217,391,300	217,391,300
	Issuance of placement share	72,464,000	72,464,000
		<b>942,029,210</b>	<b>942,029,210</b>
	<b>The composition of shareholders at 30 June 2017 was :</b>		
	Ordinary Share Holders (local investors)	672,464,000	672,464,000
	Brunner Frontier PE II (Mauritius) Ltd (foreign investor)	269,565,210	269,565,210
	<b>Total</b>	<b>942,029,210</b>	<b>942,029,210</b>

**Amount in BDT**  
**30-Jun-17**      **30-Jun-16**

**Percentage of share holding position**

SI No	Name of Share Holder	No of Ordinary Share	% of total share holding	Amount in Taka 30 June 2017	Amount in Taka 30 June 2016
01	Hafizur Rahman Khan	10,272,000	10.90%	102,720,000	102,720,000
02	Md. Mozammel Hossain	6,648,000	7.06%	66,480,000	66,480,000
03	Taslim Uddin Ahmed	2,580,000	2.74%	25,800,000	25,800,000
04	Md. Jahurul Alam	3,000,000	3.18%	30,000,000	30,000,000
05	Mohammad Ali Deen	2,400,000	2.55%	24,000,000	24,000,000
06	Brummer Frontier pe ii (Mauritius) Limited, reg. No. 116915-c1/gbl	26,956,521	28.62%	269,565,210	269,565,210
07	Other Shareholders	35,100,000	37.26%	351,000,000	351,000,000
08	Placement Shareholders	7,246,400	7.69%	72,464,000	72,464,000
<b>Total:</b>		<b>94,202,921</b>	<b>100.00%</b>	<b>942,029,210</b>	<b>942,029,210</b>

As per requirement of schedule XI, PART I of the Companies Act, 1994 the issuance of share at 30 June 2017 was follows

Cash	224,746,610	224,746,610
Bonus	656,982,600	656,982,600
Other than Cash	60,300,000	60,300,000
	<b>942,029,210</b>	<b>942,029,210</b>

**14.1 Share Premium**

20,000 numbers Ordinary Share @ Tk. 45.00 per share

1,34,78,261 Ordinary Shares @ Tk. 67.91 per share

72,46,400 Ordinary Shares @ Tk. 35.00 per share

	900,000	900,000
	915,308,705	915,308,705
	253,624,000	253,624,000
	<b>1,169,832,705</b>	<b>1,169,832,705</b>

**15 Revaluation Reserve**

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	1,297,972,923	1,299,028,055
Less: Depreciation on revalued assets	(1,946,620)	(1,055,132)
<b>Total</b>	<b>1,296,026,303</b>	<b>1,297,972,923</b>

**16 Retained Earnings**

Opening balance	404,879,560	545,477,496
Net profit during the year	190,899,829	73,975,688
Realization of revaluation reserve through depreciation charge	1,946,620	1,055,132
Excess provision adjusted with refund (as per refund order)	-	1,762,544
Issuance of bonus shares	-	(217,391,300)
<b>Total</b>	<b>597,726,009</b>	<b>404,879,560</b>

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

Jamuna Bank Ltd	1,653,943	21,987,517
Basic Bank Ltd	-	7,302,272
Premier Bank Ltd.	94,333,842	-
Eastern Bank Ltd	18,380,743	37,239,006
<b>Total</b>	<b>114,368,528</b>	<b>66,528,795</b>

**17.1 Finance Lease net off current portion**

United Finance Limited	-	1,249,875
<b>Total</b>	<b>-</b>	<b>1,249,875</b>

**18 Deferred tax liability-net**

On revaluation of assets (note - 18.1 )	54,442,877	54,442,877
On temporary timing differences (note - 18.2 )	32,852,473	25,640,425
	<b>87,295,349</b>	<b>80,083,301</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>18.1</b>	<b>On revaluation of assets</b>		
	Opening balance	54,442,877	54,442,877
	Provision during the year	-	-
		<b>54,442,877</b>	<b>54,442,877</b>
<p>In according with BAS 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 BAS 12 instead of charging to profit and loss.</p>			
<b>18.2</b>	<b>On temporary timing differences</b>		
	Opening balance	25,640,425	24,207,570
	Provision during the year	7,212,048	1,432,855
		<b>32,852,473</b>	<b>25,640,425</b>
<p><b>The above balance is netted of as follows:</b></p>			
	During the period		
	Deferred tax liability on depreciation	7,767,625	1,652,881
	Deferred tax assets on WPPF	(555,577)	(220,026)
		<b>7,212,048</b>	<b>1,432,855</b>
<p><b>Composition of deferred tax on temporary timing differences</b></p>			
	Deferred tax liability on depreciation	34,694,077	26,926,452
	Deferred tax assets on WPPF	(1,841,604)	(1,286,027)
		<b>32,852,473</b>	<b>25,640,425</b>
<b>19</b>	<b>Trade and other payables</b>	<b>12,282,934</b>	<b>32,771,063</b>
<b>20</b>	<b>Short term loan from banks</b>		
	Eastern Bank Ltd.	456,906,815	2,528,692
	Al-Arafah Islami Bank Ltd.	150,954,159	59,061,713
	Jamuna Bank Ltd.	41,055,075	8,206,000
	Marcentile Bank Ltd.	357,660,299	106,202,536
	Standard Bank Ltd.	213,153,674	33,319,833
	BRAC Bank Ltd.	51,067,473	52,623,236
	Dhaka Bank Ltd.	181,171,853	62,266,698
	Premier Bank Ltd.	6,539,678	-
	Pubali Bank Limited	-	500,000,000
	Industrial and Infrastructure Development Finance Company	350,000,000	550,000,000
		<b>1,808,509,026</b>	<b>1,374,208,709</b>
<b>20.1</b>	<b>Nature wise short term loan</b>		
	International Foreign Billing Currency	-	78,949,880
	Loan against Import Mercendise & Mudrabha Post Import	110,589,720	47,807,849
	Letter of Trust Receipts	422,540,988	120,393,447
	Import Loan	8,552,241	-
	Trust Receipts	-	11,253,865
	Secured Overdraft	111,131,761	56,847,827
	Demand Loan	18,292,144	-
	Time Loan	52,907,285	-
	Revolving Loan	11,443,781	-
	Overdraft	323,051,106	8,955,841
	Short Term Loan (STL) / Commercial paper	750,000,000	1,050,000,000
		<b>1,808,509,026</b>	<b>1,374,208,709</b>
<p>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.</p>			
<b>21</b>	<b>Current portion of long term loan</b>		
	Jamuna Bank Ltd	25,688,256	26,558,256
	Basic Bank Ltd	10,192,281	28,772,724
	Eastern Bank Ltd	25,144,348	25,144,348
	Premier Bank Ltd	35,875,004	-
	<b>Total</b>	<b>96,899,889</b>	<b>80,475,328</b>
<b>21.1</b>	<b>Current portion of finance lease</b>		
	United Finance Ltd	731,746	1,825,980
	<b>Total</b>	<b>731,746</b>	<b>1,825,980</b>

	Amount in BDT	
	30-Jun-17	30-Jun-16
<b>22 Related party payables</b>		
Runner Motors Ltd.	-	20,229,896
Freedom Motors Ltd	4,998,002	4,998,002
<b>Total</b>	<b>4,998,002</b>	<b>25,227,899</b>

All these loans are temporary in nature and repayable in demand. No interest/profit is charged for these loans.

<b>23 Provision for income tax</b>		
Opening balance	43,457,106	45,771,158
Provision during the Year	24,118,961	12,601,883
	67,576,066	58,373,041
Adjustment made during the Year*	(35,059,013)	(14,915,935)
<b>Total</b>	<b>32,517,054</b>	<b>43,457,106</b>

\*On account of settlement of pending income taxes up to 31 December 2014, related amount of provision has been adjusted. Refer to note 39 for detail tax return status of the Company.

<b>24 Provision for Contribution to WPPF and welfare fund</b>		
Opening Balance	25,720,542	21,320,021
Contribution during the year @ 5 %	11,111,542	4,400,521
<b>Total</b>	<b>36,832,084</b>	<b>25,720,542</b>

**24.1 WPPF**

Workers Profit Participation Fund (80 %)	8,889,233	3,520,417
Workers Welfare Fund (10%)	1,111,154	440,052
Government Welfare Fund (10%)*	1,111,154	440,052
<b>Total :</b>	<b>11,111,542</b>	<b>4,400,521</b>

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. In the current year the Company has formed the Trust to transfer & distribution the fund and comply with related rules & regulations.

<b>25 Liabilities for expenses and other provision</b>		
VAT deduction at source	960,746	4,347,882
Income tax deduction at source	-	3,450,537
Contributory provident fund (Notes: 25.1)	1,474,008	525,370
Zakat fund	637,834	1,967,094
Provision for C& F Bill	864,448	1,744,189
Provision for Factory Expenses	-	374,376
Provision for Freight	-	210,489
Salaries and wages	8,437,275	4,420,445
Provision for dealer conference	-	19,436,009
Provision for staff incentive	-	3,897,474
Provision for audit fees and other certificate	2,000,000	2,000,000
Provision for advertising and promotional activities	-	9,551,390
Provision for sales staff incentive	-	11,512,616
Provision for bad & doubtful debts	47,937,768	32,623,464
Provision for Interest on bank loans	16,987,841	11,526,563
Provision for impairment of investment in subsidiary (REL)	7,620,000	7,620,000
<b>Total</b>	<b>86,919,920</b>	<b>115,207,897</b>

**25.1 Contributory Provident Fund**

Opening balance	525,370	909,161
Employees' contribution during the year	6,185,567	6,459,369
Employers' contribution during the year	6,185,567	6,459,369
	<b>12,896,504</b>	<b>13,827,899</b>
Payment during the year	(11,422,496)	(13,302,529)
<b>Total</b>	<b>1,474,008</b>	<b>525,370</b>

**25.2 Provision for Bad & doubtful debt**

Opening balance	32,623,464	14,748,991
Addition during the year	23,432,474	18,695,726
	<b>56,055,938</b>	<b>33,444,717</b>
Adjustment during the year	(8,118,170)	(821,253)
<b>Total</b>	<b>47,937,768</b>	<b>32,623,464</b>

	Amount in BDT	
	2016-17	2015-16
<b>26 Revenue</b>		
Sales	2,762,616,592	1,555,675,952
Value Added Tax (Note 2.18)	(352,580,401)	(5,488,692)
<b>Net Sales (note: 26.1)</b>	<b>2,410,036,191</b>	<b>1,550,187,260</b>

**26.1 Motor Cycle Sales details as are below-**

Particulars	2016 - 17	2015 - 16
	Sales Revenue	Sales Revenue
50 CC Motor Cycle	9,849,000	17,301,500
80 CC Motor Cycle	871,416,000	559,566,000
100 CC Motor Cycle	779,186,500	610,669,500
110 CC Motor Cycle	255,858,000	247,953,000
125 CC Motor Cycle	189,891,000	39,055,000
135 CC Motor Cycle	234,000	27,582,000
150 CC Motor Cycle	105,961,000	36,582,000
Three Wheeler	197,640,691	11,478,261
<b>Total:</b>	<b>2,410,036,191</b>	<b>1,550,187,261</b>

<b>27 Cost of sales</b>		
Raw material consumed (note - 27.1)	1,642,616,868	944,449,830
Factory overhead (note - 27.2)	171,874,054	158,344,879
<b>Manufacturing Cost</b>	<b>1,814,490,923</b>	<b>1,102,794,709</b>
Add: Opening Work in Process	23,716,662	38,187,764
<b>Cost of goods available for Use</b>	<b>1,838,207,584</b>	<b>1,140,982,473</b>
Less: Closing Work in Process	(8,636,139)	(23,716,662)
<b>Cost of Production</b>	<b>1,829,571,445</b>	<b>1,117,265,811</b>
Add: Opening Finished Goods	47,932,048	50,149,434
<b>Finished Goods available for Sale</b>	<b>1,877,503,493</b>	<b>1,167,415,245</b>
Less: Closing Finished Goods	(148,918,474)	(47,932,048)
<b>Total</b>	<b>1,728,585,019</b>	<b>1,119,483,197</b>

<b>27.1 Raw Materials Consumed</b>		
Opening Stock of Raw Materials	304,373,508	276,519,488
Add: Purchase of Raw Materials	1,723,646,065	972,303,850
<b>Raw &amp; Packing Materials available for consumption</b>	<b>2,028,019,573</b>	<b>1,248,823,338</b>
Less: Closing Stock of Raw Materials	(385,402,705)	(304,373,508)
<b>Raw Materials Consumed</b>	<b>1,642,616,868</b>	<b>944,449,830</b>

**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	1,686,166,339	37,479,727	1,723,646,065	1,642,616,868	95.30%

- i) The value of imported raw materials is calculated on CIF basis
- ii) The company has not incurred any expenditure in foreign currency for the financial year 2017. 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 2017.
- iv) The company has not earned any foreign exchange for royalty, know how, professional fees, consultancy fees.

	Amount in BDT	
	2016-17	2015-16
<b>27.2 Factory overhead</b>		
Factory Wages, Salaries and Allowances	57,534,204	53,999,608
Telephone	219,203	118,494
Internet	264,000	216,538
Crockeries	-	1,765
Gas, Fuel, Lubricant & Engine Oil	18,141,108	14,931,919
Labour Charges	675,710	165,252
Guard & Security expenses	2,523,136	2,558,211
Tours ,Traveling & Conveyance	632,915	564,578
Entertainment	4,605,096	3,249,528
Training & Recruitment	-	35,058
Stationery & Photocopy	120,000	246,753
Uniform	1,844,394	1,408,327
Contributed to Provident fund	2,350,515	2,774,125
Spare Parts Consumed	5,971,585	2,559,536
Vehicle Repairs & Maintenance	1,682,339	1,537,418
Repairs & Maintenance	4,104,696	3,229,264
Other factory expenses	4,506,579	1,185,516
Rent, Rates & Taxes	18,000	448,500
Medical Expenses	73,619	70,919
Utility expenses	4,740,923	6,937,567
Depreciation	58,419,113	60,103,494
Insurance premium	3,446,919	2,002,509
<b>Total</b>	<b>171,874,054</b>	<b>158,344,879</b>
<b>28 Administrative expenses</b>		
Salary & Allowances	25,668,047	28,564,685
Telephone & Internet	553,631	621,346
Board meeting fees	316,250	212,750
Stationery & Photocopy	823,172	721,647
Tours ,Traveling & Conveyance	3,031,884	1,985,729
Consultancy, Legal & Professional Fees	6,608,840	5,327,587
Office Expenses-Documentation	687,133	535,719
Directors' Remuneration	12,812,207	9,252,880
Guard & Security expenses	468,480	699,147
Internet & IT expenses	303,903	622,794
Training & Recruitment	54,074	124,494
Entertainment	1,482,741	1,003,692
Repair & Maintenance	1,415,493	2,106,361
Gas, Fuel & Lubricant	581,249	231,265
Uniform	115,996	372,090
Utility Expenses	1,875,687	1,330,638
Contributed to Provident fund	1,237,113	1,569,087
Gardening Expenses	60,826	85,719
Audit & Other Certificates Fees	2,000,000	2,000,000
Medical Expenses	33,732	89,501
Insurance premium	2,022,472	1,261,117
Other admin Expenses	2,316,006	1,261,621
Depreciation	14,604,778	11,758,348
AGM Expense	273,760	25,000
IPO Expense	11,182,151	-
<b>Total</b>	<b>90,529,626</b>	<b>71,763,217</b>



	Amount in BDT	
	2016-17	2015-16
<b>29 Selling and distribution expenses</b>		
Salary & Allowance	57,631,640	22,435,619
Bad & Doubtful debts	23,432,474	18,695,726
Telephone, Internet & IT Expense	1,775,236	798,835
Project R & D Expenses (note - 29.1)	4,540,631	5,735,676
Rent Rates & Taxes	14,800,827	3,654,551
Vehicle Repairs & Maintenance	462,635	438,561
Tours ,Traveling & Conveyance	11,519,818	2,383,504
Advertisement & Promotional Expenses	110,040,158	58,757,027
Other Selling & distribution Expenses	3,147,952	1,750,120
Dealer conference	-	4,553,713
Postage & stamp	906,972	327,532
Contributed to Provident fund	2,474,227	1,121,429
Stationery & Photocopy	1,746,725	885,468
Entertainment	724,844	436,261
Repair & Maintenance	286,588	137,054
Free Service/Service Charge/Warranty-Dealer (note: 29.2)	3,140,928	5,352,320
<b>Total</b>	<b>236,631,655</b>	<b>127,463,396</b>
<b>29.1 Project R &amp; D expenses</b>		
Salary & Allowance	2,111,140	2,415,786
Mobile Bill & internet	71,405	51,532
Contributed to Provident fund	123,711	104,182
Entertainment	182,131	167,254
Conveyance	583,845	865,487
IT Service	-	1,800
Motorcycle Testing & Parts Testing	626,415	750,983
Stationery & postage	235,019	290,066
Other R & D Expenses	307,000	157,781
Sample Parts	299,965	930,805
<b>Total</b>	<b>4,540,631</b>	<b>5,735,676</b>
<b>29.2</b> RAL has an agreement with RAL services whereby, RAL Services is responsible for providing related warranty Services to RAL customers within the free warranty period. While making any new sale, RAL paid an actual amount to RAL Services to cover all future costs. Since RAL retains no future obligation for warranty claim, no provision is required.		
<b>30 Finance costs</b>		
Term Loan Interest	26,749,786	29,420,277
Letter of Trust Receipts/Trust Receipts Interest	48,064,111	40,744,103
Mudaraba Post Import interest	8,861,206	17,160,358
Revolving Loan /Import Loan Interest	4,830,134	13,311,080
Bank Charges	2,394,367	7,581,295
Demand Loan interest	4,642,829	5,416,338
Overdraft Interest	23,963,061	10,783,663
Mortgage Expenses	1,600,000	1,617,000
Commercial Paper(CP) Interest	77,377,085	44,846,117
<b>Total</b>	<b>198,482,579</b>	<b>170,880,232</b>
Consistent with prior periods banks charges and Mortgage Expenses are included as finance costs.		
<b>31 Other Income/(Expense)</b>		
Interest income from Banks and Fis	12,779,595	11,004,926
Interest income from related party	5,908,096	-
Rental income	15,549,660	18,993,316
Dividend Income from Subsidiary	32,683,400	-
Gain on sale of Share	3,173,563	784,458
Gain/loss on sale of PPE	23,679	(423,950)
Unrealized gain / (loss) on Marketable Securities	4,650,628	1,164,813
Dividend Income on Marketable Securities	2,328,445	265,338
Interest Income on BO account	662,797	24,829
Expenses of BO account	(224,795)	-
<b>Total</b>	<b>77,535,067</b>	<b>31,813,729</b>

		Amount in BDT	
		2016-17	2015-16
<b>32</b>	<b>Income tax</b>		
	Business and Other Income - for current year	24,118,961	12,644,278
	Deferred tax only addition (Note: 18.2)	7,212,048	1,432,855
	<b>Total</b>	<b>31,331,009</b>	<b>14,077,133</b>
	Business Income	4,581,816	1,597,006
	Capital Gain	319,724	78,446
	Dividend Income	7,002,369	53,068
	Other Income	12,215,052	10,915,759
	<b>Total</b>	<b>24,118,961</b>	<b>12,644,278</b>
<b>33</b>	<b>Earning Per Share (EPS):</b>		
	<b>Basic Earning Per Share</b>		
	The computation of EPS is given below:		
	(a) Earning attributable to the ordinary shareholders	190,899,829	73,975,688
	(b) Total number of ordinary share	94,202,921	90,847,738
	<b>Calculation of Weighted Average Number of Share</b>		
	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	3,891,218
	<b>Total Weighted average Number of Share on 30 June</b>	<b>94,202,921</b>	<b>90,847,738</b>
	<b>(c) Basic EPS</b>	<b>2.03</b>	<b>0.81</b>

**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.

**34 Foreign Exchange Earned and Payments Made**

Import and Export are 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.

**35 Commission, Brokerage or Discount against sales**

No commission was incurred or paid to distributors, agents nor was any brokerage or discount incurred or paid against sales.

**36 Related party transactions**

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

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

Name of Parties	Relationship	Nature of Transactions	2016 - 2017	2015 - 2016
Runner Motors Ltd.	Subsidiary	Short term loan (including interest bearing portion)	355,722,294	(20,229,896)
		Dividend Income	32,683,400	-
		Interest income	5,908,096	-
		Rental Income	2,392,800	2,392,800
Runner Tera EV Ltd	Inter Company	Rental Income	1,618,800	1,452,550
Freedom Motors Ltd	Subsidiary	Short term loan	(4,998,002)	(4,998,002)
Runner Bricks Ltd.	Inter Company	Rental Income	240,000	240,000
Runner Properties Ltd.	Inter Company	Short term loan	532,179	532,179
		Rental Income	1,724,400	1,724,400
Runner Automobiles Services	Inter Company	Short term loan	85,845,100	76,692,102
		Rental Income	-	1,870,080
Promita Oil & Gas	Inter Company	Rental Income	50,000	-

		Amount in BDT		
		2016-17	2015-16	
Deen Impex	Director related entity	Accounts Receivable	18,392,522	52,799,430
Venus Autos	Director related entity	Accounts Receivable	71,748,363	171,952,838
Islam & Company	Director related entity	Accounts Receivable	52,904,834	44,263,842

\* Remuneration & attendance fees of the board members has been disclosed in the Note 42 & 42.1 in details.

### 36.1 Details of transactions

Name of Parties	Opening balances	Provided during the year	Adjusted during the year	Closing balances
	Taka	Taka	Taka	Taka
Runner Motors Ltd.	(20,229,896)	452,023,584	76,071,394	355,722,294
Freedom Motors Ltd	(4,998,002)	-	-	(4,998,002)
Runner Properties Ltd.	532,179	-	-	532,179
Runner Automobiles Services	76,692,102	19,669,770	10,516,772	85,845,100

### 37 Status of income tax assessment

Income year	Assessment year	Present status
2015-16	2016-2017	Appeal filed against the order of DCT to Tribunal *
Jan - Jun 2015	2015-2016	Appeal filed against the order of DCT to Tribunal *
2014	2015-2016	Fully completed
2013	2014-2015	Fully completed
2012	2013-2014	Fully completed

\* Full assessment has been completed for the period Jan - Jun'15 & 2015 - 16 after reporting period.

### 38 Commitments and contingencies:

#### 38.1 Guarantees

Mymenshingh Palli Bidduth Samity	3,345,526	3,345,526
Dhaka Power Distribution Co Ltd.	408,000	408,000
Social Development Fund *	-	320,962
Jatiyo protibondhi unnayan Foundation(JPUF) *	-	1,522,500
Islamic Foundation *	-	700,000
World Vision Bangladesh *	-	247,340
Primary Education Development Program (PEDP - 3) *	-	403,200
Livestock disease prevention and control project *	80,000	-
Teesta River Bridge *	87,900	-
Directorate of Secondary and Higher education *	2,000,000	-
Nagar Bhaban, Dhaka South City Corporation *	100,000	-
Addi DIG,Police HQ,Bangladesh Police *	1,300,000	-
Gazipur City Corporation *	60,000	-
SEQAEP,Secondary Education *	160,000	-
Border Guard Bangladesh *	600,000	-
National Securities Intelligence *	40,000	-
Bangladesh Ansar & VDP *	256,500	-
Sulko Goyanda & Todonto Audidaptar *	98,400	-
Custom House,ICD,Kamalapur *	20,000	-
PD,DDIP,South City Corporation,Dhaka *	345,002	-
	<b>8,901,328</b>	<b>6,947,528</b>

The above margin and deposits have been included in advances, deposits and pre-payments.

\* Bank guarantee was provided for tender sale purpose.

**Amount in BDT**  
**2016-17**      **2015-16**

**38.2** No capital commitments either contracted or work order issued at 30 June 2017 (2016: nil).

**38.3** No material contingent liability or assets requiring disclosure at 30 June 2017 (2016: nil).

**38.4** Except twenty one showrooms, 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. 2,40,00,000.

**39 Production capacity**

Installed Capacity (in unit yearly)  
Production (in Unit yearly)  
Capacity utilized (%)

100,000	100,000
31,741	18,867
<b>31.74%</b>	<b>18.87%</b>

**40 Employees**

Number of employees whose monthly salary was below Tk. 3,000  
Number of employees whose monthly salary was above Tk. 3,000

-	-
691	638
<b>691</b>	<b>638</b>

**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 Attendance Status of Board Meeting of Directors**

During the period from 01.07.2016 to 30.06.2017 there were 5 (Five) Board Meeting 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	4
3	Brig. Gen. Shafiquzzaman (Retd.)	Managing Director	5	4
3	Mr. Mukesh Sharma *	Managing Director and CEO	5	5
4	Mr. Md. Jahurul Alam	Director	5	5
5	Mr. Taslim Uddin Ahmed	Director	5	5
6	Mr. Mohammad Ali Deen	Director	5	5
7	Faruq Ahmad Siddiqi	Independent Director	5	5
8	Johannes (Phil) N.H. van Haariem	Independent Director	5	4
9	Mr. Khalid Shahidul Quadir	Director	5	3
11	Mr. Muallem A Choudhury	Director	5	5

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) per meeting.

\* Mr. Mukesh Sharma appointed as Managing Director and CEO of Runner Automobiles Ltd. in place of Brig. Gen. Shafiquzzaman (Retd.) during the year.

**42.1 Disclosure as per requirements of Schedule XI, Part-II., Para-4 of the Companies Act. 1994**

Name of Directors	Position	Remuneration	Festival Bonus	Total Payment
Mr. Hafizur Rahman Khan	Chairman	3,418,044	543,605	3,961,649
Mr. Md. Mozammel Hossain	Vice Chairman	2,974,578	465,980	3,440,558
Brig. Gen. Shafiquzzaman (Retd)	Managing Director	660,000	200,000	860,000
Mr. Mukesh Sharma	Managing Director & CEO	4,400,000	150,000	4,550,000
<b>Total:</b>		<b>11,452,622</b>	<b>1,359,585</b>	<b>12,812,207</b>

Period of payment to Directors if from 01 July 2016 to 30 June 2017. The above Directors of the Company did not take any benefits from the company other than the remuneration and festival bonus.

- a. Expenses reimbursed to the managing agent- Nil.
- b. Commission or other remuneration payable separately to a managing agent or his associates- Nil.
- c. Commission received or receivable by the managing agent or his associates as selling of buying agent of other concerns in respect of contracts entered into such concerns with the company-Nil.
- d. The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associates during the financial year- Nil.
- e. Any other perquisites or benefit in cash or in kind stating- Nil.

f. Other allowances and commission including commission- Nil.

**Pensions, etc.-**

- 1) Pensions-Nil.
- 2) Gratuities-Nil.
- 3) Payment from Provident Fund-Nil
- 4) Companion for loss of office- Nil.
- 5) Consideration in connection with retirement from office - Nil.

**42.2 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	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 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	
(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**

**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.

**Amount in BDT**  
**2016-17**      **2015-16**

---

**III. Debt due by directors or other officers of the company**

There is no such debt in this respect as on 30 June 2017. 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 2017 includes some director related entity which is disclosed in note 36.

**IV. Debt due by Common Management**

Disclosed under related party transaction (note - 36.1)

**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 2017.

**43 Proposed Dividend**

In the RAL board meeting held on 26 October 2017, 11% cash dividend was declared by the board of director.

**Runner Automobiles Limited**  
**Schedule of Fixed Assets**  
*As at 30 June 2017*

**Annexure I**

Amount in taka

SI No	Particulars	C O S T				D E P R E C I A T I O N				Written Down Value as at 30.06.17	Written Down Value as at 30.06.16	
		Opening Balance		Addition during the year	Sales/ Adjustment	Closing Balance	Opening Balance	Addition during the year	Sales/ Adjustment			Closing Balance
		Cost	Revaluation Gain / (Loss) **									
1	Land & Land Development *	502,578,723	1,294,133,741	5,423,655		1,802,136,119	-			-	1,802,136,119	1,796,712,464
2	Building & Other Construction	672,980,552	58,433,056	112,507,876		843,921,484	113,640,074	15,678,730		129,318,804	714,602,680	617,773,533
3	Plant & Machineries	529,619,227	4,740,289	14,312,575		548,672,091	147,049,223	38,850,301		185,899,524	362,772,567	387,310,292
4	Furniture & Fixture	55,291,134	(768,446)	13,354,841		67,877,529	12,976,736	4,265,885		17,242,622	50,634,907	41,545,951
5	Office Equipment	51,688,260		3,492,912		55,181,172	22,013,196	2,996,614		25,009,810	30,171,362	29,675,064
6	Motor Vehicle	58,963,912	4,533,290	4,953,093		68,450,295	31,282,788	6,525,434		37,808,222	30,642,073	32,214,414
7	Computer & Accessories	30,427,699		2,039,076	177,296	32,289,480	11,755,140	4,706,927	98,757	16,363,310	15,926,170	18,672,559
	<b>Total</b>	<b>1,901,549,506</b>	<b>1,361,071,930</b>	<b>156,084,028</b>	<b>177,296</b>	<b>3,418,528,169</b>	<b>338,717,158</b>	<b>73,023,891</b>	<b>98,757</b>	<b>411,642,292</b>	<b>3,006,885,877</b>	<b>2,923,904,279</b>

\* 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 Fixed Assets on 2011 & 2014.

**Depreciation Allocation:**

Accounts Head	2016-17	2015-16
Factory Overhead	58,419,113	60,103,494
Administrative Expenses	14,604,778	11,758,348
<b>Total:</b>	<b>73,023,891</b>	<b>71,861,842</b>

Depreciation is allocated to factory overhead 80% (PY: 84%) and administrative overhead 20% (PY:16%)

## Runner Automobiles Ltd

Investment in marketable securities for the year ended 30 June 2017

Details of marketable securities are given below:

**Annexure-II**

Sl No	Name of Company	30 June 2017				30 June 2016			
		No of Shares	Cost Price Taka	Market Price at the end	Gain/(Loss)	No of Shares	Cost Price Taka	Market Price at the end	Gain/(Loss)
01	Beximco Pharmaceuticals Ltd.	15,300	297,684	146,880	(150,804)	-	-	-	-
02	Beximco Synthetics Ltd.					15,300	297,684	96,390	(201,294)
03	Exim Bank Ltd.					368,620	4,303,909	2,948,960	(1,354,949)
04	Fareast Islami Life Insurance	34,155	3,445,656	2,582,118	(863,538)	34,155	3,445,656	2,343,033	(1,102,623)
05	Paramount Insurance	89,489	1,811,769	1,700,287	(111,482)	-	-	-	-
06	Islami Bank Bd Ltd.					107,220	3,291,049	3,130,824	(160,225)
07	Jamuna Bank Limited					357,327	4,304,120	4,252,191	(51,929)
08	Mercantile Bank Ltd					149,508	1,826,397	1,495,080	(331,317)
09	National Bank Ltd.					378,689	4,408,384	3,029,514	(1,378,870)
10	NCC Bank Ltd.					394,640	4,527,561	3,433,368	(1,094,193)
11	One Bank Ltd					92,000	1,160,665	1,196,000	35,335
12	Prime Bank Limited	72,000	1,931,150	1,641,600	(289,550)	72,000	1,931,150	1,137,600	(793,550)
13	Square Pharma	610	147,202	176,961	29,759	4,000	1,014,635	1,062,800	48,165
14	Titas Gas T&D Co. Ltd.	250	16,590	12,650	(3,940)	25,000	1,055,658	1,207,500	151,843
15	Trust Bank 1st MF					1,606,000	7,809,318	8,190,600	381,282
16	United Airways	253,000	2,467,380	1,771,000	(696,380)	253,000	2,467,380	1,644,500	(822,880)
17	Zahintex Industries Limited	28,080	503,305	550,368	47,063	-	-	-	-
18	Desco Ltd.	596	31,705	29,740	(1,965)	596	31,705	29,860	(1,846)
19	Malek Spinning Mills Ltd.	250	3,810	5,725	1,915	250	3,810	4,225	415
20	Prime Bank Limited	1,200	34,793	27,360	(7,433)	1,200	34,793	18,960	(15,833)
21	Titas Gas T&D Co. Ltd.					250	16,590	12,075	(4,515)
<b>Grand Total</b>		<b>494,930</b>	<b>10,691,046</b>	<b>8,644,690</b>	<b>(2,046,356)</b>	<b>3,859,755</b>	<b>41,930,464</b>	<b>35,233,480</b>	<b>(6,696,984)</b>
<b>Year end BO account balance</b>					<b>40,387,160</b>	<b>2,946,677</b>			

All investment in marketable securities are valued on an aggregate portfolio basis, at the lower cost and market value, at the balance sheet date.



**Information as required under section 186 of the Companies Act, 1994 relating to the holding company**

1. Directors' Report of Runner Motors Limited
2. Independent Auditor's Report to the Shareholders of Runner Motors Limited
3. Statement of Financial Position as at June 30, 2017
4. Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2017

## Runner Motors Limited

138/1 Tejgaon Industrial Area, Dhaka-1208

### Report of the Board of Directors to the Shareholders

Honorable Shareholders,

It is a great occasion and pleasure to present, on behalf of the board of Director's report and auditor's report along with audited financial statements of Runner Motors Limited (RML) for the year ended 30 June 2017.

#### Socio Economic Environment:

The socio-economic environment was relatively calm in 2016-2017 and supported the growth of the business.

#### Top Line growth

The commercial vehicle sales of Runner Motors Limited surpassed the target set for the year. During the year 2,494 nos commercial vehicles were sold against a target of 2,360. Turnover was BDT 4,084 million with a growth of 13% against BDT 3,614 million of the previous year.

To maintain the trend of increasing sales, Runner Motors Limited (RML) introduced few more upgraded models in the market including Eicher pro series with upgraded emission standards. It has maintained its focus on increasing the dealers' network and countrywide service support coverage as a priority. To reach more customers and ensure better service, It has a wide range of services network with 6 self-owned service centers and 6 dealer operated service centers as well as 1 Authorized Service Center (ASC) in different district towns. RML is also providing service to the strategic areas of commercial vehicle through 21 well trained technician named Star Mechanic. To ensure availability of original parts, RML is operating one Eicher Genuine Parts (EGP) retail shop at Bangla Bazar, Dhaka and second one is at Dewanhut, Chittagong. In addition to that the company has extended its parts retailer to 100 nos.

#### Industry Outlook

RML started its operation on 19 February 2005. This company is the Sole Distributor of VE Commercial Vehicles Ltd. (A Volvo Group and Eicher Motors Joint Venture) of all range of commercial vehicles excluding 16 tonner commercial Vehicles. Runner Motors marketed more than 15,494 EICHER trucks and pickups in Bangladesh up to June 2017 and in 2016-17 RML has around 26% market share in overall commercial vehicle industry in Bangladesh where it has 29% market share in the LMD segment and 18% market share in HD Segment. Particularly, RML is holding 57% market share in 14 tonner commercial vehicles as well as holding 41% market share in 9 tonner commercial vehicles. The market potential of commercial vehicles is booming in Bangladesh where Eicher brand commercial vehicles grabbed a significant position.

#### Risks and Concerns (Review as per AFS)

- **Credit risk**  
RML sells its products on credit. If the buyer of the products do not pay for the goods, the shareholders of RML may face credit risk. To manage the risk, RML has established a strong Credit Recovery Unit covering all districts of the country and B/Debts fund.
- **Liquidity risk**  
Liquidity risk refers to any company's inability to meet short term financial demand. If the company fails to generate cash from its short term assets, the company may face difficulties to pay its creditors. The current ratio and quick ratio of RML for the year ended June 30, 2017 are 1.21 and 1.05 respectively.

#### Basis for and a Statement of Related Party Transactions

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

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

Name of Parties	Nature of Transactions	Total as on 30 June 2017	Total as on 30 June 2016
Runner Automobiles Ltd. (Inter Company)	Short Term Loan	(355,722,294)	20,229,896
	Dividend	32,683,400	-
	Interest expenses	5,908,096	-
	Rental Expenses	2,392,800	2,392,800

#### Remuneration

During the year ended on 30<sup>th</sup> June 2017, the following Directors received Board Meeting fees other than any other remuneration as below:

Sl.	Name of Directors	Position	Meeting Held	Meeting attended						Total fees of Meeting (Including VAT)
1	Mr. Hafizur Rahman Khan	Chairman	5	1	1	1	1	1	5	-
2	Mr. Md. Mozammel Hossain	Vice Chairman	5	1	1	1	1	1	5	-
3	Mr. Md. Jahrul Alam	Director	5	1	1	1	1	1	5	57,500
4	Mr. Mohammad Ali Deen	Director	5	1	1	1	1	1	5	57,500
5	Mr. Tofail Ahmed Chowdhary	Director	5	1	-	1	1	1	4	46,000
6	Mr. Rezaul Karim	Director	5	1	1	1	-	1	4	46,000
7	Mr. Imtiaz Ahmed	Director	5	1	-	1	1	1	4	46,000
8	Mr. Khalid Shahidul Quadir	Director	5	1	1	-	-	1	3	-
9	Mr. Johannes(Phil) N.H. van Haarlem	Independent Director	5	1	-	1	1	1	4	-
10	Mr. Faruq Ahmed Siddiqi	Independent Director	5	1	1	1	1	1	5	57,500
<b>Grand Total</b>			<b>5</b>	<b>10</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>10</b>	<b>44</b>	<b>310,500</b>

#### Board Meeting Record

Board Meeting and attendance during the year ended on 30<sup>th</sup> June 2017:

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. Md. Jahrul Alam	Director	5	5
4	Mr. Mohammad Ali Deen	Director	5	5
5	Mr. Tofail Ahmed Chowdhary	Director	5	4
6	Mr. Rezaul Karim	Director	5	4
7	Mr. Imtiaz Ahmed	Director	5	4
8	Mr. Khalid Shahidul Quadir	Director	5	3
9	Mr. Johannes(Phil) N.H. van Haarlem	Independent Director	5	4
10	Mr. Faruq Ahmed Siddiqi	Independent Director	5	5
For board meeting attendance fees were paid to the directors (sl. No. 3 to 7 & 10) of the Company @ Tk. 10,000 & VAT @ 15% per meeting.				

## Rotation of the Directors

With regard to the appointment, retirement and re-appointment of Directors, the company is governed by its Articles of Association, the Company Act 1994 and other related legislation. Accordingly, Mr. Hafizur Rahman Khan, Mr. Mohammad Ali Deen, Mr. Alhaj Imtiaz, Mr. Khalid Shahidul Quadir will retire by rotation at the 12th Annual General Meeting (AGM).

### Bottom line growth:

The company earned a profit of BDT 235 million in the year 2016-17 which is less than of the previous year.

### Dividend:

Considering the Net Profit, Operating Profit, Retained earnings, last few year's dividend trends and overall business result, the Board approved 60% dividend for the year financial year 2016- 2017.

### **Key Financial Information:**

#### **Figures in BDT**

	<b>2016-2017</b>	<b>2015-16 Restated</b>	<b>2014-15</b>
Sales Unit-Pcs	2,494 units	2,528 units	1,798 units
Turnover	4,084.64 mln	3,614.81 mln	2,288.67 mln
Profit after Tax	235.25 mln	290.39 mln	144.28 mln
Share Capital	90.00 mln	90.00 mln	90.00 mln
Retained Earnings	1,129.26 mln	944.25 mln	650.48 mln
EPS	26.14 TK	32.27 TK	16.60 TK

### **Award and Recognition:**

In the year 2016-17, Runner Motors Limited has achieved the "Highest CV Sales Overseas Distributor 2016-17" given by VE Commercial Vehicles. Runner Motors has achieved this award every year since it started this business in 2004.

### **Corporate Social Responsibilities**

Runner Motors Limited has been contributing to various CSR activities as part of its responsibility to society. In the year 2016-17, Runner Motors Limited take steps to reduce the footprints are considered both good for the company and society as a whole. Runner Motors limited gives donation to national and local charities. Runner Motors Limited treating employees fairly and ethically. Runner Motors Limited attend volunteer events.

### **Human Resources Development:**

In order to improve effectiveness and efficiency of human resources, the company provides formal and informal training to its employees and dealers time to time in different places around the year. Trainers are hired from local as well as foreign countries.

### **Future Plan:**

The company's market share was 26% in 2016-17 and the goal is to increase this to 32% in next three years. To achieve this market share, the company has strengthened its human capital by continuous training and development. In addition, advanced models of commercial vehicles are being introduced and service support coverage is also being increased by setting up new service centers. The sales target for 2017-2018 has been set at 2900 units of commercial vehicles.

### **Directors:**

According to the AOA of the company, the affairs of the company are being run by 10 (Ten) Directors including two independent directors, one of them is Mr. Johannes (Phil) NH Van Haarlem, Dutch national.

### **Auditors:**

In accordance with prevailing laws, the current statutory auditor Hoda vasi Chowdhury & Co., Chartered Accountants will retire at the 12<sup>th</sup> Annual General Meeting. They have carried out the audit for the year 2016-17 and being eligible as per Companies Act, 1994 have expressed their willingness for reappointment for the year 2017-18. The Board recommends to re-appoint Hoda vasi Chowdhury & Co. as the statutory auditor of the

company for the year ended 30 June 2018 at a remuneration as per the rules of ICAB plus VAT and will continue till conclusion of the next AGM of 2018.

**Acknowledgement:**

The Board of Directors fully appreciates the efforts and dedication of workers, Staff and Officers of the company for their contribution, sincerity and loyalty in managing the company performance successfully during the period. The Board also recognizes the support and cooperation received from bankers, insurers and government offices and Board of Investments Bangladesh and all other business partners and patrons without which achieving the success of the year would not have been possible.

The Board of Directors also expresses their gratitude to the valued shareholders for their continued support, active cooperation and assistance and, finally, for having trust on the management and board of the company.

Allah Hafez

For and on behalf of the Board of Directors

Sd/-

**(Hafizur Rahman Khan)**

Chairman

26 October 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RUNNER MOTORS LIMITED**

We have audited the accompanying financial statements of Runner Motors Limited (the "Company") which comprise the statement of financial position (balance sheet) as at 30 June 2016, and the related statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS).

### **Other matters**

Pursuant to a mutual debt collection agreement executed between the Company (RML) and its parent entity Runner Automobiles Limited (RAL), as at 30 June 2017, RML has directly collected and retained an aggregate amount of Tk 369,032,600 from RAL dealers/customers against settlement of RAL receivable due from those dealers/customers. The amount retained by RML is recognized as loan received from related party (RAL) on which interest @10% is payable after expiry of 30 days moratorium period.

### **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:

- 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 account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the Company's balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred were for the purpose of the Company's business.

**Dhaka, 26 October 2017**

**Sd/-  
Hoda Vasi Chowdhury & Co.,  
Chartered Accountants**

**Runner Motors Limited**  
**Statement of Financial Position**  
*As at 30 June 2017*

	Notes	Amount in Taka	
		30-Jun-17	30-Jun-16 Restated
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		1,013,050,743	1,014,412,941
Capital work in progress		102,355,873	29,046,117
Investments in Associate		52,114,663	50,481,823
Trade and other receivables		2,540,001,868	2,453,915,928
		<b>4,275,087,361</b>	<b>3,423,591,319</b>
<b>Current Assets</b>			
Inventories		579,693,564	619,141,471
Trade and other receivables		1,716,529,719	1,226,957,964
Short term investment		874,316,406	784,372,393
Advances, deposits, prepayments and other		828,066,422	736,259,699
Related party receivables		-	20,229,896
Cash and cash equivalents		276,481,250	36,629,895
		<b>7,982,610,508</b>	<b>6,971,448,128</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share capital		90,000,000	90,000,000
Share premium		115,905,000	115,905,000
General reserve		232,300,000	232,300,000
Revaluation reserve		623,185,099	626,327,739
Retained earnings		1,129,260,120	944,254,420
		<b>2,265,699,794</b>	<b>1,880,129,609</b>
<b>Non-Current Liabilities</b>			
Long term loan net off current portion		2,249,728,909	1,868,312,239
Deferred tax liability		15,970,886	11,817,370
		<b>3,526,260,494</b>	<b>3,082,531,360</b>
<b>Current Liabilities</b>			
Trade and other payables		254,265,155	121,205,635
Short term loan from banks		1,161,071,900	1,201,208,833
Related Party Payable		355,722,294	-
Current portion of long term loan		1,124,864,454	934,156,119
Provision for income tax		221,673,451	546,250,654
Provision for contribution to WPPF and welfare fund		74,396,043	55,928,564
Liabilities for expenses and other provisions		334,267,197	223,781,555
		<b>7,982,610,508</b>	<b>6,971,448,128</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

See annexed Auditor's report to the Shareholders of even date

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Dhaka, 26 October 2017

**Runner Motors Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
*For the year ended 30 June 2017*

	Notes	Amount in Taka	
		2016-17	2015-16 Restated
<b>Revenue</b>		4,084,637,639	3,614,812,137
Cost of sales		(3,117,374,626)	(2,703,760,751)
<b>Gross profit</b>		<b>967,263,013</b>	<b>911,051,386</b>
<b>Operating expenses</b>		<b>(441,503,604)</b>	<b>(372,667,410)</b>
Administrative expenses		(94,347,537)	(72,756,202)
Selling and distribution expenses		(347,156,067)	(299,911,208)
<b>Operating profit</b>		<b>525,759,409</b>	<b>538,383,976</b>
Finance Costs		(186,943,186)	(120,339,268)
Non-operating income		49,000,853	48,496,626
<b>Profit before tax and WPPF</b>		<b>387,817,077</b>	<b>466,541,334</b>
Contribution to WPPF and welfare fund		(18,467,480)	(22,216,254)
<b>Profit before income tax &amp; share of profit</b>		<b>369,349,597</b>	<b>444,325,080</b>
Share of profit from associate		1,632,840	1,481,823
<b>Profit before income tax</b>		<b>370,982,437</b>	<b>445,806,902</b>
Income tax expenses		(135,735,977)	(155,413,278)
Current tax		(131,582,461)	(165,711,095)
Deferred tax		(4,153,516)	10,297,817
<b>Net profit for the year</b>		<b>235,246,460</b>	<b>290,393,625</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>235,246,460</b>	<b>290,393,625</b>
<b>Basic Earning per share (EPS)</b>		<b>26.14</b>	<b>32.27</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

See annexed Auditor's report to the Shareholders of even date

Sd/-

Dhaka, 26 October 2017

**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants



**Information as required under section 186 of the Companies Act, 1994 relating to the holding company**

1. Directors' Report of Freedom Motors Limited
2. Independent Auditor's Report to the Shareholders of Freedom Motors Limited
3. Statement of Financial Position as at June 30, 2017
4. Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2017

**Freedom Motors Ltd.**  
138/1 Tejgaon Industrial Area, Dhaka -1208

Report of the Board of Directors to the Shareholders

Honourable Shareholders

I, on behalf of the Board of Directors and on my own behalf, welcome you all to the 8<sup>th</sup> Annual General Meeting of the company, I am really happy to have the opportunity to meet you in this Annual General Meeting. It is a great occasion indeed where the board of Directors have the pleasure in submitting before you the audited financial statements together with the Auditor's Report of the Company part any to the financial year June 30, 2017 your valuable comments, opinion and adoption.

**Share capital**

Authorized capital TK. 100 Crore, Issued, subscribed and paid up share capital of the company is TK 6,855,000 which is divided into 6,855 ordinary share of TK. 1000 each.

**Production**

In the year 2016-2017 the company has no substantial operating activities.

**Sales**

In the year 2016-2017 the company has no substantial operating activities.

**Profit**

In the year 2016-2017 the company has no substantial operating activities.

**Appropriation of Profit**

Particulars	2016-2017
Net Profit before Tax	52,808
Provision for Income Tax	(26,007)
Profit after Tax	26,801
Opening balance of retained earnings	28,818,139
Proposed Bonus Share	0
Closing balance of retained earnings	28,844,940

**Dividend**

In the year 2016-2017 the company has no substantial operating activities and consequently no dividend declared.

**Future Plan**

The company has planned to start to its operational activities again. Beside the above necessary step will take to increase of production & sales motorcycle.

**Directors**

According to the Article of association of the Company, the affairs of the Company are being run by 5(Five).

**Auditors**

Hoda Vasi Chowdhury & Co. Chartered Accountants was appointed as the auditors of the Company in the 8<sup>th</sup> Annual General Meeting. They have carried out the audit for the year 2016-2017 and being eligible as per Companies Act, 1994 they have expressed their willingness for reappointment for the year 2017-2018. The Board recommends to re-

appoint Hoda vasi Chowdhury & Co. as the statutory auditor of the company for the year ended 30 June 2018 at a remuneration as per the rules of ICAB plus VAT and will continue till conclusion of the next AGM of 2018.

**Conclusion**

Finally, on behalf of the Board of Directors and on my own behalf like to thank all workers, staff and officers of the company for their contribution, sincerity and loyalty in managing the company successfully during the period.

The Board of Directors also expresses their gratitude to the valued shareholders for their continued support, active cooperation, assistance and valuable advice.

Allah Hafez

For and on behalf of the Board of Directors

Sd/-

**(Hafizur Rahman Khan)**

Chairman

26 October 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FREEDOM MOTORS LIMITED**

We have audited the accompanying financial statements of Freedom Motors Limited (the "Company") which comprise the statement of financial position (balance sheet) as at 30 June 2016, and the related statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS).

### **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:

- 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 account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the Company's balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred were for the purpose of the Company's business;

**Dhaka, 26 October 2017**

**Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants**

**Freedom Motors Ltd**  
**Statement of Financial Position**  
*As at 30 June 2017*

	<u>Notes</u>	<b>Amount in Taka</b>	
		<u>30-Jun-17</u>	<u>30-Jun-16</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		103,643	121,491
<b>Current Assets</b>			
Inventories		397,399	397,399
Trade and other receivables		1,023,082	1,023,082
Short term investment		1,086,357	1,027,710
Advances, deposits and prepayments		49,709	41,488
Related party receivables		34,148,095	34,148,095
Other receivables		95,965	92,500
Cash and cash equivalents		242,179	241,855
<b>TOTAL ASSETS</b>		<b>37,146,428</b>	<b>37,093,619</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share capital		6,855,000	6,855,000
Retained earnings		28,844,940	28,818,139
<b>Current Liabilities</b>			
Provision for bad debt		1,023,082	1,023,082
Provision for inventory		397,399	397,399
Provision for tax		26,007	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,146,428</b>	<b>37,093,619</b>

*The annex notes form an integral part of these financial statements.*

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

See annexed Auditor's report to the Shareholders of even date

Dhaka, 26 October 2017

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**Freedom Motors Ltd**  
**Statement of Profit or Loss and other Comprehensive Income**  
*For the year ended 30 June 2017*

	Amount in Taka		
	Notes	2016-17	2015-16
<b>Revenue</b>		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
<b>Operating expenses</b>		<b>(21,498)</b>	<b>(694,748)</b>
Administrative expenses		(21,498)	(24,267)
Provision for bad debt		-	(273,082)
Provision for inventories		-	(397,399)
<b>Operating profit</b>		<b>(21,498)</b>	<b>(694,748)</b>
Other Income/ (Expenses)		74,306	96,609
<b>Profit before tax</b>		<b>52,808</b>	<b>(598,138)</b>
Provision for tax		(26,007)	-
<b>Net profit / (Loss)</b>		<b>26,801</b>	<b>(598,138)</b>
<b>Basic Earning per Share (EPS)</b>		<b>3.91</b>	<b>(87.26)</b>

The annex notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

See annexed Auditor's report to the Shareholders of even date

Dhaka, 26 October 2017

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

## Runner Automobiles Limited

Auditors' certificate regarding calculation of EPS and other ratios

We have examined the following ratios of Runner Automobiles Limited (the "Company") and its controlled entities (together referred to as the "Group") as at and for the years ended 30 June 2017, 2016, 2015, 2014 and 31 December 2013. Based on the review, we certify that

the Company has properly prepared the following EPS and other ratios using stated principles on the basis of audited consolidated and stand alone financial statements as at and for the years ended 30 June 2017, 2016, 2015, 2014 and 31 December 2013.

Ratios pertinent to the prospectus are as specified in rule 4 (1)(d) /Annexure D of the Securities and Exchange Commission (Public Issue) Rules, 2015.

Ratios	Formula	2016-2017		2015-2016		2014-2015		2013-2014		2013	
		Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated*
<b>Liquidity Ratios</b>											
Current Ratio (Times)	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.47	1.34	1.40	1.22	1.31	1.34	1.42	1.19	1.60	1.45
Quick Ratio	$\frac{\text{Current Assets}-\text{Closing Stock}}{\text{Current Liabilities}}$	1.13	1.09	1.12	0.99	1.05	1.08	1.22	0.97	1.19	1.13
<b>Operating Efficiency Ratios</b>											
Accounts Receivable Turnover Ratio	$\frac{\text{Sales}}{\text{Average Accounts receivables}}$	1.30	0.82	1.34	1.93	2.35	1.83	2.58	4.30	3.86	1.18
Inventory Turnover Ratio	$\frac{\text{Cost of Sales}}{\text{Average Inventories}}$	2.94	4.08	2.60	3.39	5.34	3.38	3.62	6.28	3.22	2.45
Assets Turnover Ratio	$\frac{\text{Sales}}{\text{Average Total Assets}}$	0.40	0.49	0.29	0.43	0.49	0.43	0.43	0.79	0.47	0.35
<b>Profitability Ratios</b>											
Gross Margin Ratio (%)	$\frac{\text{Gross Profit}}{\text{Sales}}$	28.28%	25.39%	27.78%	25.96%	25.68%	23.65%	24.77%	23.54%	18.95%	19.73%
Operating Income Ratio (%)	$\frac{\text{Operating Profit}}{\text{Sales}}$	14.70%	13.55%	14.93%	14.89%	15.73%	14.69%	14.51%	15.66%	10.09%	11.48%
Net Income Ratio before tax (%)	$\frac{\text{Net Profit before Tax}}{\text{Sales}}$	9.22%	8.63%	5.68%	10.32%	10.23%	9.94%	8.29%	9.99%	5.48%	6.74%
Net Income Ratio after tax (%)	$\frac{\text{Net Profit After Tax}}{\text{Sales}}$	7.92%	6.06%	4.77%	7.04%	9.24%	7.74%	7.56%	7.19%	5.07%	5.14%
Return on Assets (%)	$\frac{\text{Net Profit After Tax}}{\text{Average Total Assets}}$	3.20%	2.99%	1.37%	3.06%	4.51%	3.32%	3.25%	5.66%	2.37%	1.80%
Return on Equity (%)	$\frac{\text{Net Profit After Tax}}{\text{Average Shareholders Equity}}$	4.88%	7.72%	2.05%	7.82%	6.89%	8.98%	5.22%	10.95%	4.40%	4.72%
Earning Per share	$\frac{\text{Net Profit attributable to ordinary shareholders}}{\text{Weighted Average Number of Share}}$	2.03	3.22	0.81	2.78	2.39	3.38	1.61	5.78	1.12	4.37
EBITDA Margin (%)	$\frac{\text{EBITDA}}{\text{Sales}}$	20.48%	15.87%	21.34%	17.57%	19.40%	17.23%	18.55%	17.74%	14.25%	12.34%
<b>Solvency Ratios</b>											
Debt to total Assets Ratio	$\frac{\text{Total Debt}}{\text{Total Assets}}$	0.32	0.48	0.27	0.44	0.24	0.46	0.26	0.50	0.26	0.45
Debt Service Coverage Ratio	$\frac{\text{Net Operating Income}}{\text{Debt Service}}$	2.04	0.25	0.21	0.24	0.39	0.21	0.37	0.27	0.31	0.14
Time Interest Earn Ratio (Times)	$\frac{\text{Operating Profit+Other Income}}{\text{Interest Expenses}}$	2.18	2.53	1.54	2.92	2.72	2.87	2.26	2.65	2.12	2.32
Debt to Equity Ratio (Times)	$\frac{\text{Long Term Loan+Lease Obligation(total debt)}}{\text{Shareholders Equity}}$	0.50	1.25	0.40	1.12	0.36	1.19	0.40	1.44	0.44	1.19
<b>Cash Flow Ratios:</b>											
Net Operating Cash Flow per Share	$\frac{\text{Net Operating Cash Flow}}{\text{Weighted Average Number of Ordinary Shares}}$	0.56	0.77	0.35	1.63	0.42	2.81	0.24	2.52	(4.74)	(31.29)
Net Operating Cash Flow per Share/EPS	$\frac{\text{Net Operating Cash Flow per Share}}{\text{EPS}}$	0.28	0.24	0.42	0.59	0.18	0.83	0.15	0.44	(4.24)	(7.16)

\*Average amount has been calculated based on only the consolidated balance sheet as at December 31,2013.

Dhaka, 28 June 2018

SD/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

## Industry Average Ratio Comparison with Runner Automobiles Limited

	31 December 2013		30 June 2014		30 June 2015		30 June 2016		30 June 2017		Rationale
	RAL	Industry average	RAL	Industry average	RAL	Industry average	RAL	Industry average	RAL	Industry average	
<b>Liquidity Ratios</b>											
Current Ratio	1.60	3.67	1.42	2.66	1.31	2.36	1.42	2.52	1.47	2.38	The industry data shows very high current ratio which indicates inefficient working capital management by industry participants. Compared to the industry, current ratio of RAL is low which dictates efficient working capital management by the company. Increasing current ratio of RAL indicates increasing liquidity and ability to pay short term liability.
Quick Ratio	1.19	3.20	1.22	2.36	1.05	2.12	1.14	2.17	1.13	2.01	The quick ratio of the company has remained at a consistent level over the years and the latest level indicates sufficient current assets to pay for current liabilities. But the industry ratio is quite high which indicates inefficient working capital management by the industry participants.
<b>Operating Efficiency Ratios</b>											
Accounts Receivable Turnover Ratio	3.86	13.23	2.58	6.51	2.35	1.82	1.34	3.56	1.3	0.58	The accounts receivable turnover of RAL has declined due to increased credit sale by the company. The industry ratio remained volatile during the period.
Inventory Turnover Ratio	3.22	6.07	3.62	7.16	5.34	2.86	2.60	2.83	2.94	2.94	Inventory turnover ratio of RAL as well as the industry increased during the periods under observation. The increasing inventory turnover ratio indicates improved working capital management by RAL and the industry as a whole.
Asset Turnover Ratio	0.47	0.41	0.43	0.34	0.49	0.14	0.29	0.17	0.4	0.20	The industry ratio as well as that of RAL increased slightly in 2017. Both RAL as well as the industry data shows an overall declining trend of asset turnover ratio.
<b>Profitability Ratios</b>											
Gross Margin Ratio	18.95%	15.86%	24.77%	16.22%	25.68%	19.76%	27.78%	14.02%	28.28%	9.84%	Despite a significant decline of industry margin in 2017, RAL and industry data shows an overall increase of Gross Profit margin during the years. But RAL outperformed its industry peers during the years by a hefty margin.
Operating Profit Ratio	10.09%	10.66%	14.51%	9.76%	15.73%	10.90%	14.93%	-2.67%	14.70%	-14.07%	During 2013, Industry performance was better than RAL. But from 2014, RAL outperformed the industry in operating profit margin ratio.
Net Profit Ratio	5.07%	8.31%	7.56%	9.26%	9.24%	7.17%	4.77%	1.23%	7.92%	-10.98%	During 2013 and 2014, Industry performance was better than RAL. But from 2015, RAL outperformed the industry in operating profit margin ratio.



	31 December 2013		30 June 2014		30 June 2015		30 June 2016		30 June 2017		Rationale
	RAL	Industry average	RAL	Industry average	RAL	Industry average	RAL	Industry average	RAL	Industry average	
Return on Assets Ratio	2.37%	2.43%	3.25%	2.22%	4.51%	1.05%	1.37%	1.12%	3.20%	1.85%	RAL has generated higher returns from its assets compared to its industry peers over the years under observation.
Return on Equity Ratio	4.40%	4.62%	5.22%	5.42%	6.89%	3.05%	2.05%	4.04%	4.88%	6.67%	The overall trend of ROE of both RAL and the industry is increasing over the years.
Earnings Per Share (EPS)	1.56	5.48	2.17	4.38	3.19	2.00	0.81	2.07	2.03	2.47	The industry EPS has increased over the last two years whereas the EPS of RAL increased in the latest year.
EBITDA Margin	14.25%	14.26%	18.55%	15.66%	19.40%	14.41%	21.34%	7.70%	20.48%	-7.79%	The EBITDA margin of RAL is significantly high compared to that of the industry. The EBITDA margin of the industry has declined over the last three years.

#### Solvency Ratios

Debt to Total Assets Ratio	0.26	1.07	0.26	1.38	0.24	1.29	0.27	1.02	0.32	1.03	Debt to total asset ratio of the company is significantly lower than the industry average ratio. Lower debt to total asset ratio indicates lower debt in the capital structure of the company.
Debt to Equity Ratio	0.44	1.07	0.40	1.38	0.36	1.29	0.40	1.53	0.5	1.03	Debt to total equity ratio of the company is significantly lower than the industry average ratio. Lower debt to total equity ratio indicates lower debt in the capital structure of the company.
Times Interest Earned Ratio	2.12	4.91	2.26	4.61	2.72	10.62	1.54	6.66	2.18	(43.92)	Times Interest Earned Ratio is lower than the industry average except the latest year. The higher the ratio is, the easier it is for the company to pay its debt holders.
Debt Service Coverage Ratio	0.31	0.42	0.37	0.30	0.39	0.20	0.21	0.19	2.04	0.74	The debt service coverage ratio of the company has been higher than the industry average over the period under review. But the performance of industry peers have deteriorated over the years with a slight rise in the latest year.

#### Cash Flow Ratios

Net operating Cash Flow Per Share (NOCFPS)	(4.74)	9.19	0.24	(1.34)	0.42	(3.59)	0.36	(9.84)	0.56	(5.02)	NOCFPS of RAL is positive during the years except for 2013. On the other hand, the ratio is negative for the industry except for 2013.
NOCFPS to EPS Ratio	(4.24)	2.69	0.15	(0.56)	0.18	(0.53)	0.44	(4.55)	0.28	(0.25)	NOCFPS to EPS of RAL is positive during the years except for 2013. On the other hand, the ratio is negative for the industry except for 2013.

\*We have taken the listed automobile businesses under engineering sector of DSE to calculate industry ratios. The listed automobile companies are – Ifad Autos Limited, Aftab Automobiles Limited, Atlas Bangladesh Limited.

**Runner Automobiles Limited****Auditor's Report under Section-135(I), Para 24 (I), of Part -II of Schedule III to the Companies Act 1994**

As required under Section-135(I), Para 24 (I), of Part -II of Schedule III to the Companies Act 1994, management of Runner Automobiles Limited (the "Company") has prepared the following statements of its stand alone and consolidated assets and liabilities, profit and loss accounts and cash flows as at and for the years ended 30 June 2017, 2016, 2015, 2014 and 31 December 2013, and submitted those to us for working and issuance of our confirmation thereon.

We, as the auditors of the Company, having examined the consolidated financial statements of the Group comprising the Company and its controlled entities as at and for the years ended 30 June 2017, 2016, 2015, 2014 and 31 December 2013 as well as the Company's stand alone financial statements as at and for the years ended 30 June 2017, 2016, 2015, 2014 and 31 December 2013, hereby confirm that the following information has been correctly extracted from those audited financial statements.

**(A) Statement of assets and liabilities**

	<i>Restated</i>									
	30-Jun-17		30-Jun-16		30-Jun-15		30-Jun-14		31-Dec-13	
	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated
<b>ASSETS</b>										
<b>Non-current assets</b>										
Property, plant and equipment net of accumulated depreciation	3,006,885,877	4,020,040,263	2,923,904,278	3,938,438,710	2,929,428,864	3,932,091,886	2,193,755,507	3,168,150,956	2,054,216,347	3,013,611,498
Intangible assets	1,100,000	1,100,000	-	-	-	-	558,506	558,506	-	942,014
Capital Work in progress	50,376,583	152,732,456	170,895,755	199,941,872	102,174,659	102,174,659	1,506,253	1,506,253	942,014	-
Investment in subsidiaries	153,224,000	59,734,663	153,224,000	58,101,823	153,224,000	9,506,500	149,474,000	7,620,000	149,474,000	7,620,000
Trade receivable-non current	15,668,944	2,556,693,894	28,761,720	2,482,677,648	-	1,227,243,260	-	1,988,572,188	-	1,083,240,847
<b>Total non-current assets</b>	<b>3,227,255,404</b>	<b>6,790,301,276</b>	<b>3,276,785,754</b>	<b>6,679,160,053</b>	<b>3,184,827,524</b>	<b>5,271,016,305</b>	<b>2,345,294,266</b>	<b>5,166,407,903</b>	<b>2,204,632,361</b>	<b>4,105,414,359</b>
<b>Current assets</b>										
Inventories	699,515,450	1,279,606,414	477,506,585	1,097,045,455	383,885,888	1,159,308,653	242,502,360	889,950,070	496,286,231	981,158,666
Trade and other receivables	1,224,630,651	2,941,160,370	1,185,709,630	2,413,690,676	1,101,444,384	2,896,985,146	817,046,745	2,065,580,410	562,320,340	1,466,259,057
Short term investments	131,988,259	1,007,391,022	214,520,016	999,921,119	71,445,465	811,047,364	303,014,925	927,618,826	521,725,645	1,069,550,858
Advances, deposits and prepayments	317,131,159	1,145,247,290	249,628,009	985,928,197	194,975,857	856,823,794	282,320,903	747,844,199	256,337,622	609,998,060
Related party receivables	442,099,573	115,527,371	77,224,281	106,374,373	65,963,069	95,097,113	58,652,005	63,012,744	46,979,221	46,979,221
Other receivables	79,041,002	79,136,968	107,286,322	107,378,822	61,058,223	61,149,973	3,767,572	3,859,072	38,422,459	38,422,459
Cash and cash equivalents	165,307,259	442,030,688	72,810,299	109,682,050	72,232,777	112,545,635	38,189,869	62,112,446	53,570,093	246,149,463
<b>Total current assets</b>	<b>3,059,713,354</b>	<b>7,010,100,124</b>	<b>2,384,685,141</b>	<b>5,820,020,692</b>	<b>1,951,005,663</b>	<b>5,992,957,679</b>	<b>1,745,494,378</b>	<b>4,759,977,767</b>	<b>1,975,641,611</b>	<b>4,458,517,785</b>
<b>TOTAL ASSETS</b>	<b>6,286,968,758</b>	<b>13,800,401,400</b>	<b>5,661,470,895</b>	<b>12,499,180,745</b>	<b>5,135,833,187</b>	<b>11,263,973,984</b>	<b>4,090,788,644</b>	<b>9,926,385,670</b>	<b>4,180,273,972</b>	<b>8,563,932,145</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Shareholders' equity</b>										
Share capital	942,029,210	942,029,210	942,029,210	942,029,210	652,173,910	652,173,910	434,782,610	434,782,610	434,782,610	434,782,610
Share premium	1,169,832,705	1,169,832,705	1,169,832,705	1,169,832,705	916,208,705	916,208,705	916,208,705	916,208,705	916,208,705	916,208,705
General reserve	-	-	-	-	-	-	181,250,000	181,250,000	181,250,000	181,250,000
Revaluation reserve	1,296,026,303	1,296,026,303	1,297,972,923	1,297,972,923	1,299,028,055	1,299,028,055	747,725,398	747,725,398	748,351,223	748,351,223
Retained earnings	597,726,009	1,839,030,512	404,879,560	1,533,764,173	545,477,496	1,495,874,440	342,010,519	1,179,505,113	247,529,625	985,913,754
<b>Total equity attributable to parent company's shareholders</b>	<b>4,005,614,226</b>	<b>5,246,918,730</b>	<b>3,814,714,398</b>	<b>4,943,599,011</b>	<b>3,412,888,166</b>	<b>4,363,285,109</b>	<b>2,621,977,232</b>	<b>3,459,471,825</b>	<b>2,528,122,162</b>	<b>3,266,506,291</b>
<b>Non controlling interest</b>	-	839,441,656	-	769,971,686	-	658,663,869	-	628,148,491	-	561,438,424
<b>Total equity</b>	<b>4,005,614,226</b>	<b>6,086,360,386</b>	<b>3,814,714,398</b>	<b>5,713,570,696</b>	<b>3,412,888,166</b>	<b>5,021,948,978</b>	<b>2,621,977,232</b>	<b>4,087,620,316</b>	<b>2,528,122,162</b>	<b>3,827,944,715</b>
<b>Non-current liabilities</b>										
Long term loan net off current portion	114,368,528	2,364,097,436	66,528,795	1,934,841,034	153,386,569	1,660,919,867	186,038,632	1,758,981,906	250,089,265	1,456,473,854
Finance lease net off current portion	-	-	1,249,875	1,249,875	3,953,297	3,953,297	39,234	39,234	113,648,409	113,648,409
Net deferred tax liability	87,295,349	103,266,236	80,083,301	91,900,672	78,650,447	100,765,634	51,574,327	79,105,825	49,966,697	80,820,220
<b>Total non-current liabilities</b>	<b>201,663,877</b>	<b>2,467,363,672</b>	<b>147,861,972</b>	<b>2,027,991,581</b>	<b>235,990,314</b>	<b>1,765,638,799</b>	<b>237,652,192</b>	<b>1,838,126,965</b>	<b>413,704,371</b>	<b>1,650,942,483</b>
<b>Current liabilities</b>										
Trade payable	12,282,934	266,548,089	32,771,063	153,976,698	36,112,687	61,309,171	37,902,423	59,002,277	54,010,888	80,957,691
Short term loan from bank	1,808,509,026	2,969,580,926	1,374,208,709	2,575,417,542	976,474,589	1,812,642,866	728,985,076	2,007,751,742	618,976,634	1,360,005,594
Current portion of long term loan	96,899,889	1,221,764,343	80,475,328	1,014,631,447	101,168,866	1,723,978,576	123,320,033	1,194,886,038	77,965,932	912,049,218
Current portion of finance lease	731,746	731,746	1,825,980	1,825,980	639,068	639,068	11,059,844	11,059,844	45,139,828	45,139,828
Related party payable	4,998,002	-	25,227,899	-	83,730,602	-	92,186,011	138,133	112,852,692	122,300
Provision for income tax	32,517,054	254,216,512	43,457,106	589,707,760	45,771,158	511,544,847	78,487,531	461,154,822	70,698,983	360,500,207
Provision for WPPF & welfare fund/employee benefit	36,832,084	111,228,128	25,720,542	81,649,106	21,320,021	55,032,331	9,812,015	32,425,740	4,649,452	14,434,300
Liabilities for expenses and provision	86,919,920	422,607,598	115,207,897	340,409,935	221,737,718	311,239,349	149,406,287	234,219,792	254,153,030	311,835,810
<b>Total current liabilities</b>	<b>2,079,690,655</b>	<b>5,246,677,342</b>	<b>1,698,894,524</b>	<b>4,757,618,468</b>	<b>1,486,954,707</b>	<b>4,476,386,207</b>	<b>1,231,159,220</b>	<b>4,000,638,389</b>	<b>1,238,447,440</b>	<b>3,085,044,947</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,286,968,758</b>	<b>13,800,401,400</b>	<b>5,661,470,895</b>	<b>12,499,180,745</b>	<b>5,135,833,187</b>	<b>11,263,973,984</b>	<b>4,090,788,644</b>	<b>9,926,385,670</b>	<b>4,180,273,972</b>	<b>8,563,932,145</b>

Dhaka, 28 June 2018

SD/-  
Hoda Vasi Chowdhury & CO.  
Chartered Accountants

**Runner Automobiles Limited**

Auditor's Report under Section-135(I), Para 24 (D), of Part -II of Schedule III to the Companies Act 1994

**(B) Statement of profit and loss**

Particulars	Restated									
	2016-17		2015-16		2014-15		2013-14		31-Dec-13	
	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated
<b>Revenue</b>	2,410,036,191	6,494,673,830	1,550,187,260	5,164,999,397	2,250,238,633	4,538,909,499	1,779,832,594	5,126,003,767	1,697,598,108	2,999,776,597
Cost of sales	(1,728,585,019)	(4,845,959,645)	(1,119,483,197)	(3,824,348,503)	(1,672,334,300)	(3,465,312,105)	(1,338,928,183)	(3,919,245,910)	(1,375,890,807)	(2,407,882,264)
<b>Gross profit</b>	<b>681,451,172</b>	<b>1,648,714,185</b>	<b>430,704,062</b>	<b>1,340,650,894</b>	<b>577,904,333</b>	<b>1,073,597,394</b>	<b>440,904,411</b>	<b>1,206,757,857</b>	<b>321,707,301</b>	<b>591,894,333</b>
<b>Operating expenses</b>	<b>(327,161,281)</b>	<b>(768,686,382)</b>	<b>(199,226,612)</b>	<b>(571,484,217)</b>	<b>(224,002,965)</b>	<b>(406,685,909)</b>	<b>(182,628,381)</b>	<b>(404,180,065)</b>	<b>(150,461,842)</b>	<b>(247,586,600)</b>
Administrative expenses	(90,529,626)	(184,898,660)	(71,763,217)	(144,543,686)	(74,253,061)	(120,585,133)	(66,368,015)	(121,791,087)	(73,146,595)	(97,675,420)
Selling and distribution expense	(236,631,655)	(583,787,722)	(127,463,396)	(426,940,531)	(149,749,904)	(286,100,776)	(116,260,366)	(282,388,978)	(77,315,248)	(149,911,181)
<b>Operating profit</b>	<b>354,289,891</b>	<b>880,027,803</b>	<b>231,477,450</b>	<b>769,166,678</b>	<b>353,901,369</b>	<b>666,911,485</b>	<b>258,276,030</b>	<b>802,577,792</b>	<b>171,245,459</b>	<b>344,307,733</b>
Financial expenses	(198,482,579)	(385,425,765)	(170,880,232)	(291,219,500)	(140,603,351)	(253,358,834)	(123,217,372)	(325,397,330)	(87,063,928)	(161,039,492)
Other income/ (expenditure)	77,535,067	93,926,826	31,813,729	80,406,964	28,370,115	60,321,880	19,897,902	60,812,803	13,456,964	28,955,407
<b>Net profit before WPPF</b>	<b>233,342,379</b>	<b>588,528,863</b>	<b>92,410,948</b>	<b>558,354,142</b>	<b>241,668,132</b>	<b>473,874,531</b>	<b>154,956,559</b>	<b>537,993,265</b>	<b>97,638,494</b>	<b>212,223,648</b>
Contribution to WPPF and welfare fund	(11,111,542)	(29,579,022)	(4,400,521)	(26,616,775)	(11,508,006)	(22,606,590)	(7,378,884)	(25,667,707)	(4,649,452)	(10,109,397)
<b>Net profit before income tax</b>	<b>222,230,837</b>	<b>558,949,841</b>	<b>88,010,426</b>	<b>531,737,367</b>	<b>230,160,126</b>	<b>451,267,941</b>	<b>147,577,675</b>	<b>512,325,559</b>	<b>92,989,042</b>	<b>202,114,251</b>
Share of profit from associates	-	1,632,840	-	1,481,823	-	-	-	-	-	-
<b>Net profit before income tax</b>	<b>222,230,837</b>	<b>560,582,681</b>	<b>88,010,426</b>	<b>533,219,190</b>	<b>230,160,126</b>	<b>451,267,941</b>	<b>147,577,675</b>	<b>512,325,559</b>	<b>92,989,042</b>	<b>202,114,251</b>
Provision for tax	(31,331,009)	(167,092,993)	(14,034,738)	(169,448,016)	(22,205,599)	(99,895,686)	(13,031,730)	(143,783,463)	(6,879,470)	(47,829,060)
Current tax	(24,118,961)	(155,727,429)	(12,601,883)	(178,312,979)	(18,149,691)	(101,256,089)	(10,123,421)	(146,641,225)	(4,916,984)	(48,594,130)
Deferred tax expenses	(7,212,048)	(11,365,564)	(1,432,855)	(1,432,855)	(4,055,908)	(4,055,908)	(2,908,310)	(2,908,310)	(1,962,486)	(1,962,486)
Deferred tax benefits	-	-	-	10,297,817	-	5,416,311	-	5,766,072	-	2,727,556
<b>Net profit after tax</b>	<b>190,899,829</b>	<b>393,489,689</b>	<b>73,975,688</b>	<b>363,771,173</b>	<b>207,954,527</b>	<b>351,372,255</b>	<b>134,545,945</b>	<b>368,542,096</b>	<b>86,109,572</b>	<b>154,285,191</b>
Bargain purchase gain on acquisition of Runner Motors Ltd.	-	-	-	-	-	-	-	178,127,561	-	178,127,561
Bargain purchase gain on acquisition of Freedom Motors Ltd.	-	-	-	-	-	-	-	31,305,896	-	31,305,896
<b>Net profit for the year</b>	<b>190,899,829</b>	<b>393,489,689</b>	<b>73,975,688</b>	<b>363,771,173</b>	<b>207,954,527</b>	<b>351,372,255</b>	<b>134,545,945</b>	<b>577,975,553</b>	<b>86,109,572</b>	<b>363,718,648</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>552,485,085</b>	<b>579,253,168</b>	<b>-</b>	<b>488,074,771</b>	<b>-</b>	<b>488,074,771</b>
Group profit on derecognition on equity investment	-	-	-	-	-	26,768,083	-	488,074,771	-	488,074,771
Revaluation surplus (Net of deferred tax)	-	-	-	-	552,485,085	552,485,085	-	-	-	-
<b>Total comprehensive income</b>	<b>190,899,829</b>	<b>393,489,689</b>	<b>73,975,688</b>	<b>363,771,173</b>	<b>760,439,612</b>	<b>930,625,423</b>	<b>134,545,945</b>	<b>1,066,050,324</b>	<b>86,109,572</b>	<b>851,793,419</b>
<b>Profit for the year attributable to</b>										
Equityholders of the Parent	190,899,829	303,319,719	73,975,688	252,463,357	207,954,527	294,088,795	134,545,945	483,965,766	86,109,572	336,418,929
Non-controlling interest	-	90,169,970	-	111,307,816	-	57,283,460	-	94,009,787	-	27,299,719
<b>Total comprehensive income attributable to</b>	<b>190,899,829</b>	<b>393,489,689</b>	<b>73,975,688</b>	<b>363,771,173</b>	<b>207,954,527</b>	<b>351,372,255</b>	<b>134,545,945</b>	<b>577,975,553</b>	<b>86,109,572</b>	<b>363,718,648</b>
Equityholders of the Parent	190,899,829	303,319,719	73,975,688	252,463,357	760,439,612	873,341,963	134,545,945	972,040,537	86,109,572	824,493,700
Non-controlling interest	-	90,169,970	-	111,307,816	-	57,283,460	-	94,009,787	-	27,299,719
	<b>190,899,829</b>	<b>393,489,689</b>	<b>73,975,688</b>	<b>363,771,173</b>	<b>760,439,612</b>	<b>930,625,423</b>	<b>134,545,945</b>	<b>1,066,050,324</b>	<b>86,109,572</b>	<b>851,793,419</b>

**Earnings per share (EPS) for the year**

<b>Basic (Restated for Bonus issue)</b>	<b>2.03</b>	<b>3.22</b>	<b>0.81</b>	<b>2.78</b>	<b>2.39</b>	<b>3.38</b>	<b>1.61</b>	<b>5.78</b>	<b>1.12</b>	<b>4.37</b>
---	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

Dhaka, 28 June 2018

SD/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**Runner Automobiles Limited**

Auditor's Report under Section-135(I), Para 24 (I), of Part -II of Schedule III to the Companies Act 1994

**(C) Statement of cash flows**

Particulars	2016-17		2015-16		2014-15		2013-14		Restated 31-Dec-13	
	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated
<b>Cash flow from operating activities</b>										
Receipt from customers	2,391,685,180	5,900,665,125	1,451,143,294	4,406,842,479	1,968,424,549	4,471,417,246	1,737,062,373	5,051,527,228	1,438,364,851	2,308,000,802
Payment to suppliers and employees	(2,314,236,836)	(5,652,652,400)	(1,413,803,815)	(4,134,667,685)	(1,925,983,664)	(4,125,297,616)	(1,689,555,294)	(4,692,988,326)	(1,797,060,945)	(3,589,158,122)
Income tax paid	(24,774,913)	(175,909,356)	(5,946,899)	(124,357,566)	(5,579,260)	(101,912,929)	(27,403,007)	(147,278,983)	(6,140,289)	(79,352,622)
<b>Net cash generated by / (used in) operating activities</b>	<b>52,673,431</b>	<b>72,103,369</b>	<b>31,392,579</b>	<b>147,817,228</b>	<b>36,861,625</b>	<b>244,206,701</b>	<b>20,104,072</b>	<b>211,259,919</b>	<b>(364,836,382)</b>	<b>(1,360,509,942)</b>
<b>Cash flows from investing activities</b>										
Net Proceeds from sale / (purchase) of financial assets	82,531,756	(7,470,904)	(143,074,551)	(188,873,754)	231,569,460	116,571,462	(232,401,282)	(353,293,034)	(479,640,553)	(572,582,186)
Receipt from investment income	46,154,259	95,225,953	25,472,884	73,376,125	22,337,436	54,288,951	102,265,933	143,176,984	12,561,614	12,652,739
Receipts/ Payment to related parties	(385,105,189)	(9,152,999)	(52,684,288)	5,802,368	(15,766,473)	(32,222,502)	(141,367,361)	(123,870,280)	26,055,215	(71,283,472)
Investment in subsidiaries	-	-	-	(47,113,500)	(3,750,000)	(1,886,500)	(6,854,000)	(6,854,000)	(93,974,000)	(93,974,000)
Payment for Property, Plant and Equipment	(42,046,878)	(352,399,266)	(227,502,450)	(281,451,594)	(328,822,470)	(368,927,209)	(497,211,384)	(534,187,111)	(129,965,457)	(161,337,899)
Proceeds from disposal of Property, Plant and Equipment	78,539	78,539	659,638	1,724,638	3,498,893	3,498,893	180,048,021	180,652,175	34,947,561	36,155,869
Capital Work in process	-	(73,309,756)	-	-	-	-	-	-	-	-
Dividend income	35,011,845	2,328,445	265,338	265,338	9,634,153	9,634,153	492,443	492,443	895,350	895,350
<b>Net cash used in investing activities</b>	<b>(263,375,669)</b>	<b>(344,699,987)</b>	<b>(396,863,429)</b>	<b>(436,270,380)</b>	<b>(81,299,001)</b>	<b>(219,042,753)</b>	<b>(595,027,630)</b>	<b>(693,882,823)</b>	<b>(629,120,270)</b>	<b>(849,473,599)</b>
<b>Cash flows from financing activities</b>										
Proceeds from issue of equity instrument	-	-	326,088,000	326,088,000	-	-	1,050,091,315	1,050,091,315	1,050,091,315	1,206,496,314
Payment of Dividend	-	(18,240,000)	-	-	-	-	-	-	-	-
Proceeds from borrowings	1,349,688,396	6,618,853,598	398,921,032	3,395,829,538	251,403,576	4,682,908,857	134,379,877	5,539,633,827	123,105,761	4,717,625,973
Repayments of Borrowings										
Principal	(853,467,897)	(5,590,645,027)	(110,254,733)	(3,069,997,335)	(65,224,006)	(4,453,493,948)	(462,780,289)	(5,879,774,363)	(88,446,084)	(3,467,755,215)
Finance cost	(193,021,301)	(405,023,314)	(248,705,927)	(366,330,636)	(107,699,285)	(204,145,668)	(123,217,372)	(307,443,182)	(74,160,819)	(206,733,513)
<b>Net cash flows from financing activities</b>	<b>303,199,198</b>	<b>604,945,257</b>	<b>366,048,372</b>	<b>285,589,568</b>	<b>78,480,284</b>	<b>25,269,241</b>	<b>598,473,529</b>	<b>402,507,596</b>	<b>1,010,590,173</b>	<b>2,249,633,558</b>
Net increase/(decrease) in cash and cash equivalents	<b>92,496,960</b>	<b>332,348,638</b>	<b>577,522</b>	<b>(2,863,585)</b>	<b>34,042,908</b>	<b>50,433,188</b>	<b>23,549,971</b>	<b>(80,115,307)</b>	<b>16,633,520</b>	<b>39,650,017</b>
Cash and cash equivalents at the beginning of the year	72,810,299	109,682,050	72,232,777	112,545,635	38,189,869	62,112,446	14,639,897	142,227,753	36,936,573	206,499,444
<b>Cash and cash equivalents at the end of the year</b>	<b>165,307,259</b>	<b>442,030,688</b>	<b>72,810,299</b>	<b>109,682,050</b>	<b>72,232,777</b>	<b>112,545,634</b>	<b>38,189,869</b>	<b>62,112,446</b>	<b>53,570,093</b>	<b>246,149,463</b>

Dhaka, 28 June 2018

SD/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**Runner Automobiles Limited****Auditors' Report under Section-135(I), Para 24 (I), of Part -II of Schedule III to the Companies Act 1994****D. Dividend**

The Company has declared dividend as follows:

Particulars	2016-17	2015-16	2014-15	31-Dec-14	31-Dec-13
Cash Dividend	11%	nil	nil	nil	nil
Stock dividend	nil	nil	nil	1 : 0.33	1 : 0.50

\*\* The Company has declared 11% cash dividend for the year ended 30 June 2017

**E.** Runner Automobiles Limited (the "Company") is a public company limited by shares is domiciled in Bangladesh. The address of the Company's registered office is at Head office -138/1 Tejgaon Industrial Area, Dhaka-1208, 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. The Company was converted into a public limited company on January 26, 2012 under the Companies Act 1994. The Company has following subsidiaries as at 30 June 2017 which together formed the "Group":

Runner Motors Limited (date of acquisition 1 July 2013)  
Freedom Motors Limited (date of acquisition 25 July 2013)  
Runner Electronics Limited (Liquidated and approved by RJSC on 7 December, 2017)

**F.** No proceeds or part of proceeds of the issue of shares were applied directly or indirectly by the Company in purchase of any other business.

**G.** The Company did not prepare any financial statements after 30 June 2017

**H.** Figures appearing previous year's column have been restated/rearranged, wherever necessary to ensure comparison and better presentation. Due to rounding off decimal points to the nearest Taka, when added some sub totals may differ by Tk 1.

**Dhaka, 28 June 2018**

**Sd/-**  
**Hoda Vasi Chowdhury & Co**  
**Chartered Accountants**

## AUDITOR'S ADDITIONAL DISCLOSURES RELATED TO SECTION 135

### 1. Increase in accounts receivable of Runner Automobiles Limited during 2013-2015

In order to maintain market competition and sales dynamics offered by other competitors in the market, Runner Automobiles Ltd (RAL) has extensively increased credit sales each year to maintain its market share. RAL offers credit sales to customers through 6 to 24 installments for Motorcycles. Therefore, Accounts Receivable increased over the period due to cumulative growth in credit sales and added together. Since the Accounts receivable base was quite low in 2012 (Tk 31.6 crore which increased to Tk 56.2 crore) the increase as percentage was higher in 2013 and although the total amount of Accounts Receivable increased over the period the percentage of increase was lower in subsequent period.

### 2. Bargain Purchase Gain on acquisition of Runner Motors Limited and Freedom Motors Limited in 2014

A bargain purchase is defined in BFRS 3 as the amount of net identifiable assets acquired and the liabilities assumed at acquisition date being higher than the aggregate amount of consideration transferred.

Paragraph 34 of BFRS 3, requires the acquirer in a business combination to recognize the resulting bargain purchase gain in profit or loss on the acquisition date and the gain shall be attributed to the acquirer.

BFRS 3 (36) also requires the acquirer to reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognize any additional assets or liabilities that are identified in that review.

As stated in note 17.01 and 17.02 of the consolidated financial statements of Runner Automobiles Limited, the Company has taken control of Runner Motors Limited on 1 July 2013 and Freedom Motors Limited on 25 July 2013 and accordingly as per BFRS 3, paragraph 32, the Company has assessed net assets acquired (identifiable assets acquired less liabilities assumed) and deducted consideration transferred, amount of non-controlling interest and acquisition date fair value of the previously held equity interest (prior to acquisition RAL already had 37% interest in RML). As mentioned below, the calculation resulted in bargain gain which has been recognized following BFRS 3:

Calculation are as follows:

Particulars	RML	FML
Share Capital	86,250,000	6,855,000
Share Premium	115,905,000	31,308,712
Revaluation Reserve	636,983,371	-
Retained Earnings on acquisition	263,898,849	-
General Reserve	232,300,000	-
<b>Net Asset on Acquisition date</b>	<b>1,335,337,220</b>	<b>38,163,172</b>
<b>Less:</b>		
Net Assets Value of 37% Investment	494,074,771	
Consideration Transferred for 23 % Investment & 99.99% investment respectively	129,000,000	6,854,000
Non-Controlling Interest as Net Assets Value	534,134,888	3,816
	<b>1,157,209,659</b>	<b>6,857,816</b>
<b>Bargain purchase gain</b>	<b>178,127,561</b>	<b>31,305,896</b>

### 3. Operating cash flow analysis of 2013

During 2013 the Company has increased its credit sales volume resulting mismatch in timing of cash flow due to increased account receivables and consequential reduction in the cash inflow. As a result net cash generated from operating activities was negative. Considering the fact that the Company's credit sales are of mainly two types; one is normal credit sales and another is credit sales by instalment basis which is quite similar to loans on which the Company earn interest as well and hence it is more like investing activities as mentioned in BAS 7 paragraph 16. However, because of classifying all types of credit sales together as operating activities if the recovery from such credit sales are lower than the new receivables created during the year there will be negative impact on operating cash flow. With the increase in receivables portfolio, the Company has created its own recovery team who are monitoring receivables balances and subsequent realization.

Particulars	2013	2014	2014-2015	2015-2016	2016-2017
Cash flow from operating activities	(364,836,382)	20,104,072	69,765,692	37,339,478	77,448,344

By considering the cash flows from operations from the above information and business prospect of the Company, we did not come across any issue which cast doubt about the ability of the Company to continue as going concern.

#### 4. Changing of depreciation rate on Motor Vehicles from 20% to 10% and Plant & Machineries from 10% to 8.3% during the year ended December 31, 2012

In accordance with BAS 16: Property Plant & Equipment, paragraph 61, the depreciation method applied to an asset shall be reviewed at least at each financial year-end and, if there has been significant change in the pattern of consumption of the future economic benefits embodied in the asset, the depreciation method shall be changed to reflect the changed pattern. Management of the Company has assessed carrying value and estimated useful life of those categories of assets and decided to change the rate of depreciation for motor vehicle from 10% to 20% and plant and machineries from 8.3% to 10%.

#### 5. Reconciliation of profit before tax to income tax charges for the year ended 31 December 2014:

The Company enjoys concessional rate of income tax on its business income and also there are different rate of income tax applies to various components of the Company's income. Accordingly, the amount of income tax need to be calculated by reference to the segregation of various types of income as one uniform rate is not applicable on net profit before tax. Tax was not imposed on Net profit directly. The business income of the Company is subject to 5% income tax and other income at various rates.

Please refer to the note 31 of the audited financial statements where various components of other income is provided on which income tax at various rates are applicable as mentioned below:

Particulars	Business Income	Gain on sale of shares	Dividend Income	Other Income	Total
<b>Profit before Tax</b>					<b>250,082,257</b>
Provision for Contribution to WPPF and Welfare Fund					12,504,113
<b>Profit before tax &amp; WPPF</b>					<b>262,586,370</b>
Impairment loss on investment					7,620,000
Unrealized loss on market securities					3,204,435
<b>Taxable Income</b>	<b>231,614,169</b>	<b>1,083,533</b>	<b>9,281,930</b>	<b>31,431,173</b>	<b>273,410,805</b>
<b>Tax Rate</b>	<b>5%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	
Gross Tax liability	11,580,708	108,533	1,856,386	11,000,911	24,546,538
Deferred Tax	(3,438,619)	-	-	-	(3,438,619)
<b>Net Tax liability</b>	<b>8,142,089</b>	<b>108,533</b>	<b>1,856,386</b>	<b>11,000,911</b>	<b>21,107,739</b>

#### 6. Calculation of deferred tax liability on revaluation reserve

In accordance with BAS 12: Para-20: Income Taxes deferred tax has been recognized on revaluation of assets made during the year 2014 on the basis of the mandatory presumption that non-depreciable assets would be recoverable from sale. Due to this presumption, the rate of income tax has been considered as per Income Tax Ordinance 1984, Section 53H and paragraph 51B of BAS 12. This deferred tax liability has been adjusted against revaluation reserve as per BAS 12 instead of changing to profit and loss. No subsequent adjustment is given in DTL for additional depreciation due to revaluation as the amount is not material. Detailed calculations of deferred tax liability are as follows:

Year	Particulars	Revalued Amount	Applicable Rate	Amount
2010	Revaluation gain of land	785,566,663	4%	31,422,665
2014	Revaluation gain of land	575,505,297	4%	23,020,212
	<b>Total</b>	<b>1,361,071,960</b>	<b>4%</b>	<b>54,442,877</b>

## **7. Restatement of the financial statements for the year ended December 30, 2013**

As disclosed in note 2.29 of RAL's audited financial statements for the year ended 31 December 2014, the previous year's financial statements have been restated for settlement of additional amount of VAT and income tax as well as first time recognition of deferred tax. The related note is reproduced below for ready reference:

### **Note – 2.29. Prior period errors**

#### **a. Settlement of VAT claims**

RAL has been submitting regular Price Declaration and depositing Value Added Tax (VAT) to Government Treasury on the basis of trader VAT at truncated rate. However, during a special audit conducted by Customs, Excise and VAT Department in late 2013, it was alleged that RAL has collected VAT at the normal rate of 15% while depositing the same amount to Government Treasury it wrongfully deposited on the basis of reduced truncated rate applicable for trader and some excess VAT rebate has been taken wrongfully by RAL.

RAL filed an appeal against these findings and explained that RAL had not collected additional VAT than that had been declared in VAT price declaration. Before obtaining VAT exemption from 24 July 2012, RAL was paying VAT at the rate of 15% on full value and since exemption it's paying VAT at the rate of 15% on dealer's commission only. Hence, this difference is purely due to interpretation of the VAT Act 1991 and in absence of any clear guidance in this regard. While the same is being practice for a number of years without question raised by concerned officials prior to this special audit. Therefore, RAL considered that this practice during that time are in accordance with the VAT regulations.

While disposing off the appeal filed by RAL against the allegations, the learned Commissioner Customs-Excise & Vat, Dhaka North Commissioner ate passed an order on 24 April 2014, requiring RAL to pay an aggregate amount of Tk 209,760,349 as final settlement of claim on account of short payment of VAT, excess rebate claim and penal interest thereon.

The Company has deposited the claimed amount to government treasury. In accordance with BAS 8, this has been considered as prior period error. Accordingly, the amount related to 2013 has been charged to the disclosed profit and loss account for that year and the remaining amount being related to the periods prior to 31 December 2012 has been adjusted against opening retained earnings.

#### **b. Additional claim of income tax**

During 2014, the Income Tax Authority has reopened income tax files of RAL for the accounting years ended 31 December 2005 to 2008 and claimed an aggregate total demand of Tk 10,948,959 being unpaid income tax on interest income earned during those years. RAL has accepted that due to an oversight error certain interest income of those years were not included in income tax return and accordingly additional claims of income tax have been settled against the refund income tax refund originated for subsequent years. Since all these claims are related to the periods prior to 31 December 2012, these are adjusted against opening retained earnings as per BAS 8, considering this as prior period error.

#### **c. First time recognition of deferred tax**

The Company has not recognized any deferred tax in prior years and for the first time deferred tax has been recognized during the year ended 31 December 2014. Non recognition of deferred tax is considered as prior period error as per BAS 8. As a result deferred tax related to the year ended 31 December 2013 has been charged to profit and loss account and the balance related to the periods prior to 31 December 2012 has been adjusted against opening retained earnings. Deferred tax recognized on revaluation gain has been adjusted against the revaluation reserves as per BAS 12 as opposed to profit and loss.

Due to the aforesaid changes, comparative balance sheet as at 31 December 2013, corresponding profit and loss account for the year ended 31 December 2013 as well as opening retained earnings as at 1 January 2013 have been restated.

Dhaka, 24 April 2018

Sd/-  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants



(e) Financial spread sheet analysis for the latest audited financial statements;

Particulars	Amount (BDT)	%
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, plant and equipment	3,006,885,877	47.83%
Intangible assets	1,100,000	0.02%
Capital Work in progress	50,376,583	0.80%
Trade receivables	15,668,944	0.25%
Investments in subsidiary	153,224,000	2.44%
	<b>3,227,255,404</b>	<b>51.33%</b>
<b>Current assets</b>		
Inventories	699,515,450	11.13%
Trade and other receivables	1,224,630,651	19.48%
Short term investment	131,988,259	2.10%
Advances, deposits and prepayments	317,131,159	5.04%
Related party receivables	442,099,573	7.03%
Other receivables	79,041,002	1.26%
Cash and cash equivalents	165,307,259	2.63%
	<b>3,059,713,354</b>	<b>48.67%</b>
<b>TOTAL ASSETS</b>	<b>6,286,968,758</b>	<b>100.00%</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to ordinary shareholders of the Parent entity</b>		
Share capital	942,029,210	14.98%
Share premium	1,169,832,705	18.61%
Revaluation reserve	1,296,026,303	20.61%
Retained earnings	597,726,009	9.51%
<b>Total equity</b>	<b>4,005,614,226</b>	<b>63.71%</b>
<b>Non current liabilities</b>		
Long term loan net off current portion	114,368,528	1.82%
Finance lease net off current portion	-	-
Net deferred tax liability	87,295,349	1.39%
	<b>201,663,877</b>	<b>3.21%</b>
<b>Current liabilities</b>		
Trade and other payables	12,282,934	0.20%
Short term loan from banks	1,808,509,026	28.77%
Current portion of long term loan	96,899,889	1.54%
Current portion of finance lease	731,746	0.01%
Related party payables	4,998,002	0.08%
Provision for income tax	32,517,054	0.52%
Provision for WPPF and welfare fund	36,832,084	0.59%
Liabilities for expenses and other provision	86,919,920	1.38%
<b>Total current liabilities</b>	<b>2,079,690,655</b>	<b>33.08%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,286,968,758</b>	<b>100.00%</b>

<b>Particulars</b>	<b>Amount (BDT)</b>	<b>%</b>
<b>Revenue</b>	<b>2,410,036,191</b>	<b>100.00%</b>
Cost of sales	(1,728,585,019)	-71.72%
<b>Gross profit</b>	<b>681,451,172</b>	<b>28.28%</b>
<b>Operating expenses</b>	<b>(327,161,281)</b>	<b>-13.57%</b>
Administrative expenses	(90,529,626)	-3.76%
Selling and distribution expenses	(236,631,655)	-9.82%
<b>Operating profit</b>	<b>354,289,891</b>	<b>14.70%</b>
Financial expenses	(198,482,579)	-8.24%
Other income	77,535,067	3.22%
<b>Net profit before WPPF</b>	<b>233,342,379</b>	<b>9.68%</b>
Provision for contribution to WPPF & welfare fund	(11,111,542)	-0.46%
<b>Net profit before income tax</b>	<b>222,230,837</b>	<b>9.22%</b>
Income tax expenses	(31,331,009)	-1.30%
Current tax	(24,118,961)	-1.00%
Deferred tax expenses	(7,212,048)	-0.30%
<b>Net profit after tax</b>	<b>190,899,829</b>	<b>7.92%</b>

**(f) Earnings Per Share (EPS) on fully diluted basis**

Amount in BDT

Particulars	For the year ended June 30, 2017
Net Profit After Tax	190,899,829
No. of Shares	94,202,921
<b>EPS on fully diluted basis</b>	<b>2.03</b>
Weighted average no. of shares	94,202,921
<b>EPS on weighted average method</b>	<b>2.03</b>

**(g) All extra-ordinary income or non-recurring income coming from other than core operations should be shown separately while showing the Net Profit as well as the Earnings per Share**

Amount in BDT

Particulars	For the year ended June 30, 2017
Net Profit before Tax	222,230,837
Less: Other Income	77,535,067
<b>Net Profit before Tax except other income</b>	<b>144,695,770</b>
Less: Income Tax on operating Income	4,581,816
Less: Deferred Tax Expense	7,212,048
<b>Net profit excluding extra-ordinary income</b>	<b>132,901,906</b>
No. of Shares	94,202,921
<b>EPS on fully diluted basis</b>	<b>1.41</b>

**(h) Quarterly or half-yearly EPS should not be annualized while calculating the EPS**

Quarterly or half-yearly EPS have not been annualized while calculating the EPS.

**(i) Net asset value (with and without considering revaluation surplus/reserve) per unit of the securities being offered at the date of the latest audited statement of financial position**

Amount in BDT

Particulars	As on June 30, 2017
Share Capital	942,029,210
Share Premium	1,169,832,705
Revaluation Reserve	1,296,026,303
Retained Earnings	597,726,009
<b>Total Shareholder's Equity</b>	<b>4,005,614,226</b>
No. of shares as on Balance Sheet date	94,202,921
<b>NAV per share with revaluation reserve</b>	<b>42.52</b>
<b>NAV per share without revaluation reserve</b>	<b>28.76</b>

**(k) Following statements for the last five years or any shorter period of commercial operation certified by auditors**

- i. Statement of long term and short term borrowings including borrowing from related party or connected persons with rate of interest and interest paid/accrued
- ii. Statement of principal terms of secured loans and assets on which charge have been created against those loans with names of lenders, purpose, sanctioned amount, rate of interest, primary security, collateral/other security, re-payment schedule and status
- iii. Statement of unsecured loans with terms & conditions
- iv. Statement of inventories showing amount of raw material, packing material, stock-in-process and finished goods, consumable items, store & spares parts, inventory of trading goods etc.
- v. Statement of trade receivables showing receivable from related party and connected persons
- vi. Statement of any loan given by the issuer including loans to related party or connected persons with rate of interest and interest realized/accrued
- vii. Statement of other income showing interest income, dividend income, discount received, other non-operating income
- viii. Statement of turnover showing separately in cash and through banking channel
- ix. Statement of related party transaction
- x. Reconciliation of business income shown in tax return with net income shown in audited financial statements
- xi. Confirmation that all receipts and payments of the issuer above Tk.5,00,000/- (five lac) were made through banking channel
- xii. Confirmation that Bank Statements of the issuer are in conformity with its books of accounts
- xiii. Statement of payment status of TAX, VAT and other taxes/duties

**AUDITORS' CERTIFICATE REGARDING LONG AND SHORT TERM BORROWINGS**

Based on our scrutiny of the relevant financial statements of Runner Automobiles Limited (the "Company") we certify that the Company has taken the following long term and short term borrowings including borrowing from related party or connected persons during the last five years:

Amount in BDT

Year	Name of bank/ related party	Nature of Relationship	Type of loan	Rate of interest	Balance as on reporting date	Interest paid	Interest accrued
2016-17	United Finance Ltd.	Lender	Lease Loan	13.25%	731,746	285,779	285,779
	Eastern Bank Ltd	Lender	Long Term	11.75%	43,525,091	2,390,543	2,390,543
	EXIM Bank Ltd	Lender	Long Term	12.50%	-	38,913	38,913
	Jamuna Bank Ltd	Lender	Long Term	11.00%	27,342,199	4,246,099	4,246,099
	Premier Bank Ltd.	Lender	Long Term	11.00%	130,208,846	12,763,558	14,706,313
	Basic Bank Ltd	Lender	Long Term	12.00%	10,192,281	971,190	971,190
	Al-Arafah Islami Bank Ltd.	Lender	Short Term	11.00%	150,954,159	11,405,847	11,405,847
	BRAC Bank Ltd.	Lender	Short Term	11.00%	51,067,473	8,396,654	8,396,654
	Dhaka Bank Ltd.	Lender	Short Term	9.00%	181,171,853	17,158,304	17,158,304
	Eastern Bank Ltd	Lender	Short Term	11.75%	456,906,815	24,171,048	24,171,048
	EXIM Bank Ltd	Lender	Short Term	12.50%	-	-	-
	Jamuna Bank Ltd.	Lender	Short Term	11.00%	41,055,075	6,369,149	6,369,149
	Marcentile Bank Ltd.	Lender	Short Term	10.00%	357,660,299	17,110,957	19,012,174
	Premier Bank Ltd.	Lender	Short Term	11.00%	6,539,678	774,016	774,016
	Standard Bank Ltd.	Lender	Short Term	9.50%	213,153,674	14,555,762	16,173,069
Industrial and Infrastructure Development Finance Company (IIDFC)	Lender	Short Term	9.00%	350,000,000	44,426,054	44,426,054	
<b>Total</b>					<b>2,020,509,188</b>	<b>165,063,874</b>	<b>170,525,152</b>
2015-16	United Finance Ltd.	Lender	Lease Loan	13.25%	3,075,855	317,007	317,007
	Jamuna Bank Ltd	Lender	Long Term	11.00%	48,545,773	5,570,313	5,570,313
	Basic Bank Ltd	Lender	Long Term	12.25%	36,074,996	7,492,476	7,492,476
	Eastern Bank Ltd	Lender	Long Term	11.75%	62,383,354	9,599,273	9,599,273
	Eastern Bank Ltd.	Lender	Short Term	11.75%	2,528,692	23,857,681	11,780,402
	Al-Arafah Islami Bank Ltd.	Lender	Short Term	11.00%	59,061,713	39,380,146	20,095,918
	Jamuna Bank Ltd.	Lender	Short Term	11.00%	8,206,000	25,372,097	12,528,187
	Marcentile Bank Ltd.	Lender	Short Term	11.50%	106,202,536	11,298,072	5,578,741
	Standard Bank Ltd.	Lender	Short Term	10.00%	33,319,833	29,923,669	14,775,654
	BRAC Bank Ltd.	Lender	Short Term	11.00%	52,623,236	22,029,323	10,877,598
	Dhaka Bank Ltd.	Lender	Short Term	11.00%	62,266,698	3,163,056	1,561,848
	EXIM Bank Ltd	Lender	Short Term	11.50%	-	3,284,550	3,284,550
	Pubali Bank Limited (CP)	Lender	Short Term	9.00%	500,000,000	11,388,891	11,388,891
	Industrial and Infrastructure Development Finance Company (IIDFC)	Lender	Short Term	10.00%	550,000,000	33,457,226	33,457,226
<b>Total</b>					<b>1,524,288,687</b>	<b>228,723,968</b>	<b>150,898,273</b>
2014-15	United Finance Ltd.	Lender	Lease Loan	13.25%	4,592,365	-	-
	Jamuna Bank Ltd	Lender	Long Term	14.00%	70,781,672	10,980,760	10,980,760
	Basic Bank Ltd	Lender	Long Term	14.50%	60,644,346	10,139,496	10,139,496
	EXIM Bank Ltd	Lender	Long Term	11.50%	29,754,654	5,814,832	5,814,832
	Eastern Bank Ltd	Lender	Long Term	13.00%	93,374,763	11,290,938	11,290,938
	EXIM Bank Ltd.	Lender	Short Term	13.50%	148,622,906	11,006,520	17,754,527
	Eastern Bank Ltd.	Lender	Short Term	13.00%	227,173,750	4,622,997	7,457,318
	Al-Arafah Islami Bank Ltd.	Lender	Short Term	14.50%	134,691,431	13,976,120	22,544,765
	Jamuna Bank Ltd.	Lender	Short Term	14.00%	117,718,212	8,925,288	14,397,309
	Marcentile Bank Ltd.	Lender	Short Term	13.50%	62,044,472	5,542,834	8,941,100
	Standard Bank Ltd.	Lender	Short Term	14.00%	206,929,691	5,989,072	9,660,923
	BRAC Bank Ltd.	Lender	Short Term	14.00%	79,294,127	3,606,238	5,817,193
<b>Total</b>					<b>1,235,622,389</b>	<b>91,895,095</b>	<b>124,799,161</b>

Year	Name of bank/ related party	Nature of Relationship	Type of loan	Rate of interest	Balance as on reporting date	Interest paid	Interest accrued
2013-14	United Finance Ltd.	Lender	Lease Loan		6,558,278	-	-
	IDLC Finance Ltd	Lender	Long Term	16.50%	4,540,800	-	-
	Jamuna Bank Ltd	Lender	Long Term	14.00%	85,046,286	4,605,667	4,605,667
	Basic Bank Ltd	Lender	Long Term	14.50%	78,229,748	995,401	995,401
	EXIM Bank Ltd	Lender	Long Term	13.50%	33,107,123	746,209	746,209
	Eastern Bank Ltd	Lender	Long Term	13.00%	112,975,508	-	-
	EXIM Bank Ltd.	Lender	Short Term	13.50%	171,881,395	17,403,851	17,403,851
	Eastern Bank Ltd.	Lender	Short Term	13.00%	42,764,651	7,832,283	7,832,283
	Al-Arafah Islami Bank Ltd.	Lender	Short Term	14.50%	161,109,161	24,974,323	24,974,323
	Jamuna Bank Ltd.	Lender	Short Term	14.00%	118,599,493	16,422,121	16,422,121
	Marcentile Bank Ltd.	Lender	Short Term	13.50%	16,486,001	8,498,300	8,498,300
	BRAC Bank Ltd.	Lender	Short Term	13.50%	-	18,797,601	18,797,601
	One Bank Ltd	Lender	Short Term	16.00%	-	6,122,345	6,122,345
	Standard Bank Ltd.	Lender	Short Term	14.00%	48,144,375	-	-
	Islami Bank Bangladesh Ltd.	Lender	Short Term	15.20%	170,000,000	6,958,243	6,958,243
<b>Total</b>					<b>1,049,442,820</b>	<b>113,356,344</b>	<b>113,356,344</b>
2013	Jamuna Bank Ltd	Lender	Long Term	16.50%	98,311,197	6,535,273	6,535,273
	Basic Bank Ltd	Lender	Long Term	14.50%	84,916,857	5,644,880	5,644,880
	EXIM Bank Ltd	Lender	Long Term	15.50%	65,754,048	4,371,025	4,371,025
	IDLC Finance Ltd	Lender	Long Term	16.50%	7,017,285	466,477	466,477
	FAS Finance & Investment Ltd	Lender	Long Term	19.00%	89,139,994	5,925,614	5,925,614
	Eastern Bank Ltd	Lender	Long Term	15.50%	79,073,096	5,256,414	5,256,414
	Islamic Finance & Investment I	Lender	Long Term	18.25%	49,999,998	3,323,769	3,323,769
	United Finance Ltd	Lender	Long Term	16.50%	11,547,227	767,606	767,606
	EXIM Bank Ltd	Lender	Short Term	15.50%	133,747,858	15,854,028	19,203,403
	Al-Arafah Islami Bank Ltd.	Lender	Short Term	17.00%	99,686,475	2,699,972	5,699,972
	BRAC Bank Ltd	Lender	Short Term	15.50%	89,890,330	8,061,025	10,061,025
	Islami Bank Bangladesh Ltd.	Lender	Short Term	15.50%	40,930,543	2,069,525	5,284,196
	Jamuna Bank Ltd	Lender	Short Term	16.50%	105,362,368	1,112,657	2,451,721
	Marcentile Bank Ltd.	Lender	Short Term	14.50%	19,558,664	1,561,290	1,561,290
	Eastern Bank Ltd.	Lender	Short Term	15.50%	119,270,971	1,762,553	1,762,553
	HSBC Bank Ltd	Lender	Short Term	14.75%	-	2,104,966	2,104,966
One Bank Ltd	Lender	Short Term	16.00%	10,529,424	1,194,448	1,194,448	
<b>Total</b>					<b>1,104,736,336</b>	<b>68,711,522</b>	<b>81,614,632</b>

Dhaka, 28 June 2018

SD/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**AUDITORS' CERTIFICATE REGARDING PRINCIPAL TERMS OF SECURED LOANS AND ASSETS ON WHICH CHARGE  
HAVE BEEN CREATED AGAINST THOSE LOANS**

Based on our verification of the related offer letter/sanction advice from concerned lenders and other related documents, we certify that the following statement of secured loans and related principal terms including assets on which charges have been created against those loans are consistent with the copies of related offer letter / sanction advices:

Amount in BDT						
Particulars	2016-17	2015-16	2014-15	2013-14	2013	2012
<b>Name of lenders: Dhaka Bank Ltd</b>						
Purpose	Working Capital	Working Capital	n/a	n/a	n/a	n/a
Status of Asset Charged	Hypothecation of Inventory	Hypothecation of Inventory	n/a	n/a	n/a	n/a
Sanctioned Amount	550 Million	500 Million	n/a	n/a	n/a	n/a
Rate of Interest	9.00%	11.00%	n/a	n/a	n/a	n/a
Primary Security/Collateral/Other Security	<b>Primary:</b> 1. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 178.00 decimal land located at Paragaon, Hobir Bari, Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility.		n/a	n/a	n/a	n/a
Repayment Schedule	Below one year	Below one year	n/a	n/a	n/a	n/a
Status (O/S Balance)	181,171,853	62,266,698	n/a	n/a	n/a	n/a
<b>Name of lenders: Al-Arafah Islami Bank Ltd.</b>						
Purpose	Working capital					
Status of Asset Charged	Hypothecation of Inventory	Hypothecation of Inventory				
Sanctioned Amount	340 Million	290 Million	290 Million	290 Million	290 Million	290 Million
Rate of Interest	10.50%	11.00%	14.50%	14.50%	17.00%	17.00%
Primary Security/Collateral/Other Security	<b>Primary:</b> 1. Pari-Passu charge (with RJSC) on all Floating assets of the company (both present and future). 2. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 33.75 decimal land with 13,000 Sft factory shed located at Saver, Dhaka <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents					
Repayment Schedule	Below one year for working capital.					
Status (O/S Balance)	150,954,159	59,061,713	134,691,431	161,109,161	99,686,475	182,406,013
<b>Name of lenders: Premier Bank Ltd</b>						
Purpose	Working capital & Term loan		n/a	n/a	n/a	n/a
Status of Asset Charged	Hypothecation of Inventory		n/a	n/a	n/a	n/a
Sanctioned Amount	650 Million	650 Million	n/a	n/a	n/a	n/a
Rate of Interest	11%	11%	n/a	n/a	n/a	n/a
Primary Security/Collateral/Other Security	<b>Primary:</b> 1. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 347.00 decimal land located at paragoan, Valuka, Mymensingh. <b>Others:</b>	<b>Primary:</b> 1. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 285.00 decimal land located at paragoan, Valuka, Mymensingh. <b>Others:</b>	n/a	n/a	n/a	n/a

Particulars	2016-17	2015-16	2014-15	2013-14	2013	2012
	<b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents	<b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents				
Repayment Schedule	Below one year for working capital & five years for term loan	Below one year for working capital & five years for term loan	n/a	n/a	n/a	n/a
Status (O/S Balance)	136,748,524	n/a	n/a	n/a	n/a	n/a

**Name of lenders: Standard Bank Ltd**

Purpose	Working capital		Working capital		n/a	n/a
Status of Asset Charged	Hypothecation of Inventory		Hypothecation of Inventory		n/a	n/a
Sanctioned Amount	550 Million	300 Million	230 Million	230 Million	n/a	n/a
Rate of Interest	9.50%	11.00%	14.00%	16.50%	n/a	n/a
Primary Security/Collateral/Other Security	<b>Primary:</b> 1. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 778.00 decimal land located at boradi, Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents				n/a	n/a
Repayment Schedule	Below one year				n/a	n/a
Status (O/S Balance)	213,153,674	33,319,833	206,929,691	48,144,375	n/a	n/a

**Name of lenders: Eastern Bank Ltd**

Purpose	Working capital & Term Loan					n/a
Status of Asset Charged	Hypothecation of Inventory & CAPEX					n/a
Sanctioned Amount	405.55 Million	405.55 Million	405.55 Million	351 Million	370 Million	n/a
Rate of Interest	11.75%	11.75%	13.00%	15.50%	15.50%	n/a
Primary Security/Collateral/Other Security	<b>Primary:</b> 1. Pari-Passu charge (with RJSC) on all Floating assets of the company (both present and future). 2. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 603.00 decimal land located at paragoan, Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents			<b>Primary:</b> 1. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 764.00 decimal land located at paragoan, Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the		n/a
Repayment Schedule	Below one year for working capital & five years for term loan					n/a
Status (O/S Balance)	500,431,906	64,912,047	320,548,514	155,740,159	198,344,067	n/a

**Name of lenders: BRAC Bank Ltd**

Purpose	Working capital					
Status of Asset Charged	Hypothecation of Inventory					
Sanctioned Amount	365 Million	365.50 Million	365.50 Million	365.50 Million	365.50 Million	365.50 Million
Rate of Interest	11.00%	11.00%	12.75%	13.50%	15.50%	15.50%
Primary Security/Collateral/Other Security	<b>Primary:</b> 1. Pari-Passu charge (with RJSC) on all Floating assets of the company (both present and future). 2. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 198.50 decimal land			<b>Primary:</b> 1. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 198.50 decimal land located at paragoan, Valuka,		



Particulars	2016-17	2015-16	2014-15	2013-14	2013	2012
Security	located at paragoan, Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Lien of duly discharged FDR of BDT. 5 million. 3. Usual Charge Documents			Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents		
Repayment Schedule	Below one year					
Status (O/S Balance)	51,067,473	52,623,236	79,294,127	-	89,890,330	82,962,412

**Name of lenders: Mercantile Bank Ltd**

Purpose	Working capital					
Status of Asset Charged	Hypothecation of Inventory					
Sanctioned Amount	500 Million	500 Million	90 Million	90 Million	90 Million	90 Million
Rate of Interest	10.00%	11.50%	13.00%	13.50%	14.50%	17.00%
Primary Security/Collateral/Other Security	<b>Primary:</b> 1. Pari-Passu charge (with RJSC) on all Floating assets of the company (both present and future). 2. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 54.25 (Saver), 35.50 (Gazipur), 432.50 decimal land located at paragoan, Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents		<b>Primary:</b> 1. Pari-Passu charge (with RJSC) on all Floating assets of the company (both present and future). 2. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 54.25 decimal land located at Saver; Dhaka <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents		<b>Primary:</b> 1. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 54.25 decimal land located at Saver; Dhaka <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents	
Repayment Schedule	Below one year					
Status (O/S Balance)	357,660,299	106,202,536	62,044,472	16,486,001	19,558,664	-

Particulars	2016-17	2015-16	2014-15	2013-14	2013	2012
<b>Name of lenders: Jamuna Bank Ltd</b>						
Purpose	Working capital & Term Loan					
Status of Asset Charged	Hypothecation of Inventory & CAPEX					
Sanctioned Amount	280 Million	280 Million	240 Million	240 Million	240 Million	240 Million
Rate of Interest	11.00%	11.00%	13.00%	13.00%	14.00%	16.50%
Primary Security/Collateral/Other Security	<b>Primary:</b> 1. Pari-Passu charge (with RJSC) on all Floating assets of the company (both present and future). 2. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 160 decimal land located at Paragaon, Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents			<b>Primary:</b> 1. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. Collateral Security: 1. Registered Mortgage & RIGPA of 659.75 decimal land located at Kaliakor (RBL), Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents		
Repayment Schedule	Below one year for working capital & five years for term loan					
Status (O/S Balance)	68,397,274	56,751,773	188,499,884	203,645,779	203,673,565	247,860,321

<b>Name of lenders: EXIM Bank Ltd</b>						
Purpose	n/a	Working capital & Term Loan				
Status of Asset Charged	n/a	Hypothecation of Inventory & CAPEX				
Sanctioned Amount	n/a	400 Million	400 Million	400 Million	350 Million	350 Million
Rate of Interest	n/a	11.50%	13.50%	13.50%	14.50%	15.50%
Primary Security/Collateral/Other Security	n/a	<b>Primary:</b> 1. Pari-Passu charge (with RJSC) on all Floating assets of the company (both present and future). 2. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 52.80 (Saver), 495 (Vhaluka) , 24.75 (Tejgoan) decimal land & FRD BDT 2.47 Crore. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents		<b>Primary:</b> 1. General hypothecation on stocks of raw materials, WIP, finished goods & plant-machinery of the company. <b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 52.80 (Saver), 495 (Vhaluka) , 24.75 (Tejgoan) decimal land & FRD BDT 2.47 Crore. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents		
Repayment Schedule	n/a	Below one year for working capital & five years for term loan				
Status (O/S Balance)	n/a	-	178,377,560	204,988,518	199,501,906	369,190,345

<b>Name of lenders: BASIC Bank Ltd</b>						
Purpose	Term Loan					
Status of Asset Charged	CAPEX					
Sanctioned Amount	100 Million	100 Million	100 Million	100 Million	100 Million	100 Million
Rate of Interest	12.00%	12.25%	14.00%	14.50%	15.00%	16.00%
Primary Security/Collateral/Other Security	<b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 850 decimal land located at paragaon, Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents					
Repayment Schedule	More than five years					
Status (O/S Balance)	10,192,281	36,074,996	60,644,346	78,229,748	84,916,857	99,090,733

<b>Name of lenders: FAS Finance &amp; Investment Ltd.</b>							
Purpose	n/a	n/a	n/a	n/a	Term Loan		
Status of Asset Charged	n/a	n/a	n/a	n/a	CAPEX		
Sanctioned Amount	n/a	n/a	n/a	n/a	100 Million	100 Million	
Rate of Interest	n/a	n/a	n/a	n/a	19.00%	19.00%	
Primary Security/Collateral/Other Security						<b>Collateral Security:</b> 1. Registered Mortgage &	

Particulars	2016-17	2015-16	2014-15	2013-14	2013	2012
Security/Collateral/Other Security	n/a	n/a	n/a	n/a	RIGPA of 373.75 decimal land & structure building located at paragoan, Valuka, Mymensingh.	
Repayment Schedule	n/a	n/a	n/a	n/a	More than five years	
Status (Outstanding Balance)	n/a	n/a	n/a	n/a	89,139,994	100,000,000

**Name of lenders: Islamic Finance & Investment Ltd.**

Purpose	n/a	n/a	n/a	n/a	Term Loan	n/a
Status of Asset Charged	n/a	n/a	n/a	n/a	CAPEX	n/a
Sanctioned Amount	n/a	n/a	n/a	n/a	60 Million	n/a
Rate of Interest	n/a	n/a	n/a	n/a	18.25%	n/a
Primary Security/Collateral/Other Security	n/a	n/a	n/a	n/a	<b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 347 decimal land Located at paragoan, Valuka, Mymensingh. 2. Personal guarantee of all directors 3. Posdated cheque	
Repayment Schedule	n/a	n/a	n/a	n/a	Three years	n/a
Status (O/S Balance)	n/a	n/a	n/a	n/a	49,999,998	n/a

**Name of lenders: IDLC Finance Ltd.**

Purpose	n/a	n/a	n/a	Term Loan		
Status of Asset Charged	n/a	n/a	n/a	CAPEX		
Sanctioned Amount	n/a	n/a	n/a	14.5 Million	14.5 Million	14.5 Million
Rate of Interest	n/a	n/a	n/a	16.50%	16.50%	16.50%
Primary Security/Collateral/Other Security	n/a	n/a	n/a	<b>Collateral Security:</b> 1. Personal guarantee of all directors 2. Posdated cheque		
Repayment Schedule	n/a	n/a	n/a	More than one year		
Status (O/S Balance)	n/a	n/a	n/a	4,540,800	8,101,018	12,271,740

**Name of lenders: United Finance Ltd.**

Purpose	Term Loan					
Status of Asset Charged	CAPEX					
Sanctioned Amount	2.1 Million	4.5 Million	24 Million	27 Million	27 Million	24 Million
Rate of Interest	13.25%	13.25%	13.25%	13.25%	16.50%	16.50%
Primary Security/Collateral/Other Security	<b>Collateral Security:</b> 1. Posdated cheque					
Repayment Schedule	More than one year					
Status (O/S Balance)	731,746	3,075,855	4,592,365	6,558,278	11,547,227	22,142,773

**Name of lenders: HSBC Bank Ltd.**

Purpose	n/a	n/a	n/a	n/a	Working Capital	
Status of Asset Charged	n/a	n/a	n/a	n/a	Hypothecation of Inventory	
Sanctioned Amount	n/a	n/a	n/a	n/a	200 Million	200 Million
Rate of Interest	n/a	n/a	n/a	n/a	14.75%	14.75%
Primary Security/Collateral/Other Security	n/a	n/a	n/a	n/a	<b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 778 decimal land located at paragoan, Valuka, Mymensingh. <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd.	

Particulars	2016-17	2015-16	2014-15	2013-14	2013	2012
					2. Post dated cheque covering the total facility.	
Repayment Schedule	n/a	n/a	n/a	n/a	Below one year	
Status (O/S Balance)	n/a	n/a	n/a	n/a	-	82,957,685

Name of lenders: One Bank Bank Ltd.						
Purpose	n/a	n/a	n/a	Working Capital		
Status of Asset Charged	n/a	n/a	n/a	Hypothecation of Inventory		
Sanctioned Amount	n/a	n/a	n/a	48 Million	48 Million	48 Million
Rate of Interest	n/a	n/a	n/a	16.00%	16.00%	16.00%
Primary Security/Collateral/Other Security	n/a	n/a	n/a	<b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 62 (RML)decimal land Located at Jessore <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents		
Repayment Schedule	n/a	n/a	n/a	Below one year		
Status (O/S Balance)	n/a	n/a	n/a	-	10,529,424	-

Name of lenders: Islami Bank Bangladesh Ltd.						
Purpose	n/a	n/a	n/a	Working Capital		
Status of Asset Charged	n/a	n/a	n/a	Hypothecation of Inventory		
Sanctioned Amount	n/a	n/a	n/a	150 Million	150 Million	150 Million
Rate of Interest	n/a	n/a	n/a	15.20%	15.50%	15.50%
Primary Security/Collateral/Other Security	n/a	n/a	n/a	<b>Collateral Security:</b> 1. Registered Mortgage & RIGPA of 21 decimal land Located at Saver <b>Others:</b> 1. Corporate Guarantee of Runner Motors Ltd. 2. Post dated cheque covering the total facility. 3. Usual Charge Documents		
Repayment Schedule	n/a	n/a	n/a	Below one year		
Status (O/S Balance)	n/a	n/a	n/a	170,000,000	40,930,543	86,424,608

Dhaka, 28 June 2018

SD/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**AUDITORS' CERTIFICATE REGARDING PRINCIPAL TERMS OF UNSECURED LOANS**

Based on our scrutiny of the relevant financial statements of Runner Automobiles Limited (the "Company"), we understand the Company designated commercial paper as unsecured loans. From the observations of copies of relevant sanction advices, we certify that the Company has the following terms and conditions of relevant sanction advice / commercial paper.

<b>Particulars</b>	
Name of Arranger	Industrial and Infrastructure Development Finance Company
Purpose	Working capital
Sanctioned Amount	Tk. 350 mill.
Rate of Interest	@ 9.00%
Primary Security/Collateral/Other Security	-Personal Guarantee of Sponsored Directors, -Corporate Guarantee and Post dated cheque
Status (Outstanding Balance)	Tk. 350 mill.

Dhaka, 28 June 2018

**SD/-**  
**Hoda Vasi Chowdhury & Co.**  
**Chartered Accountants**

### AUDITORS' CERTIFICATE REGARDING INVENTORIES

Based on our scrutiny of the relevant financial statements of Runner Automobiles Limited (the "Company"), we certify that as per the disclosure provided in those financial statements, the Company had following amount of inventories as at the reporting date during the last five years:

Amount in BDT					
Particulars	2016-17	2015-16	2014-15	2013-14	2013
Raw Materials	385,164,109	291,405,643	263,836,207	157,126,041	272,434,129
Work-in-Process	8,636,139	23,716,662	38,187,764	10,121,560	21,753,628
Finished Goods	124,222,871	43,324,115	41,712,287	54,107,612	52,438,888
Raw Materials for 3 Wheeler	238,596	12,967,865	12,683,281	-	-
Finished Goods for 3 Wheeler	24,695,604	4,607,933	8,437,147	-	-
Material in transit	156,558,132	101,484,367	19,029,202	21,147,147	149,659,587
<b>Total</b>	<b>699,515,450</b>	<b>477,506,585</b>	<b>383,885,888</b>	<b>242,502,360</b>	<b>496,286,231</b>

Dhaka, 26 October 2017

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

### AUDITORS' CERTIFICATE REGARDING TRADE RECEIVABLE

Based on our scrutiny of the relevant financial statements of Runner Automobiles Limited (the "Company"), we certify that as per the disclosure provided in those financial statements, the Company had following amount of trade receivables including receivables from related party or connected persons during the last five years:

Amount in BDT					
Particulars	2016-17	2015-16	2014-15	2013-14	2013
Trade and other receivables	1,240,299,595	1,214,471,350	1,101,444,384	817,046,745	562,320,340
Related party receivables	442,099,573	77,224,281	65,963,069	58,652,005	46,979,221
Other receivables	79,041,002	107,286,322	61,058,223	3,767,572	38,422,459
<b>Total</b>	<b>1,761,440,170</b>	<b>1,398,981,953</b>	<b>1,228,465,676</b>	<b>879,466,322</b>	<b>647,722,020</b>

Dhaka, 26 October 2017

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**AUDITORS' CERTIFICATE REGARDING LOAN GIVEN BY THE ISSUER**

Based on our scrutiny of the relevant financial statements of Runner Automobiles Limited (the "Company"), we certify that as per the disclosure provided in those financial statements, the Company had given (Dr.) / taken (Cr.) loan to / from following persons/institutions including related party or connected persons during the last five years:

Amount in BDT							
Year	Name of Borrower	Relationship	Nature of Transactions	Debit/ Credit	Amount lent	Rate of interest	Interest Realized/ Accrued
2016-2017	Runner Motors Ltd.	Subsidiary	Short term loan	Dr.	369,032,600	10%	5,908,096
			Short term loan	Cr.	13,310,306	n/a	n/a
	Freedom Motors Ltd	Subsidiary	Short term loan	Cr.	4,998,002	n/a	n/a
	Runner Properties Ltd.	Inter Company	Short term loan	Dr.	532,179	n/a	n/a
	Runner Automobiles Services	Inter Company	Short term loan	Dr.	85,845,100	n/a	n/a
2015-2016	Runner Motors Ltd.	Subsidiary	Short term loan	Cr.	20,229,896	n/a	n/a
	Freedom Motors Ltd	Subsidiary	Short term loan	Cr.	4,998,002	n/a	n/a
	Runner Properties Ltd.	Inter Company	Short term loan	Dr.	532,179	n/a	n/a
	Runner Automobiles Services	Inter Company	Short term loan	Dr.	76,692,102	n/a	n/a
2014-2015	Runner Motors Ltd.	Subsidiary	Short term loan	Cr.	78,717,766	n/a	n/a
	Freedom Motors Ltd	Subsidiary	Short term loan	Cr.	5,012,835	n/a	n/a
	Runner Properties Ltd.	Inter Company	Short term loan	Dr.	809,956	n/a	n/a
	Runner Automobiles Services	Inter Company	Short term loan	Dr.	65,153,113	n/a	n/a
2013-2014	Runner Motors Ltd.	Subsidiary	Short term loan	Cr.	61,819,382	n/a	n/a
	Freedom Motors Ltd	Subsidiary	Short term loan	Cr.	30,228,495	n/a	n/a
	Runner Agro Products Ltd	Inter Company	Short term loan	Cr.	122,000	n/a	n/a
	Runner Bricks Ltd.	Inter Company	Short term loan	Cr.	16,133	n/a	n/a
	Runner Properties Ltd.	Inter Company	Short term loan	Dr.	392,435	n/a	n/a
	Runner Automobiles Services	Inter Company	Short term loan	Dr.	58,259,570	n/a	n/a
2013	Runner Bricks Ltd.	Inter Company	Short term loan	Dr	349,573	n/a	n/a
	Runner Automobiles Services	Inter Company	Short term loan	Dr	46,629,648	n/a	n/a
	Runner Motors Ltd.	Subsidiary	Short term loan	Cr	82,501,897	n/a	n/a
	Runner Agro Products Ltd	Inter Company	Short term loan	Cr	122,300	n/a	n/a
	Freedom Motors Ltd	Subsidiary	Short term loan	Cr	30,228,495	n/a	n/a

Dhaka, 26 October 2017

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered accountants



### AUDITORS' CERTIFICATE REGARDING OTHER INCOME

Based on our scrutiny of the relevant financial statements of Runner Automobiles Limited (the "Company") , we certify that as per the disclosure provided in those financial statements, the Company had the following other income during the last five years:

Particulars	Amount in BDT				
	2016-17	2015-16	2014-15	2013-14	2013
Interest income from Banks and Fis	12,779,595	11,004,926	12,227,201	6,712,914	3,575,643
Interest income from related party	5,908,096	-			
Rental income	15,549,660	18,993,316	13,900,330	13,081,847	9,015,400
Capital gain on sale of share	3,173,563	784,458	1,695,348	1,938,311	9,691,557
Capital gain/loss on sale of PPE	23,679	(423,950)			
Unrealized gain / (loss) on Marketable Securities	4,650,628	1,164,813	-	-	-
Dividend Income on Marketable Securities	2,328,445	265,338	9,634,153	492,443	895,350
Dividend Income from Subsidiary	32,683,400	-	-	-	-
Interest Income on B.O account	438,002	24,829	458,821	74,462	74,462
<b>Total</b>	<b>77,535,067</b>	<b>31,813,729</b>	<b>37,915,853</b>	<b>22,299,976</b>	<b>23,252,411</b>

Dhaka, 26 October 2017

Sd/-

**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

### AUDITORS' CERTIFICATE REGARDING TURNOVER

Based on our scrutiny of the financial statements and other relevant documents of Runner Automobiles Limited (the "Company"), we certify the following amount of revenues, seperated into cash and through banking channel during the last five years:

Particulars	Amount in BDT				
	2016-17	2015-16	2014-15	2013-14	2013 (Restated)
In Cash Sales	104,009,500	51,675,837	24,643,150	12,684,020	14,492,160
In Bank Sales	1,101,966,050	298,023,073	1,126,734,654	1,208,918,041	1,084,696,500
Credit Sales	1,204,060,641	1,200,488,350	1,098,860,828	558,230,533	598,409,447
<b>Total</b>	<b>2,410,036,191</b>	<b>1,550,187,260</b>	<b>2,250,238,633</b>	<b>1,779,832,594</b>	<b>1,697,598,108</b>

Note for restated : Turnover for the year of 2013-14 has been adjsuted for payment of VAT claim in order to be consistent with the revenue disclosed in financial statements.

Dhaka, 08 July 2018

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**AUDITORS' CERTIFICATE REGARDING RELATED PARTY TRANSACTION**

Based on our scrutiny of the financial statements and other relevant records of Runner Automobiles Limited (the "Company"), we certify that the Company has entered into the following transactions during the last five years with person who falls into related party category:

Amount in BDT

Name of Borrower	Relationship	Nature of Transactions	2016-17		2015-16		2014-15		2013-14		2013	
			Net Transaction	Closing Balance	Net Transaction	Closing Balance	Net Transaction	Closing Balance	Net Transaction	Closing Balance	Net Transaction	Closing Balance
Runner Motors Ltd.	Subsidiary	Short term loan (including interest bearing portion)	375,952,190	355,722,294	58,487,870	(20,229,896)	(16,898,384)	(78,717,766)	20,682,515	(61,819,382)	(97,338,687)	(82,501,897)
		Rental Income	2,392,800		2,392,800	-	2,392,800	-	2,392,800	-	-	-
		Dividend Income	32,683,400									
		Interest income	5,908,096									
		Land purchases	-		-		-		-		(24,500,000)	-
Runner Tera EV Ltd	Inter Company	Rental Income	1,618,800	-	1,452,550	-	-	-	-	-	-	-
Freedom Motors Ltd	Subsidiary	Short term loan	-	(4,998,002)	14,833	(4,998,002)	25,215,660	(5,012,835)	-	(30,228,495)	-	(30,228,495)
Runner Agro Products Ltd.	Inter Company	Short term loan	-	-	-	-	122,000	-	300	(122,000)	(122,300)	(122,300)
Runner Bricks Ltd.	Inter Company	Short term loan	-	-	-	-	(16,133)	-	-	(16,133)	349,573	349,573
		Rental Income	240,000	-	240,000	-	240,000	-	240,000	-	-	-
Runner Electronics Ltd.	Subsidiary	Short term loan	-	-	-	-	-	-	-	-	752,170	-
Runner Properties Ltd.	Inter Company	Short term loan	-	532,179	(277,777)	532,179	417,521	809,956	-	392,435	23,674,381	-
		Rental Income	1,724,400	-	1,724,400	-	1,724,400	-	1,724,400	-	-	-
Runner Automobiles Services	Inter Company	Short term loan	9,152,998	85,845,100	11,538,989	76,692,102	6,893,543	65,153,113	11,629,922	58,259,570	46,629,648	46,629,648
		Rental Income	-	-	1,870,080	-	1,870,080	-	1,870,080	-	-	-
Mr. Hafizur Rahman Khan	Chairman	Employee Benefits	(3,961,649)	-	(4,336,000)	-	(3,941,730)	-	(3,899,520)	-	(3,425,240)	-
		Share Issue against Land	-	-	-	-	-	-	-	-	-	-
		Cash paid against Land	-	-	-	-	-	-	-	-	-	-
Mr. Md. Mozammel Hossain	Vice Chairman	Employee Benefits	(3,440,558)	-	(3,716,880)	-	(3,378,950)	-	(3,342,760)	-	(2,936,180)	-
		Share Issue against Land	-	-	-	-	-	-	-	-	-	-
		Cash paid against Land	-	-	-	-	-	-	-	-	-	-
Brig. Gen. Shafiqzaman (Retd)	Managing Director	Employee Benefits	(860,000)	-	(1,200,000)	-	(2,600,000)	-	(2,140,820)	-	(1,995,110)	-
Mr. Mukesh Sharma	Managing Director & CEO	Employee Benefits	(4,550,000)	-	-	-	-	-	-	-	-	
Mrs. Rudaba Tazin	Share Holder	Employee Benefits	(840,118)	-	(575,800)	-	(451,340)	-	(380,800)	-	(364,000)	
Mr. Amid Sakif Khan	Share Holder	Employee Benefits	(101,791)	-	(243,010)	-	(191,630)	-	(176,940)	-	(105,600)	
Mr. Md. Jahurul Alam	Director	Board attendance fees (Exe. VAT)	(50,000)	-	(40,000)	-	(40,000)	-	(50,000)	-	(50,000)	-
Mr. Taslim Uddin Ahmed	Director	Board attendance fees (Exe. VAT)	(50,000)	-	(40,000)	-	(40,000)	-	(50,000)	-	(50,000)	-
Mr. SK Abul Kalam Azad	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	(40,000)	-	(50,000)	-
Mr. Mohammad Ali Deen	Director	Board attendance fees (Exe. VAT)	(50,000)	-	(30,000)	-	(40,000)	-	(40,000)	-	-	-
Faruq Ahmad Siddiqi	Independent Director	Board attendance fees (Exe. VAT)	(125,000)	-	(75,000)	-	(100,000)	-	-	-	-	-
Md. Shamsul Alam	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	-	-	(50,000)	-
Mr. Ahsan Sayeed	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	-	-	(50,000)	-
Mr. Anisur Rahman	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	-	-	(50,000)	-
Mr. Mahabub Rahman	Director	Board attendance fees (Exe. VAT)	-	-	-	-	-	-	-	-	(50,000)	-
Promita Oil & Gas	Inter Company	Rental Income	50,000									
Deen Impex	Director related entity	Accounts Receivable	(34,406,908)	18,392,522	34,281,416	52,799,430	3,079,607	18,518,014	6,070,231	15,438,407	5,030,923	9,368,176
Venus Autos	Director related entity	Accounts Receivable	(100,204,475)	71,748,363	120,819,016	171,952,838	33,831,167	51,133,822	6,308,116	17,302,655	(1,958,503)	10,994,539
Islam & Company	Director related entity	Accounts Receivable	8,640,992	52,904,834	15,130,825	44,263,842	6,770,871	29,133,017	10,335,207	22,362,146	(4,749,268)	12,026,939

Dhaka, 28 June 2018

SD/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

## AUDITORS' CERTIFICATE REGARDING RECONCILIATION OF BUSINESS INCOME

Based on our review of the audited financial statements and related income tax return of Runner Automobiles Limited (the "Company"), we certify that the following reconciliation of business income as shown in income tax return to net income (profit) as shown in audited financial statements of the Company during the last five years:

Amount in BDT

Particulars	2016-2017	2015-2016 **	Jan - Jun 2015 **	2014	2013
Income before tax shown in Audited Financial Statements	222,230,837	88,010,426	83,329,115	250,082,257	137,245,416
Income Shown in Tax Return*	222,230,837	88,010,426	83,329,115	250,082,257	137,245,416

\*\* For complying with the definition of Income Year as per Section 2(35) of Income Tax Ordinance, 1984, the Company has changed its Income year as 1 July to 30 June instead of 1 January to 31 December.

Dhaka, 28 June 2018

**SD/-**  
**Hoda Vasi Chowdhury & Co.**  
**Chartered Accountants**

**AUDITORS' CERTIFICATE REGARDING TRANSACTION THROUGH BANKING CHANNEL**

Based on our scrutiny of the financial statements, accounting books and records, and other relevant information of Runner Automobiles Ltd. ("the Company"), we certify that except for the following transactions, there has been no cash transactions above Tk. 5 Lac either in the form of receipts or payments by the Company during the specified

Amount in  
BDT

Nature of Transaction	2016-17		2015-16		2014-15		2013-14		2013	
	Number of Transactions	Total Amount	Number of Transactions	Total Amount	Number of Transactions	Total Amount	Number of Transactions	Total Amount	Number of Transactions	Total Amount
Advance paid for local purchases	-	-	8	5,941,607	1	795,922	4	2,975,540	6	4,434,947
Payment of wages to worker and non executive staff	8	4,873,665	14	9,627,516	12	24,111,109	13	20,667,157	23	30,128,628
<b>Total</b>	<b>8</b>	<b>4,873,665</b>	<b>22</b>	<b>15,569,123</b>	<b>13</b>	<b>24,907,031</b>	<b>17</b>	<b>23,642,697</b>	<b>29</b>	<b>34,563,575</b>

Dhaka, 08 July 2018

Sd/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**AUDITORS' CERTIFICATE REGARDING CONFORMITY OF BANK STATEMENTS  
WITH BOOKS OF ACCOUNTS**

Based on our examination of bank statements and related books of accounts (including financial statements, bank reconciliation) of Runner Automobiles Limited (the "Company"), we certify that bank statements of the Company as disclosed in books of accounts (financial statements) conforms reconciled with the related bank statements;

Amount in BDT

Name of Banks	Balance as per financial statements		Reconciled balance		Balance as per bank statement	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Current Accounts</b>						
A B Bank Ltd.	1,936,303	1,166,826	-	1,071,000	1,936,303	2,237,826
BD. Commerce Bank Ltd.	2,780,478	1,653,911	-	(1,057,949)	2,780,478	595,962
BRAC Bank Ltd.	3,403,895	9,707,761	1,508,363	(1)	4,912,258	9,707,761
Dhaka Bank Ltd.	1,165,497	57,334	12,981	-	1,178,478	57,334
Dutch Bangla Bank Ltd.	19,217,796	3,407,313	54,580	-	19,272,376	3,407,313
Eastern Bank Ltd.	19,865,493	920,917	(273,226)	(0)	19,592,267	920,917
Exim Bank Ltd.	1,179,652	1,549,145	-	(9,524)	1,179,652	1,539,621
IFIC Bank Ltd.	2,500,415	1,273,625	-	216,379	2,500,415	1,490,004
Islami Bank Bangladesh Ltd.	6,994,609	4,092,068	1,082,002	(17,531)	8,076,611	4,074,537
Jamuna Bank Ltd.	2,883,739	535,798	-	-	2,883,739	535,798
Mercantile Bank Ltd.	5,236,078	2,325,526	(5,000,000)	(0)	236,078	2,325,526
Mutual Trust Bank Ltd.	527,996	697,248	-	-	527,996	697,248
National Bank Ltd.	1,649,607	840,832	82,539	800,000	1,732,146	1,640,832
Premier Bank Ltd.	835	-	-	-	835	-
Prime Bank Ltd.	3,332,370	617,745	1,148,222	1,694,700	4,480,592	2,312,445
Pubali Bank Ltd.	19,277,994	9,021,463	241,951	205,073	19,519,945	9,226,536
Sahajjalal Islami Bank Ltd.	2,721,600	228,044	-	-	2,721,600	228,044
Sonali Bank Ltd.	6,057,334	1,085,850	2,055,000	-	8,112,334	1,085,850
Southeast Bank Ltd.	2,277,292	315,261	-	294,730	2,277,292	609,991
Standard Bank Ltd.	9,803	1,842,955	490,198	1	500,001	1,842,956
Standard Chartered Bank	43,801	43,801	-	-	43,801	43,801
United Commercial Bank Ltd.	2,477,903	167,042	-	25,300	2,477,903	192,342
Uttara Bank Ltd.	406,242	254,818	-	-	406,242	254,818
<b>STD Account</b>						
Agrani Bank Ltd.	1,609,953	163,935	-	1,044,000	1,609,953	1,207,935
Al-Arafah Islami Bank Ltd.	6,689,533	3,571,763	1,043,457	-	7,732,990	3,571,763
Basic Bank Ltd.	2,915,940	850,737	-	2,676,901	2,915,940	3,527,638
Dhaka Bank Ltd.	1,053,020	825,650	3,250	6,000	1,056,270	831,650
Dutch Bangla Bank Ltd.	86,233	86,233	-	-	86,233	86,233
Exim Bank Ltd.	150,433	652,909	346,726	-	497,159	652,909
FSIBL	495,858	156,081	34,500	416,980	530,358	573,061
Janata Bank Ltd.	1,383,156	733,002	-	-	1,383,156	733,002
Mercantile Bank Ltd.	6,734,401	6,593,449	7,400	-	6,741,801	6,593,449
Mutual Trust Bank Ltd.	26,155,194	11,148,007	-	(9,054)	26,155,194	11,138,953
One Bank Ltd.	91,208	38,176	225,000	-	316,208	38,176
Pubali Bank Ltd.	11,342,136	1,330,917	2,725,082	3,495,250	14,067,218	4,826,167
<b>Total:</b>	<b>164,653,797</b>	<b>67,956,144</b>	<b>5,788,025</b>	<b>10,852,254</b>	<b>170,441,822</b>	<b>78,808,398</b>

Dhaka, 28 June 2018

SD/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

**AUDITOR'S CERTIFICATE ON STATEMENT OF PAYMENT STATUS OF TAX, VAT AND  
OTHER TAXES/DUTIES**

Based on our scrutiny of related income tax returns, value added tax returns and statement of import of Runner Automobiles Limited (the "Company"), we certify that the Company has disclosed following amount of income tax, value added tax and other taxes/duties payment in those returns / statements for the last five years.

Amount in BDT

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2013</b>
Income Tax	(24,774,913)	(5,946,899)	(5,579,260)	(27,403,007)	(6,140,289)
VAT (including rebate claim)	(358,263,671)	(17,916,288)	(18,240,868)	(209,703,010)	(48,584,866)
Other Taxes/Duties	(161,175,181)	(270,141,652)	(479,716,123)	(361,749,312)	(422,485,045)

**Dhaka, 28 June 2018**

**SD/-  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants**

**SECTION XXVII : CREDIT RATING REPORT**

## Credit Rating Report [Surveillance] Runner Automobiles Limited

Particulars	Ratings	Remarks
Runner Automobiles Ltd.	A <sub>2</sub>	
BDT 202.7 million Long Term Outstanding	A <sub>2</sub> (Lr)	
BDT 740.0 million OD/Cash Credit (CC)/ Biam * limit	A <sub>2</sub> (Lr)	Please see Appendix – 1 for details
BDT 2,265.0 million aggregate short term fund based limit	ST-3	
BDT 2,360.0 million aggregate short term non fund based limit	ST-3	
Outlook	Stable	

Lr – Loan Rating; ST – Short Term; (Refer Appendix – 2 for rating history)

\* Due to its revolving nature CRAB views OD/Cash Credit and Biam as long term facility.

**Date of Rating:** 26 October 2017

**Validity:** The entity rating is valid up to 30 September 2018 and the loan ratings are valid up to limit expiry date of respective credit facilities or 30 September 2018 whichever is earlier.

**Rating Based on:** Audited financial statements up to 30 June 2017 and other relevant quantitative & qualitative information up to the date of rating declaration.

**Methodology:** CRAB's Corporate Rating Methodology ([www.crab.com.bd](http://www.crab.com.bd))

**Analysts:**

**Nur Elahee Molla**  
[nur\\_elahee@crab.com.bd](mailto:nur_elahee@crab.com.bd)

**Atiqur Rahman Tushar**  
[atiqur@crabrating.com](mailto:atiqur@crabrating.com)

**■ RATIONALE**

Credit Rating Agency of Bangladesh Ltd. (CRAB) has upgraded the rating of Runner Automobiles Limited (hereafter also referred to as RAL or the Company) to 'A<sub>2</sub>' (pronounced as Single A Two) and loan rating to A<sub>2</sub>(Lr) for BDT 202.7 million aggregate Long Term Outstanding (LTO) and BDT 740.0 million OD/Cash Credit limit in the Long Term. CRAB has also assigned ST-3 rating to BDT 2,265.0 million aggregate fund based limit and BDT 2,360.0 million aggregate non fund based limit of the Company in the Short Term.

CRAB has upgraded the ratings considering substantial growth of sales, increasing trend of profit margin at the top line, improved liquidity position, strong business strength of the Company having further growth prospects following diversified product ranges, new strategies and improved distribution facilities along with brand image.

Total sales of the Company substantially increased to BDT 2,410.0 million in 2017 from BDT 1,550.0 million in 2016 registering 55.5% growth. Following the ease of registration process and fee, high growth in market demand, change in product ranges, effective planning and strong monitoring following recently taken business strategy and increased showrooms sales bounced back to previous trend having further growth prospects which was considered while upgrading the ratings. In 2016 the Company sold 1,949 pcs motorcycles through 11 showrooms which largely increased to 5,013 pcs through 21 showrooms where 10 additional showrooms were opened during the last one year.

**Financial Highlights**

(Mil. BDT)	Year ended June 30		
	2017	2016	2015
Net Sales	2,410.0	1,550.2	2,250.2
EBITDA	493.7	330.8	436.4
EBITDA Margin (%)	20.5	21.3	19.4
Net Profit Margin (%)	7.9	4.8	9.2
ROAA (%)	3.2	1.4	4.5
Quick Ratio (x)	1.1	1.1	1.05
Operating Cycle (Days)	311	414	208
Debt to Equity (x)	0.5	0.4	0.4
Borrowed Fund to EBITDA (x)	4.1	4.6	2.8
Cash Flow from Operation	(374.3)	(155.5)	70.7
Free Cash Flow	(530.4)	(239.6)	(158.6)
EBIT/Interest (x)	2.1	1.5	2.6

**■ PROFILE**

Runner Automobiles Ltd is involved in the business of manufacturing & selling motorcycles and three wheelers throughout the country with a network of more than 80 active dealers and over 230 sales centers along with 28 operational showrooms as of October 2017. RAL's products range covers 7 series of motorcycles ranging from 50 cc to 150 cc, and about 15 models of motorcycles. RAL's manufacturing facility is located at Bhaluka, Mymensingh on a total area of 4,944.04 decimals as per land mutation and 4,970.3 decimals as per land title deed.



Recently the Company has started business of three wheelers, exported to Nepal and has undertaken a plan to start business of four wheelers with the coalition of BAJAJ which will eventually support growth in the upcoming years. The business performance and revenue trend are susceptible to the overall market demand which was considered as favourable while upgrading the ratings. Following the efficiency in raw material procurement, operational efficiency and production using low costs stock the gross profit margin of the Company has been improving over the years and stood at 29.0% in 2017 when net profit margin improved to 8.6% following the increase in other income mainly in the form dividend income from subsidiary.

The ratings are supported by good credit risk profile. Total shareholders' equity of the Company has been increasing over the years and stood at BDT 4,005.6 million in 2017 comprising BDT 942.0 million paid up capital, BDT 1,169.8 million share premium, BDT 597.7 million retained earnings and BDT 1,296.0 million revaluation surplus. Total borrowed fund largely increased to BDT 2,020.5 million in 2017 from BDT 1,524.3 million in 2016 to support the new products, business strategy and sales growth. Therefore, the debt ratio remains almost stable during the last two years. However the improved borrowed fund to EBITDA ratio of 4.1x supports the credit risk profile of the Company.

The ratings are constrained by increasing trend of downward pressure on the liquidity position of the Company during the last two years although operating cycle slightly improved in 2017 following the sales growth. Due to the nature of business and sales strategy the receivable collection period still remains high at 186 days while inventory processing period was 125 days in 2017 which eventually puts pressure on timely repayment of debt obligations as well as increased financial expense. Following the inclusion of new products and new strategy the position may remain same in the upcoming year irrespective of increase in sales.

The assigned ratings consider the nature of business as well as the easy availability of spare parts and quick service through 230 sales service centers of RAL that eventually support the Company to report favorable business performance during the recent competitive situation. Moreover the business risk profile of the Company may be adversely affected by increasing competition in market, cost structure due to raw material price and frequent obsolescence or modification of design of the product.

The assigned ratings also consider the growth potential relation to operating strategies, market position, degree of competition, product/sales diversification, business model and fund management. The assigned ratings also incorporate the management structure & practices, IT infrastructure & MIS system, experienced manpower, sales & marketing strategy and business monitoring system. The assigned ratings take into consideration Runner Group's business profile, financial performance of Runner Motors Ltd where RAL has 61.67% shares and long track record of successful business supported by growing presence in the automobile sector.

## ■ COMPANY PROFILE

---

Runner Automobiles Ltd was incorporated as a private limited company in July 2000 and was converted into public limited company in January 2012. The Company started its commercial operation since 2000 as an importer and trader of motorcycles. Later it started the business of manufacturing and selling the motorcycle. Presently the Company is also involved in assembling three wheeler vehicles. Subsequently the Company established its facility of assembling engines and manufacturing other parts of motorcycle and presently established its effective distribution channel throughout the country with a network of more than 80 active dealers and over 230 sales centers along with own twenty eight operational showrooms as of October 2017. The Company has a chain of 28 Company Owned and Company Operated outlets delivering a seamless sales and service experience to the customers. RAL's products range of motorcycles covers 7 series of motorcycles ranging from 50 cc to 150 cc, and about 15 models of motorcycles. RAL's manufacturing facility is located at Bhaluka, Mymensingh. The factory is constructed with pre-fabricated steel structure on its own premises on total area of 4,944.04 decimals as per land mutation and 4,970.3 as per land title deed.

## ■ GROUP STRENGTH

---

Runner Automobiles Ltd is the flagship company of Runner Group which is presently involved in manufacturing and selling motorcycle of 7 series and about 15 models under four different brands throughout the country. Annual manufacturing capacity of the Company is 100,000 pcs where the Company manufactured 31,741 pcs in 2017

registering capacity utilization of 31.7% which was 18.9% (18,867 pcs) in 2016 following the market trend. Total sales of the Company substantially declined to BDT 1,550.2 million in 2016 from BDT 2,250.2 million in 2015 following the reduction in sales of 80 CC motor cycles to BDT 559.6 million in 2016 from BDT 1,196.3 million from 2015 due to overall market condition and strategic plan of the management. However subsequent strategy and attempts of the management as well as new addition of products led to bounce back of the sales trend and stood at BDT 2,410.0 million in 2017 having further growth prospects.

Later the owners incorporated Runner Motors Ltd as a private limited company in February 2005 and are involved in the business of trading imported trucks, pickups and tractors of different brands and models. Total paid up capital of the Company is BDT 90.0 million where Runner Automobiles Ltd is holding 61.67% share. The Company was the key distributor of Truck, pickup and tractor of Eicher brands. Runner Motors Ltd. created its position in the market especially during the last three years with assistance of the brand name Eicher and by ensuring the easy availability of spare parts and proper services. Total sales of the Company increased to BDT 4,084.6 million in 2017 from BDT 3,614.8 million in 2016 registering a growth of 13.0%. The profitability and leverage position was favourable although operating cycle was high during the last two years.

Freedom Motors Ltd and Runner Electronics Ltd are two other companies of the Group where none of these two has revenue in recent years. Freedom Motors Ltd is private limited company incorporated in February 2008 and started commercial operation during the same year. Total paid up capital is BDT 6.9 million where all the shares, except 1,000 owned by Mr. Hafizur Rahman Khan, are owned by Runner Automobiles Ltd. The Company has been set up to manufacture/assemble all kinds of automobiles/mechanical materials and sell the same all over the countries. During the recent period the Company has limited operational activities and no revenue as well.

Runner Electronics Ltd started its operation in 2005. Initially it was engaged with dealing of electronics and household appliance. Now the Company is dormant and in the process of liquidation.

The management has prepared audited consolidated financial statements that comprise the consolidated financial position and the consolidated results of operation of the Company and its subsidiaries (collectively referred as Group). Consolidated financial statements have been prepared for the last three years RAL gained controlled on Runner Motors Ltd effective on 01 July 2013 and Freedom Motors Ltd on 25 July 2013. As per consolidated financial statements of June 2017 total revenue was BDT 6,494.7 million comprising BDT 2,410.0 million from motor cycle sales (Runner Automobiles Ltd) and BDT 4,084.6 million from Truck sales (Runner Motors Ltd.) Details financial performance based consolidated financial statements are given in the annexure 4.

All the Companies are managed under the common top management and each company has completely separate management both regarding factory and head office. Sound financial strength, effective strategic planning and monitoring, diversified product ranges, the quick flow of information, sound MIS system, experienced management, effective distribution channel of individual companies and brand image support the companies and the group as a whole to operate successfully over the years, even in the increased competitive market condition during the last two years.

■ **OPERATION, BUSINESS & FINANCIAL RISK PROFILE**

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

Runner Automobiles Ltd is the flagship company of Runner Group that started commercial operation in 2000 as a trader of motorcycle importing in the form of CBU. Later in 2012 the Company started commercial operation of manufacturing motorcycle. Later the Company established its entire facilities to assemble engines and manufacture other parts of a motorcycle. The Company is engaged in the business of assembling motorcycle where few parts including engine are imported from China and India as CKD and remaining parts are manufactured in the factory located at Bhaluka, Mymensingh. RAL obtained government motorcycle type approval from Bangladesh Road Transport Authority (license ) after a quality testing by Bangladesh University of Engineering and Technology (BUET). After assembling the motorcycle the Company sells through dealer network and Company operated showrooms almost all over the country. RAL's product range covers 7 series of motorcycle ranging from 50 cc to 150 cc and 15 models. The manufacturing and assembling facilities of the Company are imported from China, India and USA. The facilities are divided

into several subsections including pressing, welding, painting, engine assembling, motorcycle assembling and R & D. After assembling all the motorcycles all are checked through computerized testing system. The quality of the motorcycles is ensured by separate quality control department.

Average annual assembling capacity of RAL is 100,000 pcs where the Company produced 31,741 pcs in 2017 registering capacity utilization of 31.7% which was 18.9% (18,867 pcs) in 2016 following the market trend. The capacity utilization rate was low due to high level of production capacity which eventually facilitates the Company to enjoy economies of scales as well as production flexibility. Going forward this will also support the company to capture growth prospects in the upcoming years.

**Table: 1**

Break up of Sales (Mil. BDT)						
Particulars	2017		2016		2015	
	Pcs	Amount	Pcs	Amount	Pcs	Amount
50 CC Motor Cycle	147	9.8	256	17.3	960	64.9
80 CC Motor Cycle	12,264	871.4	7,873	559.6	17,368	1,196.3
100 CC Motor Cycle	9,462	779.2	7,375	610.7	7,760	613.8
110 CC Motor Cycle	2,659	255.9	2,368	248.0	2,958	310.0
125 CC Motor Cycle	1,623	189.9	329	39.1	-	-
135 CC Motor Cycle	2	0.2	216	27.6	257	28.7
150 CC Motor Cycle	761	106	273	36.6	224	29.8
Three Wheeler	562	197.6	39	11.5	23	6.7
<b>Total</b>	<b>27,480</b>	<b>2,410.0</b>	<b>18,729</b>	<b>1,550.2</b>	<b>29,550</b>	<b>2,250.2</b>

Total sales of the Company largely varied during the last three years where the sales largely declined to BDT 1,550.2 million in 2015 from BDT 2,250.2 million in 2016 due to fallen in market demand. It is understood from the management that the sales declined following the increased legal actions regarding registration of motor cycle since August 2015 which continue to till February 2016, high registration cost upto February 2016, strategic planning of changing product ranges, decline of demand of 80 CC motor cycle (major contributors of sales) in north Bengal area. However the situation has been improved after ease of registration process and fee apart from improvement in market demand, change in product ranges, improved concentration in Dhaka, effective planning & strong monitoring following recently taken business strategy, increasing concentration on showroom based sales. Therefore total sales of the Company bounced back to its previous trend to BDT 2,410.0 million reporting 55.5% growth in 2017. Although 80cc motorcycle still contributing highest portion of sales of the Company the contribution has been declined during over the years following change in market trend as was as business strategy of the management. New addition of three models supports the Company to report sales growth. Moreover the sales growth mostly supported by showroom sales. In 2016 the Company sold 1,949 pcs motorcycles through 11 showrooms which largely increased to 5,013 pcs in 2017 through 21 showrooms where 10 additional showrooms were opened during the last one year. Following the growth in the market demand RAL is expecting to report substantial revenue growth in the upcoming year. Recently the Company has undertaken a plan to start business of three wheeler and four wheeler with the coalition of BAJAJ. Moreover the recent retail financing facility for 6 to 30 months for two wheeler will have positive impact on the sales trend of the Company in the upcoming years.

The Company usually set its assembling plan considering the market demand and trend. From the analysis of aging of inventory it is found that the Company usually maintains on an average of 60 days inventory of different models other than the sample motor-cycle. In 2017 the Company purchased total raw materials amounting BDT 1,723.6 million and consumed 95.3% resulted in slightly improved inventory processing performance. The

Company imported 97.8% of total required raw materials where most was from China and the remaining was from Bajaj Auto, India. The management experience and expertise along with financial strength and countrywide distribution channel is supportable for favourable growth funding of the Company

Overall sales and marketing activities of the Company are conducted under separate department where there is another service department to provide after sales service to meet customer satisfaction. The sales system is segregated into dealer sales, corporate sales and showroom sales. Presently the Company has 28 operational show rooms located at different area including five showrooms in Dhaka and one showroom in Chittagong. The increased showrooms support the Company to report revenue growth. The key sales force of the Company is organized by a professional expert through dealer network all over Bangladesh. There are around 80 active dealers and 230 sales centers in 6 divisions to ensure selling of the motorcycle throughout the country which eventually reduces the customer concentration risk of the Company. Dhaka and adjacent areas are covered by the head office where the marketing staff is also engaged in corporate and institutional sales. Apart from 156 employees in sales division 127 employees are employed in customer care division to develop brand image. In 2017, the Company sold 26,918 pcs motor cycle comprising dealer sales of 20,669 pcs, showroom sales of 5,537 pcs, corporate sales of 623 pcs, tender sales 35 and 54 pcs export to Nepal.

The Company usually sells its products on credit basis having set criteria and terms & conditions. Total sales of BDT 2,410.0 million in 2017 comprises BDT 399.7 million (17%) cases sales and BDT 2,010.3 million (83%) credit sales which eventually increase the liquidity constraint and the credit risk of the Company though it is the industry pattern. The Company sells more than 73% of total motorcycle through dealers having credit terms of maximum 1 year under set terms & condition. The company borrowed the fund from financial institutions to meet its import payments, and provide credit limits to the dealer. Before providing credit facility for vehicle to any dealer, the recovery wings assess the credit worthiness of the dealer. There is separate collection department which usually assess the credit worthiness of a dealer to set the credit terms. The showroom sales cover both cash and credit sales where the credit terms vary 3 months without any service charge to maximum 1 year having installment system. Recently the Company has taken new credit policy of 6 to 12 months and 6 to 36 months for two wheeler and three wheeler respectively which may eventually increase the operating cycles as well as credit risk profile of the Company. Total accounts receivable of the Company was BDT 1,240.3 million as of 30 June 2017 comprising BDT 745.7 million (60.1%) due for less than two months, BDT 211.4 million (17.0%) due for two to four months, 267.5 million (21.6%) due for more than four months and 15.7 million (1.3%) was due for more than one year.

**RAL** ensures its service at the doorsteps of its customers throughout the country through its mobile service teams under the supervision of the service department. The customers are notified by the local dealers prior to the arrival of the mobile service teams. RAL has also integrated local roadside mechanics that are trained and efficient in providing service when the mobile service teams are not available. Besides this, the central service station is located 138/1, Tejgaon I/A, Dhaka-1208 and fourteen service centers located at various sites of the country. The Company gives free after sales service of engine for the period of 6 years or 1<sup>st</sup> 75,000 Km running, whichever is earlier.

Automobile industry in Bangladesh is largely dominated by imported motorcycle mostly from China, India and Taiwan. Due to lack of domestic source of raw materials and backward linkage, vehicle manufacturing and assembling industries did not grow after independence of Bangladesh. However, different private endeavor grabs distributorship of different vehicle brands in Bangladesh in last 2-3 decades. Recently few entrepreneurs emerged with the collaboration foreign companies like Hero, Yamaha, Honda etc. to start assembling. Sales of motorcycle in the country increased significantly because of boom in remote area especially for easy financing. However, government tariff and tax structure also pay important role to motivate the supply of vehicles in Bangladesh. There are 14-16 large automobile marketers in Bangladesh, among them 5-6 have own assembling

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

facilities. Others are sole distributors or importers in nature of their respective partners. Irrespective of increase in demand overall market becomes more competitive during the last two years due to increase in supply putting pressure on stress in both liquidity position and profitability position of the companies operating business in the automobile sector of Bangladesh.

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

Presently the Board of Runner Automobiles Ltd. comprises of ten members including two nominated directors nominated by Brummer Frontier PE II (Mauritius) and two independent directors. The authorized share capital of the Company is BDT 2,000.0 million divided into 200,000,000 no. of ordinary shares of BDT 10.0 each. Total paid up capital of the Company was BDT 942.0 million in 2017.

Local investors are holding 672.38 million shares (71.4% of total) and foreign investor, Brummer Frontier PE II (Mauritius), is holding remaining 28.62% shares of the Company. The Brummer Frontier PE II (Mauritius) Ltd is a private limited company incorporated in June 2013 under Companies Act 2001 of Republic of Mauritius with an aim to provide equity capital to private companies. It is a private equity fund domiciled in Mauritius and dedicated to equity investment in Bangladesh. The Fund's investors include the IFC, CDC (a fund owned by the UK Government), Norfund (a fund owned by the Norwegian Government), FMO (a fund owned by the Netherland Government) and other international financial institutions.

Mr. Hafizur Rahman Khan, Chairman of Runner Group of Companies is an M.Com from Rajshahi University. Mr. Hafizur Rahman has vast experience of working in various reputed organizations of Bangladesh. In 2000 he established Runner Automobiles Ltd, later the business has been expanded with five strategic companies under the umbrella of Runner Group. He is also a Director of Autism Welfare Trust, member of executive committee of Bangladesh Automobiles Assemblers and Manufacturers Association. He is holding 10.9% shares of the Company.

Mr. Md. Mozammel Hossain, Vice-Chairman of Runner Group of Companies is an M.Com in marketing from Dhaka University. As expert in marketing his experience contributed to the acceleration of the Runner Group of Companies. He is holding 7.06% shares of the Company.

Mr. Jahurul Alam, Mr. Mohammad Ali Deen, Mr. Taslim Uddin Ahmed, Mr. Khalid Shahidul Quadir, Mr. Muallem Choudhury FCA, Mr. Johannes (Phil) N. H. van Haarlem (independent), Mr. Faruq Ahmad Siddiqi (independent) are the other Directors. The management of the Company is headed by Mr. Mukesh Sharma, Managing Director and CEO. The management of the Group is headed by Mr. Hafizur Rahman Khan, Chairman of Runner Group of Companies, also the founder of the company. Mr. Hafizur Rahman Khan is the successful entrepreneur of automobile business organization. The Chairman is supported by the other director of the company. Besides, a group of senior professionals assist the top management. Most of the senior professionals have been working with Runner group for long time. There was no major change in the management of the Company during the last one year. The Company had total 691 employees as of 30 June 2017 where factory division, sales division and customer care division covers major portion of employees.

Runner Automobiles Ltd. has an in-house management information system for smooth operation of the company as well as for making strategic management decision. The MIS system of the Company is well developed and flow of information is good. Sales & Accounts division prepares monthly report for the top management. Service division of the company produces structured report for the management regarding monthly sales & collection and overdue collection.

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

The revenue source of the Company is the sales of motorcycle of different models under the brand name Runner in the entire country through its dealer network system along with own 28 operational showrooms. Total sales of the Company largely varied during the last three years where the sales largely declined to BDT 1,550.2 million in 2015 from BDT 2,250.2 million in 2016 due to fallen in market demand. However the situation has been improved after ease of registration process and fee apart from improvement in market demand,

change in product ranges, improved concentration in Dhaka, effective planning & strong monitoring following recently taken business strategy, increasing concentration on showroom based sales. Total sales of the Company bounced back to its previous trend to BDT 2,410.0 million reporting 55.5% growth in 2017. New addition of three models supports the Company to report sales growth. Moreover the sales growth mostly supported by showroom sales. In 2016 the Company sold 1,949 pcs motorcycles through 11 showrooms which largely increased to 5,013 pcs through 21 showrooms where 10 additional showrooms were opened during the last one year. Recently the Company has undertaken a plan to start business of three wheeler and four wheeler with the coalition of BAJAJ which will eventually support growth in the upcoming years.

Overall profitability position of the Company varied over the years. Following the efficiency in procurement, operational efficiency and production using low costs stock the Company reported 28.3% gross profit margin in 2017 which was 27.8% in 2016. Net profit margin of the improved to 7.9% in 2017 following the increase in other income mainly in the form dividend income from subsidiary.

Liquidity position of the Company marginally improved in 2017 following the increase in sales. However the increasing trend of market competition, launching of new products and change in business strategy slightly put downward pressure for temporary period on the liquidity position of the Company in the recent period as well as timely repayment of debt obligations. Although operating cycle improved to 311 in 2017 days from 414 days in 2016 the position still remains tight. The increase in receivable collection period was resulted from increase in sales although 22.9% contribution of receivable for more than four months following change in credit policy put slight downward pressure on liquidity position for temporary period.

Total shareholders' equity of the Company increased to BDT 4,005.6 million in 2017 from BDT 3,814.7 million in 2016 resulted in 0.5x debt ratio which was 0.7x considering adjusted equity of BDT 2,709.6 million (excluding revaluation surplus of BDT 1,296.0 million) during the same period. Total borrowed fund largely increased to BDT 2,020.5 million in 2017 from BDT 1,524.3 million in 2016 to support the new products, business strategy and sales growth. However the improved borrowed fund to EBITDA ratio of 4.1x support the credit risk profile of the Company.

Recently the Company has undertaken a plan to issue ordinary shares to expand its production facility. Company also has a plan to pay off a certain portion of its bank loan to optimize the capital structure. The main purpose of the investment is related to development of new models of motorcycles in the range of 100cc to 150cc will be financed from IPO proceeds and rest will be financed through company's business generated income and debt financing.

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

Presently Runner Automobiles Ltd has banking relationship with ten banks and one NBF. The Company has satisfactory track record of honoring debt obligation. Details bank liability position of the Company is given in appendix - 1.

**APPENDIX – 1: CREDIT FACILITIES OF RUNNER AUTOMOBILES LTD.**

**Details of Credit Facilities of Runner Automobiles Ltd as of 30 August 2017 (Mil. BDT)**

Loan Type	Funded/Non		Bank	Nature of Facility	Limit	Outstanding	Limit Expiry	
	Funded	Non						
Long Term	Funded		Jamuna Bank Ltd	HPSM	119.1	23.1	30-06-18	
			Basic Bank Ltd	Term Loan	100.0	5.4	7/11/2017	
			United Leasing Company Ltd.	Term Loan	6.9	5.1	29-08-20	
			Mercantile Bank Ltd	HPSM	200.0	-	31-07-18	
			Eastern Bank Ltd	Term Loan	42.0	42.0	31-08-18	
			Premier Bank Ltd.	Term Loan	150.0	127.1	14-08-21	
				<b>Total Long Term</b>		<b>618.0</b>	<b>202.7</b>	
Short Term	Funded			LTR	300.00	199.35		
			Mercantile Bank Ltd	Time loan	100.00	64.92	31-07-18	
				OD	250.00	240.00		
			Al-Arafah Islami Bank Ltd	MPI-TR/LTR/CIL/IL	40.0	34.8	30-05-18	
				MPI	150.0	82.9		
			Standard Bank Ltd	MPI-TR/LTR/CIL/IL	250.0	96.1	31-03-18	
				SOD	80.0	66.8		
				CC (Hypo)	150.0	146.2		
			Jamuna Bank Ltd	MPI-TR	140.0	45.7	30-06-18	
				MPI-TR/LTR/CIL/IL	150.0	-		
			Exim Bank Ltd	MPI	50.0	-	30-11-18	
				Baim (CCH)	50.0	-		
				SOD/RL/TL/LNL/DL	50.0	12.1		
			Eastern Bank Ltd	MPI-TR/LTR/CIL/IL*	250.0	8.7	31-08-18	
				OD	10.0	6.3		
			BRAC Bank Ltd	MPI-TR/LTR/CIL/IL	135.0	39.6	28-06-18	
				SOD/RL/TL/LNL/DL	80.0	11.1		
			Dhaka Bank Ltd	LTR	270.0	83.0	31-01-18	
				Time loan	100.0	28.0		
				OD	100.0	91.7		
			Premier Bank Ltd	LTR	150.0	-	30-06-18	
				STL	50.0	-		
	OD	100.0		100.0				
		<b>Total Short Term Funded</b>		<b>3,005.0</b>	<b>1,357.1</b>			
Short Term	Non Funded	BRAC Bank Ltd	LC	150	56.5	28-06-18		
			LC	300	108.0	31-01-17		
			Standard Bank	BG	20			
			Jamuna Bank Ltd	LC	140.00		30-06-18	
			Mercantile Bank Ltd	LC	400.00	19.73	31-07-18	
			Al-Arafah Islami Bank Ltd	LC	150.00	11.60	30-05-18	
			Exim Bank Ltd	LC	350.00	-	30-11-16	
			Eastern Bank Ltd.	LC	300.00	98.67	31-08-18	
			Dhaka Bank Ltd	LC	350.00	12.99	31-01-18	
			Premier Bank Ltd.	LC	200.00	-	30-06-18	
				<b>Total Short Term Non Funded</b>		<b>2,360.0</b>	<b>307.4</b>	

**Date of Rating:** 22 September 2016

<b>Particulars</b>	<b>Ratings</b>
Runner Automobiles Limited	A <sub>3</sub>
BDT 157.8 million Long Term Outstanding	A <sub>3</sub> (Lr)
BDT 610.0 million OD/Cash Credit (CC)* limit	A <sub>3</sub> (Lr)
BDT 1,815.0 million aggregate short term fund based limit	ST-3
BDT 1,540.0 million aggregate short term non fund based limit	ST-3
Outlook	Stable

*Lr – Loan Rating; ST – Short Term*

**Rating Based on:** Audited financial statements up to 30 June 2016 and other relevant quantitative & qualitative information up to the date of rating declaration.

**Date of Rating:** 30 March 2015

<b>Particulars</b>	<b>Ratings</b>
Runner Automobiles Ltd.	A <sub>3</sub>
BDT 283.0 million Long Term Outstanding	A <sub>3</sub> (Lr)
BDT 60.0 million Cash Credit (CC)* limit	A <sub>3</sub> (Lr)
BDT 1,241.0 million aggregate short term fund based limit	ST-3
BDT 910.0 million aggregate short term non fund based limit	ST-3
Outlook	Stable

*Lr – Loan Rating; ST – Short Term*

**Rating Based on:** Audited financial statements up to 31 December 2014 and other relevant quantitative & qualitative information up to the date of rating declaration.



**APPENDIX – 3: FINANCIAL HIGHLIGHTS OF RUNNER AUTOMOBILES LIMITED**

Financial Highlights		--Year ended June 30--		
	(Mil. BDT)	2017	2016	2015
<b>Earnings &amp; Stability</b>	Net Sales	2,410.0	1,550.2	2,250.2
	Sales Growth (%)	55.5	(31.1)	26.4
	CoGS as % of Sales	71.7	72.2	74.3
	EBITDA	493.7	330.8	436.4
	EBITDA Growth (%)	49.3	(24.2)	32.2
	EBITDA Margin (%)	20.5	21.3	19.4
	Net Profit after tax	190.9	74.0	208.0
	Net profit after tax growth (%)	158.1	(64.4)	54.6
<b>Profitability</b>	Gross Profit Margin (%)	28.3	27.8	25.7
	Operating Profit Margin (%)	14.7	14.9	15.7
	Net Profit Margin (%)	7.9	4.8	9.2
	Return on Average Asset (%)	3.2	1.4	4.5
	Return on Average Equity (%)	4.9	2.0	6.9
<b>Liquidity</b>	Current Ratio (x)	1.5	1.4	1.3
	Quick Ratio (x)	1.1	1.1	1.1
	Inventory +AR to TA (%)	30.9	29.9	28.9
	Net Working Capital to TA (%)	43.5	37.1	28.6
	Inventory Turnover Ratio (x)	2.9	2.6	5.3
	Average Inventory Processing Period (Days)	125	141	69
	Receivable Turnover Ratio (x)	2.0	1.3	2.6
	Average Receivable Collection Period (Days)	186	273	139
	Payable Turnover Ratio (x)	101.9	52.0	80.0
	Average Payable Payment Period (Days)	4	8	5
<b>Leverage &amp; Capital Structure</b>	Operating Cycle (Days)	311	414	208
	Cash Conversion Cycle (Days)	307	406	203
	Equity Capital	4,005.6	3,814.7	3,412.9
	Adjusted Equity Capital*	2,709.6	2,516.7	2,113.9
	Total Borrowed Fund	2,020.5	1,524.3	1,235.6
	Total Long Term Debt	114.4	67.8	157.3
	EBITDA	493.7	330.8	436.4
	Fund Flow from Operation (FFO)	263.9	145.8	273.6
	Cash Flow from Operation (CFO)	(374.3)	(155.5)	70.7
	Retained Cash Flow (RCF)	(374.3)	(155.5)	70.7
	Free Cash Flow (FCF)	(530.4)	(239.6)	(158.6)
	Debt to Equity (x)	0.5	0.4	0.4
	Debt to Adjusted Equity	0.7	0.6	0.6
	Borrowed Fund/EBITDA (x)	4.1	4.6	2.8
	FFO/Debt (%)	13.1	9.6	22.1
	CFO/Debt (%)	(18.5)	(10.2)	5.7
	RCF/Debt (%)	(18.5)	(10.2)	5.7
FCF/Debt (%)	(26.3)	15.7	(12.8)	
<b>Coverage</b>	EBIT to Interest expense (x)	2.1	1.5	2.6
	FCF to Interest expense (x)	(2.7)	(1.4)	(1.1)
	(EBITDA-CAPEX) to Interest expense (x)	1.7	1.4	1.5

\* Excluding revaluation surplus

**APPENDIX – 4: FINANCIAL HIGHLIGHTS OF RUNNER AUTOMOBILES LIMITED (CONSOLIDATED)**

Financial Highlights		--Year ended June 30--		
	(Mil. BDT)	2017	2016	2015
<b>Earnings &amp; Stability</b>	Net Sales	6,494.7	5,165.0	4,538.9
	Sales Growth (%)	25.7	13.8	(11.5)
	CoGS as % of Sales	74.6	74.0	76.3
	EBITDA	1,030.9	909.0	782.1
	EBITDA Growth (%)	13.4	16.2	(14.0)
	EBITDA Margin (%)	15.9	17.6	17.2
	Net Profit after tax	393.5	363.8	351.4
	Net profit after tax growth (%)	8.2	3.5	(4.7)
<b>Profitability</b>	Gross Profit Margin (%)	25.4	26.0	23.7
	Operating Profit Margin (%)	13.5	14.9	14.7
	Net Profit Margin (%)	6.1	7.0	7.7
	Return on Average Asset (%)	3.0	3.1	3.3
	Return on Average Equity (%)	6.7	6.8	7.7
<b>Liquidity</b>	Current Ratio (x)	1.3	1.2	1.3
	Quick Ratio (x)	1.1	1.0	1.1
	Inventory +AR to TA (%)	30.6	28.1	36.0
	Net Working Capital to TA (%)	40.0	36.4	43.9
	Inventory Turnover Ratio (x)	4.1	3.4	3.4
	Average Inventory Processing Period (Days)	90	108	108
	Receivable Turnover Ratio (x)	2.4	1.9	1.8
	Average Receivable Collection Period (Days)	151	188	200
	Payable Turnover Ratio (x)	23.0	35.5	57.6
	Average Payable Payment Period (Days)	16	11	7
<b>Leverage &amp; Capital Structure</b>	Operating Cycle (Days)	241	296	308
	Cash Conversion Cycle (Days)	225	285	301
	Equity Capital	6,086.4	5,713.6	5,021.9
	Total Borrowed Fund	6,556.2	5,528.0	5,202.1
	Total Long Term Debt	2,364.1	1,936.1	1,664.9
	EBITDA	1030.9	909.0	782.1
	Fund Flow from Operation (FFO)	478.4	448.3	428.9
	Cash Flow from Operation (CFO)	(490.4)	1,156.2	(678.4)
	Retained Cash Flow (RCF)	(490.4)	1,156.2	(678.4)
	Free Cash Flow (FCF)	(657.1)	1,047.2	(947.8)
	Debt to Equity (x)	1.1	1.0	1.0
	Borrowed Fund/EBITDA (x)	6.4	6.1	6.7
	FFO/Debt (%)	7.3	8.1	8.2
	CFO/Debt (%)	(7.5)	20.9	(13.0)
	RCF/Debt (%)	(7.5)	20.9	(13.0)
FCF/Debt (%)	(10.0)	18.9	(18.2)	
<b>Coverage</b>	EBIT to Interest expense (x)	2.5	2.8	2.8
	FCF to Interest expense (x)	(1.7)	3.6	(3.7)
	(EBITDA-CAPEX) to Interest expense (x)	2.2	2.7	2.0

### CRAB RATING SCALES AND DEFINITIONS –Long Term (Corporate)

Long Term Rating	Definition
<b>AAA</b> Triple A	Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk.
<b>AA<sub>1</sub>, AA<sub>2</sub>, AA<sub>3</sub>*</b> Double A	Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.
<b>A<sub>1</sub>, A<sub>2</sub>, A<sub>3</sub></b> Single A	Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.
<b>BBB<sub>1</sub>, BBB<sub>2</sub>, BBB<sub>3</sub></b> Triple B	Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics.
<b>BB<sub>1</sub>, BB<sub>2</sub>, BB<sub>3</sub></b> Double B	Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk.
<b>B<sub>1</sub>, B<sub>2</sub>, B<sub>3</sub></b> Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
<b>CCC<sub>1</sub>, CCC<sub>2</sub>, CCC<sub>3</sub></b> Triple C	Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.
<b>CC</b> Double C	Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
<b>C</b> Single C	Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest.
<b>D</b> (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

*\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

**CRAB RATING SCALES AND DEFINITIONS**  
**LONG-TERM RATING: LOANS/FACILITIES FROM BANKS/FIS**  
*(All loans/facilities with original maturity exceeding one year)*

RATINGS	DEFINITION
<b>AAA (Lr)</b> <b>(Triple A) Highest Safety</b>	Loans/facilities rated <b>AAA (Lr)</b> are judged to offer the highest degree of safety, with regard to timely payment of financial obligations. Any adverse changes in circumstances are unlikely to affect the payments on the loan facility.
<b>AA (Lr)*</b> <b>(Double A) High Safety</b>	Loans/facilities rated <b>AA (Lr)</b> are judged to offer a high degree of safety, with regard to timely payment of financial obligations. They differ only marginally in safety from AAA (Lr) rated facilities.
<b>A (Lr)</b> <b>Adequate Safety</b>	Loans/facilities rated <b>A (Lr)</b> are judged to offer an adequate degree of safety, with regard to timely payment of financial obligations. However, changes in circumstances can adversely affect such issues more than those in the higher rating categories.
<b>BBB (Lr)</b> <b>(Triple B) Moderate Safety</b>	Loans/facilities rated <b>BBB (Lr)</b> are judged to offer moderate safety, with regard to timely payment of financial obligations for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for issues in higher rating categories.
<b>BB (Lr)</b> <b>(Double B) Inadequate Safety</b>	Loans/facilities rated <b>BB (Lr)</b> are judged to carry inadequate safety, with regard to timely payment of financial obligations; they are less likely to default in the immediate future than instruments in lower rating categories, but an adverse change in circumstances could lead to inadequate capacity to make payment on financial obligations.
<b>B (Lr)</b> <b>High Risk</b>	Loans/facilities rated <b>B (Lr)</b> are judged to have high risk of default; while currently financial obligations are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
<b>CCC (Lr)</b> <b>Very High Risk</b>	Loans/facilities rated <b>CCC (Lr)</b> are judged to have factors present that make them very highly vulnerable to default; timely payment of financial obligations is possible only if favourable circumstances continue.
<b>CC (Lr)</b> <b>Extremely High Risk</b>	Loans/facilities rated <b>CC (Lr)</b> are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support.
<b>C (Lr)</b> <b>Near to Default</b>	Loans/facilities rated <b>C (Lr)</b> are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest. C (Lr) are typically in default, with little prospect for recovery of principal or interest.
<b>D (Lr)</b> <b>Default</b>	Loans/facilities rated <b>D (Lr)</b> are in default or are expected to default on scheduled payment dates.

*\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

## SHORT-TERM CREDIT RATING: LOANS/FACILITIES OF BANKS/FIS

*(All loans/facilities with original maturity within one year)*

RATING	DEFINITION
ST-1 Highest Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong.
ST-2 High Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is strong; however, the relative degree of safety is lower than that for issues rated higher.
ST-3 Adequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories.
ST-4 Marginal	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is marginal; and the issues are quite vulnerable to the adverse effects of changing circumstances.
ST-5 Inadequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is minimal, and it is likely to be adversely affected by short-term adversity or less favorable conditions.
ST-6 Lowest Grade	This rating indicates that the loans/facilities are expected to be in default on maturity or is in default.

© Copyright 2017, CREDIT RATING AGENCY OF BANGLADESH LIMITED ("CRAB"). All rights reserved. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT CRAB'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by CRAB from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and CRAB, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall CRAB have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of CRAB or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if CRAB is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY CRAB IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

## **SECTION XXVIII : PUBLIC ISSUE APPLICATION PROCEDURE**

To be incorporated after obtaining the consent letter from Bangladesh Securities and Exchange Commission.

## SECTION XXIX: OTHERS

### MANAGEMENT'S ADDITIONAL DISCLOSURE

1. It is observed from the consolidated financial statements of Runner Automobiles Ltd. that total loan of the company as on June 30, 2016 is Tk.552,48,90,023/- and total asset is Tk. 1249,76,98,923/-. It appears that the company is a very highly leveraged company where 44.21% of total assets are financed from loan. If the company fails to pay-off these loan successfully that will be threat for the company to continue as a going concern. Explain your position with documents;

As on June 30, 2016 the liability position of the company and its subsidiary is detailed as follows:

	RAL	RML	Consolidation
<b>Liability Position:</b>			
Long term loan net off current portion	66,528,795	1,868,312,239	1,934,841,034
Short term loan from banks	1,374,208,709	1,201,208,833	2,575,417,542
Current portion of long term loan	80,475,328	934,156,119	1,014,631,447
<b>Total:</b>	<b>1,521,212,832</b>	<b>4,003,677,191</b>	<b>5,524,890,023</b>

Out of total liability of BDT 5,524.89 million in consolidated financial statement, BDT 4,003.68 million (72.5%) belongs to Runner Motors Limited (RML) a subsidiary of Runner Automobiles Limited with 61.67% shareholding.

RML sells commercial vehicles both on cash and on long term credit (36 to 60 instalment) basis. In Bangladesh, the banks and NBFIs are not financing directly to the customers of commercial vehicles and finance the company engaged in selling commercial vehicles. RML extends credit to the customers and take back to back loan from commercial banks and NBFIs to match the fund requirement. However, to protect the interest of the bank and the Company, the vehicles are registered in the name of both bank and selling company which covers default risks. Moreover, vehicles sold on credits are fully covered by first party insurance. With these kinds of safety measures and tight monitoring, the default rate is very insignificant. The company has full right to recover the vehicle in case of failure to pay instalments in due time and can resell the same in the market at a competitive price. Out of BDT 4,003.67 million, BDT 2,802.50 million represents refinance or investment in the retail market of commercial vehicles and BDT 1,201.20 million represents working capital financing for import of vehicles from Volvo Eicher Commercial Vehicle Limited, India. This liability is as per the nature of the commercial vehicle industry in Bangladesh and exposed minimal or almost no risk to the company.

RAL standalone loan exposure is BDT 1,521.21 million with long term exposure of BDT 146.9 million only against plant and machineries. Short term loan represents financing inventory of BDT 477.50 million and Accounts Receivable of BDT 1,115.20 million. However, to protect the interest of the Company, the vehicles are registered in the name of the company for sales from its own showroom and have dealership agreement for dealer sales. RAL standalone current ratio is 1.42 and total debt/total asset ratio is 0.27 by indicating no or minimum risk of coverage.

Finally, because of the financing arrangements followed by RML (which is in fact true for any other commercial vehicles selling companies or the industry) it may appear that borrowings are very high. However, this borrowing is fully secured with very low rate of default. Hence the company's financial leverage is as per the standard of the industry and the management of the company do not find any indication of risk of default or over exposure.

2. It is observed from red-herring prospectus that the company's current capacity utilization is very poor (only 18.87%) whereas projected capacity utilization for the next three years is more than double (46.75%) of current utilization seems very inflated projections. Explain how the company will achieve this target in future;

RAL has invested in capital machineries required to produce two and three wheelers in Bangladesh. Presently, the company have production capabilities of 100,000 units in a year. Existing machineries are base machines

with minimum scale of operation for this kind of manufacturing facilities. This capacity can be fully utilized by adding die, molds and other additional machineries in order to make new and market competitive models as per market demand. To expand the market and crop up market demand, Company need additional sub machine in press, welding and lab section. With those additional machineries, the company can utilize its maximum production capacity by offering low price product compared to imported motorcycles in Bangladesh. The company has also started export of 2 wheelers and gone for product diversification into 3 wheelers. Our efforts are exemplified by the increased capacity utilization of 31.74% in 2016-2017 which is expected to go up to 94% in 2021-2022.

Capacity utilization during 2015-16 was low for fall in demand in the market due to various socio-economic and geo-political situations. Last three years average capacity utilization is 25% which is representative of manufacturing trend of Runner Automobiles Limited.

With the introduction of new products including UM Runner (joint manufacturing agreement with Runner Automobiles Limited and UM international LLC) with more new products and to cater for exports, utilization is bound to increase. However, to effectively utilize the current rated capacity (100,000 in a year) we need to invest in die and mold making, designing, and other products specific requirement.

The capacity utilization plan is as follows:

Particulars	Year	Runner Qty.	Capacity utilization %
Base year	2015-'16	18,867	18.87%
Actual	2016-'17	31,741	31.74%
Projection	2017-'18	36,000	36%
	2018-'19	48,000	48%
	2019-'20	61,000	61%
	2020-'21	76,000	76%
	2021-'22	94,000	94%

If you look at the number of motorcycles to be produced, this will be a gradual increase over a period of 5 years. But from current base, in percentage terms it may look high growth though, but as explained and as planned, we are highly confident that with efforts underway, in 5 years achieving this target volume is very much possible.

This capacity utilization plan is linear with the development of market and at a lower side than our aggressive plan of utilizing the capacity by export and capturing high penetrating geography like Dhaka, Chittagong and Sylhet.

- Justification of going into IPO for a fund of Tk. 100 (one hundred) crore though the company has fixed deposit with bank(s) of Tk.96,17,39,962/-, investment in listed company's share of Tk. 3,81,156/-, share money deposit of Tk. 4,71,13,500/- in Runner Terra EV Ltd. and advance to different parties of Tk. 90,59,37,884/- as per audited consolidated financial statements prepared for the year ended June 30, 2016;

The utilization of BDT 1,000 million raised from IPO will be through investment in Runner Automobiles Limited. Hence, consolidated position of Fixed Deposit, Investment in Listed Securities, Share Money Deposit and Advances have no effect on the fund requirement of the company. It is evident from the breakup of the items in table below that on a standalone basis Runner Automobiles Limited has investment in Fixed Deposit of BDT 176.34 million, Investment in Listed Securities of BDT 38.18 million and Advances of BDT 184.54 million only.

Particulars	RAL	RML	FML	Consolidation
Fixed Deposit	176,339,859	736,259,699	1,027,710	961,739,962
Investment in Listed Securities	38,181,156	-	-	38,181,156
Share Money Deposit		47,113,500		47,113,500
Advances	184,539,542	726,200,600	41,488	905,937,884

The FDR consists of capital raised from other than existing shareholders and raised from other portion is hypothecated against borrowings as disclosed in note 9.2 of the standalone audited financials of the year



ended June 30, 2016. As regards to Runner Motors Limited, the company is required to maintain a certain portion of loans disbursed against retail sales by loan giving institutions as FDR. Please note, out of the total fixed deposit as shown in the consolidated financials, only 18.33% comes from the standalone financials of Runner Automobiles Limited.

Also please be informed that to comply with the requirement of SRO No-186-LAW/2009 dated July 01, 2009, (applicable income tax rate for the company is 5% of business income) the company is required to invest 10% of rebate amount in listed securities which is exemplified by BDT 38,181,156 investment in listed securities.

As regards to Share Money Deposit, Runner Motors Limited invested BDT 47.11 million in Runner Terra EV Limited of which RML holds 49% shares.

Out of BDT 184.54 million advance by RAL, major portion of BDT 79.90 million was for the purpose of decoration of 12 new showrooms as disclosed in note 10.2 of audited accounts of the year ended June 30, 2016 while the rest was for other operational purpose. Out of BDT 726.20 million advances of Runner Motors, BDT 481.24 million was as advance income tax, BDT 200.45 million as advance to suppliers while the remaining portion was for other operational purpose. Out of the total advances of BDT 906 million shown in the consolidated financials of June 30, 2016, only 20.41% comes from the standalone financials of Runner Automobiles Limited.

4. It is observed from auditors certificate dated 29 September, 2016 that 22 transactions each above Tk.5,00,000/- (five lac) were made in cash During the FY 2015-16 which is a contravention of Condition No. 7 & 14 of the Commission's consent letter dated July 23, 2015. Explain your position;

We have some cash transaction above BDT 500,000 due to the nature of our business it is not always practically possible to fully maintain all requirements. During the year ended June 30, 2016 cash transaction above BDT 500,000 was made for the following reasons-

- **Advance paid for local purchase:** As a manufacturer of motorcycles the company needs to purchase some components of motorcycle from local market. Major portion of those suppliers are not used to with banking transaction because of which we needed to pay cash directly to the employees as advance to purchase those components from different suppliers. After purchase those employees adjust their amount by submitting bill.
- **Payment of wages to worker and non-executive:** The company has paid salary on cash basis to casual employees and executive of whose scale of salary do not fall under the purview of transfer through account payee check.

5. It is observed from the land title deeds of the company that the company purchased total 4970.29 decimals of land but in the red-herring prospectus you have declared that the company has 4944.04 decimals of land. Explain your position in this regard with documents;

As per land title deed the company owns 4,970.29 decimals of land. However, as is customary in our country measurement of land during mutation may result in an amount lesser than that of title deed. In the case of RAL, mutation in the case of land title deed 20506, 3101, 5784, 8236, and 6846 was lower by 76.58 decimal of land.

6. In the valuation report dated 31-12-2010 valuer has stated under disclaimer head that the total quantity of land as per deed is higher by 74.84 decimal compare to the quantity of mutation and the value of difference is Tk.1,02,20,000/-. The valuer has taken the quantity of land as per deed instead of mutation for valuation purpose. Mention whether this land at present is mutated or not;

Mutation of land in the name of Runner Automobiles Limited has subsequently been completed. As a result subsequent valuation report of 2014 by the same valuer does not contain such disclaimer.

Sd/-

**Mukesh Sharma**

Managing Director and CEO  
Runner Automobiles Limited

Date: November 15, 2017

## **MANAGEMENT DISCLOSURE REGARDING EXCESSIVE STOCK OF 135CC MOTORCYCLES**

Runner Automobiles Limited manufactured 135CC especially for the overseas market. As on 30 June, 2017, the finished goods stock balance for Bullet 135CC motorcycle was 290 against orders for dispatch to Nepal. Subsequently, the finished goods stock has been exported to Nepal.

**Sd/-**

**Mukesh Sharma**

Managing Director and CEO  
Runner Automobiles Limited

Date: June 26, 2018

## **STATEMENT REGARDING COST AUDIT**

This is to certify that as per provision of Companies Act, 1994 and Cost Audit (Report) Rules 1997 along with subsequent amendment of the said Rules in 2005, cost audit by Professional Accountant is not applicable for Runner Automobiles Limited.

**Sd/-**

**Mukesh Sharma**

Managing Director and CEO  
Runner Automobiles Limited

Date: June 26, 2018

## **STATEMENT REGARDING COST AUDIT**

Based on statement regarding cost audit by Runner Automobiles Limited, we certify that cost audit by Professional Accountant is not applicable for Runner Automobiles Limited.

**Sd/-**

**Md. Moniruzzaman**

Managing Director  
IDLC Investments Limited

Date: June 26, 2018

## AUDITOR'S ADDITIONAL DISCLOSURES

### 1. Sales revenue of Runner Automobiles Limited (RAL) in Financial Year 2016 & 2017

Due to a number of events, sales revenue of Runner Automobiles Limited for the year ended 30 June 2016 does not represent the average sales of the Company over the last couple of years. During 2015-16, the sales dropped for various socio-economic and geo political situations (such as lower demand of motor bikes from dealers during second half of 2015 as they had higher stocks at 30 June 2015 due to sluggish sales in first half of 2015 for continuous blockade and also lower volume of sales due to police crack-down on motor bikes without registration documents initiated during the second half of 2015) which has the direct relation with decreasing trend in profitability.

However, based on comparison of year on year revenue, it has been observed that revenue in 2016-2017 has been increased by Tk. 859,848,931 or 55.47 % compared to previous year as cited below along with key drivers of such growth:

Revenue	2016-2017	2015-2016	% of Changes
	2,410,036,191	1,550,187,260	55%

The overall market of 2 Wheelers expanded during 2016-2017 which contributed towards higher sales revenue of the Company during the year ended June 30, 2017. Furthermore, the Company also introduced BAJAJ 3 Wheeler products in its product line which contributed also made impact on higher sales revenue. Management has further elaborated its revenue growth to the following two factors:

- **Product mix:** As referred on Note 26.1 on Audited Financial statement as on 30 June 2017 the Company's sales number of two wheeler as well as its mix has been changed and its top performers like 80CC and 100CC two wheelers registered 56% and 28% revenue growth respectively. RAL has also ramped up sales of its 125CC and 150CC two wheelers.

Product Particulars	2016-2017	2015-2016	Increase %
50 CC Motor Cycle	9,849,000	17,301,500	-43%
80 CC Motor Cycle	871,416,000	559,566,000	56%
100 CC Motor Cycle	779,186,500	610,669,500	28%
110 CC Motor Cycle	255,858,000	247,953,000	3%
125 CC Motor Cycle	189,891,000	39,055,000	386%
135 CC Motor Cycle	234,000	27,582,000	-99%
150 CC Motor Cycle	105,961,000	36,582,000	190%
3Wheeler	197,640,691	11,478,261	1622%
<b>Total</b>	<b>2,410,036,191</b>	<b>1,550,187,261</b>	<b>55%</b>

- **Introduction of 3 wheeler product:** Runner Automobiles Ltd. has been appointed as a distributor of Bajaj Auto Ltd. India for popular BAJAJ RE branded 3 Wheelers (Passenger/ cargo- LPG and Diesel range). Upon starting the business since 2017 the Company organized its 19 exclusive dealers with 19 showroom and covered service supports countrywide. More than 2000 units RE Brand 3Wheeler products has been distributed in Bangladeshi market by RAL during 2017.

Based on analysis of the Company's previous years revenue it has been observed that the revenue was in steady growth except during the year ended June 30, 2016 due to prevailing market condition.

### 2. Management of consolidated accounts receivable

Both Runner Automobiles Ltd (RAL) and its subsidiary Runner Motors Ltd (RML) offer credit sales to customers through 6 to 24 instalments for Motorcycles and up to 60 instalments for Truck respectively. Therefore, Accounts Receivable balances are increasing year on year basis over the period due to cumulative effect of accounts receivable balance not yet due together with subsequent period's new receivable balance from credit sales. RAL and RML has their own credit recovery team for managing and collecting purposes to closely monitor and manage the Account Receivable effectively.

Total Sales and receivables analysis for the last three years are as follows:

Year	Particulars	RAL	RML	Consolidation
2014-15	Sales Amount	2,250,238,633	2,288,670,866	4,538,909,499
	Accounts Receivable	1,101,444,384	3,021,760,941	4,124,228,406
2015-16	Sales Amount	1,550,187,260	3,614,812,137	5,164,999,397
	Accounts Receivable	1,214,471,350	3,680,873,892	4,896,368,324
2016-17	Sales Amount	2,410,036,191	4,084,637,639	6,494,673,830
	Accounts Receivable	1,240,299,595	4,256,531,587	5,497,854,264

**3. Party wise breakup of accounts receivable as at June 30, 2017 and subsequent realization as on audit signing date**

During the time of our audit, we selected top twenty accounts receivable balance comprising nearly 73.94% of dealer and 38.45% of total accounts receivable for subsequent receipt testing. The status of those top twenty receivable and its subsequent realization as at the audit report signing date has been summarized below:

Sl No	Particulars	Amount	% of Top 20 receivables against Dealer Receivable	% of Top 20 receivables against total Receivable	Subsequent realization
1	Rubel Auto	84,574,918	13.11%	6.82%	31,349,419
2	Hashi Khushi Motors	24,770,377	3.84%	2.00%	18,102,443
3	Choudhury Motors	20,296,194	3.15%	1.64%	1,610,139
4	Mohammad Motors	14,966,820	2.32%	1.21%	2,955,252
5	N N Enterprise	53,820,000	8.34%	4.34%	21,202,200
6	Sharmin Honda Center	4,488,039	0.70%	0.36%	2,404,761
7	Alam Motors	35,965,598	5.58%	2.90%	3,260,462
8	Suntime Electronics	7,575,621	1.17%	0.61%	3,944,280
9	Ahmed & Sons	35,299,737	5.47%	2.85%	33,366,798
10	Huda Motors	9,460,000	1.47%	0.76%	1,567,411
11	Basundhara Motors	25,435,978	3.94%	2.05%	7,112,753
12	AK Trader	43,127,263	6.69%	3.48%	1,783,209
13	Rezia Motors	17,216,461	2.67%	1.39%	6,635,351
14	R R Autos	24,447,490	3.79%	1.97%	5,366,407
15	Modern Enterprise	37,264,848	5.78%	3.00%	21,096,213
16	Desh Automobiles	9,582,048	1.49%	0.77%	7,043,000
17	Habib Motors	8,683,721	1.35%	0.70%	4,919,366
18	Khan Motors & Electronics	8,891,342	1.38%	0.72%	4,401,412
19	Judge Motors	5,751,051	0.89%	0.46%	-
20	Jamil Motors	5,323,063	0.83%	0.43%	-
	<b>Top 20 Dealer Receivable</b>	<b>476,940,569</b>	<b>73.94%</b>	<b>38.45%</b>	<b>178,120,876</b>
	Other Dealer Receivable	197,766,588			148,632,743
	<b>Total Dealer Receivable</b>	<b>645,045,189</b>			<b>326,753,619</b>
	Retail Receivable	531,606,422			114,871,015
	Other Receivable	63,647,984			14,181,907

#### 4. Month-wise gross sales revenue and amount of VAT for the year ended June 30, 2017

Month-wise amount of gross sales and VAT for the year 2016-2017 are given below:

Month	Amount in Taka		
	Gross Sales	VAT	Net Sales
July	167,651,059	21,867,531	145,783,528
August	198,234,217	25,856,637	172,377,580
September	194,818,225	25,411,073	169,407,152
October	211,365,569	27,569,422	183,796,147
November	187,688,917	24,481,163	163,207,754
December	147,228,369	19,203,700	128,024,669
January	119,589,177	15,276,909	104,312,268
February	142,732,770	18,671,817	124,060,953
March	261,117,333	34,190,581	226,926,752
April	330,376,152	43,401,886	286,974,266
May	358,245,720	47,204,417	311,041,303
June	679,653,341	47,320,328	632,333,013
<b>Total:</b>	<b>2,998,700,850</b>	<b>350,455,464</b>	<b>2,648,245,386</b>
Stock Transfer from Factory to own Showroom			238,209,195
<b>Sales revenue</b>			<b>2,410,036,191</b>

#### 5. Detailed calculation of income tax provision for the year ended June 30, 2017

The break-up of total current income tax expenses for the year ended June 30, 2017 amounting to Tk. 24,118,961 is given below:

Particulars	Business Income-2W	Business Income-3W	Gain on sale of shares & PPE	Dividend Income	Other Income	Total
Operating Profit	338,389,515	15,900,376	-	-	-	354,289,891
Finance Cost	(195,927,197)	(2,555,382)	-	-	-	(198,482,579)
Other Income	-	-	-	-	-	77,535,067
<b>Taxable Income</b>	<b>142,462,317</b>	<b>13,344,994</b>	<b>3,197,242</b>	<b>35,011,845</b>	<b>34,900,147</b>	<b>228,916,545</b>
Tax Rate	5%	35%	10%	20%	35%	
Gross Tax liability	7,123,116	4,670,748	319,724	7,002,369	12,215,052	31,331,009
Deferred Tax	(7,099,600)	(112,448)	-	-	-	(7,212,048)
<b>Net Tax liability</b>	<b>23,516</b>	<b>4,558,300</b>	<b>319,724</b>	<b>7,002,369</b>	<b>12,215,052</b>	<b>24,118,961</b>

#### 6. Break-up of others receivables as shown in note 12 of the audited accounts for the year ended June 30, 2017

Break-up of others receivables as shown in note 12 of the audited accounts for the year ended 30 June 2017 are given below;

Other receivables	Amount
Accrued interest on FDRs	149,654
Rental receivable	2,460,915
Advance income tax refund	76,430,433
<b>Total</b>	<b>79,041,002</b>

<b>Rental receivable</b>	<b>Amount</b>
Runner Motors Ltd	398,800
Runner Properties Ltd	574,800
Runner Bricks Ltd	120,000
IBFB	75,000
Varendra University	120,000
US Bangla (Savar)	745,305
Terra EV Ltd	277,010
Promita Oil & Gas	100,000
Kazi Equities Ltd.	50,000
<b>Total</b>	<b>2,460,915</b>

#### 7. Charging depreciation on land development expenses

According to BAS-16 para 59, if the cost of land includes the costs of site dismantlement, removal and restoration, that portion of the land asset is depreciated over the period of benefits obtained by incurring those costs. In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits to be derived from it.

The amount capitalized under Land Development does not contain anything which has been referred in paragraph 59 as it contains mainly the leveling ground, filling holes etc. and hence depreciation has not been charged.

#### 8. Detailed list of the plant & machineries added during the year ended June 30, 2017

List of plant and machineries acquired by the Company during the year are given below

<b>SI No</b>	<b>Name of the Plant &amp; Machinery</b>	<b>Year of Purchase</b>	<b>Seller Name</b>	<b>Address</b>	<b>Condition when Purchase</b>	<b>Country of origin</b>	<b>Purchase price</b>
1	Mold Rubber	2016-17	Hangzhou Color Powder Coating Ltd	Gongshu District, China	Brand New	China	175,480
2	Color Electrode holder, OptiFlex, Powder	2016-17	Hangzhou Color Powder Coating Ltd	Gongshu District, China	Brand New	China	114,903
3	PLC & Automation works for process Machine	2016-17	Multitech Solution	Sonargaon Road, Uttara	Brand New	Bangladesh	190,000
4	Fixed Asset transfer from Capital work in process						13,832,192
	<b>Total</b>						<b>14,312,575</b>

#### 9. Title deed of 106 decimal land located in Thakurgaon recorded as the Company's land

Based on our scrutiny of the related title deed for 1.06 acre of land purchased in 2009, we observed that the name and address of the purchaser of land is "Chairman Runner Automobiles Limited" and the address is "138/1 Tejgaon Industrial Area" which is RAL's registered address. Since the land was purchased back in 2009, the same has been already included as the fixed assets of the Company and also valued by the Independent Valuer as the Company's own land. The title holder of the land was not any individual or in the name of any individual, rather in the name of "Chairman Runner Automobiles Limited". Since the post of Chairman in a limited liability company is not perpetually tied to any individual and neither can be inherited by any individual it is implied that the land actually belongs to Runner Automobiles Limited and the Chairman merely acted on behalf of the Company not at his individual capacity.

Nevertheless, since this was a legal matter, the Company has obtained a legal opinion on this matter where the lawyer has opined that Runner Automobiles Limited is the present owner of the land.

**10. Consequence of noncompliance of Bangladesh Labor Act, 2006 regarding non formation of trust, transfer of fund to separate bank audited accounts and disbursement of fund.**

As stated above under points 18 and 35, since 2013, the Company has started to make provision for 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.

The Company has formed the Board of Trustee on 01 December 2016 and opened a bank account in 2017 to manage and disburse WPPF and in the process of completing all remaining formalities. Subsequently the Trust deed of RUNNER AUTOMOBILES LTD. WORKERS' PROFIT PARTICIPATION FUND has been registered duly.

As per section 236 of the Labour Act 2006, where the Company fails to comply with the provisions of section 234, the Government may, by order in writing, require it to comply with those provisions within such time as may be specified in that order. Since the Company has made the provision but not yet fully complied with Section 234 requirement as consequence the Government may instruct the Company to comply with all requirements within the specified timeframe. As at the signing of our audit report the Company management confirmed us that they have not received any written order from Government on this matter.

**11. Calculation of income tax for the year ended June 30, 2017**

Calculation of income tax as disclosed in note 32 is given below

Particulars	Business Income-2W	Business Income-3W	Gain on sale of shares/PPE	Dividend Income	Other Income	Total
Operating Profit	338,389,515	15,900,376	-	-	-	354,289,891
Finance Cost	(195,927,197)	(2,555,382)	-	-	-	(198,482,579)
Other Income	-	-	-	-	-	77,535,067
<b>Taxable Income</b>	<b>142,462,317</b>	<b>13,344,994</b>	<b>3,197,242</b>	<b>35,011,845</b>	<b>34,900,147</b>	<b>228,916,545</b>
Tax Rate	5%	35%	10%	20%	35%	
Gross Tax liability	7,123,116	4,670,748	319,724	7,002,369	12,215,052	31,331,009
Deferred Tax	(7,099,600)	(112,448)	-	-	-	(7,212,048)
<b>Net Tax liability</b>	<b>23,516</b>	<b>4,558,300</b>	<b>319,724</b>	<b>7,002,369</b>	<b>12,215,052</b>	<b>24,118,961</b>

As per SRO No-186-LAW/2009, Date- 01.07.2009 and NBR order no-08.01.0000.034.046.12-281 (2) Date-12.06.2012 applicable Income Tax rate for the Company is 5% of business income (wef. 15/03/2008 to 24/03/2020), instead of the normal income tax rate of 35% (2016: 35%).

**12. Updated status of winding up of Runner Electronics Limited ("REL") as disclosed in note 6**

REL has been liquidated as on 31st October, 2013. The liquidator final statement of accounts regarding the settlement of shareholders has been approved by the registrar of joint stock companies and firms (RJSCF) on 7th December, 2017. According to liquidator's statement the balance due to shareholder is 315,100 after paying off all secured and unsecured creditors and other related cost regarding to liquidation. Runner Automobiles Limited (RAL) had shareholdings of 83.27%, therefore settled amount has been 262,384 for RAL Accordingly the receivable and investment to subsidiaries have been adjusted in the half yearly accounts as on 31 December 2017.

**13. Quantity wise information of sales and inventory as per requirement of Companies Act, 1994**

Quantity wise break-up of sales and inventory (finished goods) as at June 30, 2017 are as follows:

2016-2017	Sales Quantity	Inventory (Finished Goods)
50 CC Motor Cycle	147	16
80 CC Motor Cycle	12,264	665
100 CC Motor Cycle	9,462	268
110 CC Motor Cycle	2,659	708
125 CC Motor Cycle	1,623	144

135 CC Motor Cycle	02	290
150 CC Motor Cycle	761	206
Three Wheeler	562	85
<b>Total:</b>	<b>27,480</b>	<b>2,382</b>

As disclosed in Note-07 of the financial statements for the year ended 30th June 2017, quantity wise breakup of raw materials and stores and spares 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.

Dhaka, 24 April 2018

Sd/-  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

#### 14. Break-up of land and land development

Land development expenses mainly include land registration and mutation costs, leveling of fields, filling holes in the grounds, soil digging for ponds and lakes, gardening and playground establishments etc.

Total value of Land and Land development costs as on **June 30, 2017** are as follows:

Particulars	Land	Land Development	Total
		1,534,102,741	268,033,378

Area of total Land	4,970.29 Decimal
Particulars	Taka
Deed Value	239,969,000
Land Development Cost *	268,033,378
<b>Total Land value at Cost</b>	<b>508,002,378</b>

Revaluation Reserve (Revaluation conducted in 2010)	758,569,086
Revaluation Reserve (Revaluation conducted in 2014)	535,564,655
<b>Revaluation Reserve</b>	<b>1,294,133,741</b>
<b>Total Land value with revaluation</b>	<b>1,802,136,119</b>

#### \*Details of Land development Cost

Particulars	Taka
<b>Land Registration Cost:</b>	<b>30,351,822</b>
Land Registration Fees at the time of purchases (Taka 26,396,590)	
Land Mutation and other affiliated costs (Taka 3,955,232)	
<b>Soil Filling, and Old Pond Filling</b>	<b>158,951,910</b>
Soil Filling, Labor Cost, Sand, carrying cost with land area with 2 feet height from the surrounding level land for 440,310 sft. @ BDT. 361 per sft. (average) in association with some earth filling works.	
<b>New Pond &amp; Lake Excavation:</b>	<b>53,752,982</b>
New Pond Excavation for plant water disposal and usage of water for the Factory workers and employees as well as reusing rain water along with excavation, leveling, RCC piling for the pond protection, water disposing machine filling, ditching, pouring water, dressing etc. In addition, a lake has been developed in the factory premises.	
<b>Water drainage system development:</b>	<b>12,864,705</b>
Water/Sewerage line, water outlet line up to main channel @ 11 feet height with RCC pipeline running 3,805 meter @ BDT. 3,381 per meter	
<b>Plantation and Play Ground</b>	<b>12,111,959</b>
Various type of fruits, flowers plants, Golf Ground developed at premises with average BDT. 285 per tree cost and ground cost for Golf.	
<b>Total Land Development Cost</b>	<b>268,033,378</b>



#### 15. Detail break up of cash payments to suppliers, employees and others for the year ended June 30, 2017

The break-up of cash payments to suppliers, employees and others is as follows;

<b>Cost of goods sold</b>	<b>(1,728,585,019)</b>
Increase in inventories	(222,008,865)
Increase in LC margin deposit with Banks & prepaid insurance	14,447,532
Non-cash item (depreciation)	58,419,113
<b>Cash payment for cost of material</b>	<b>(1,877,727,239)</b>
<b>Admin expenses</b>	<b>(90,529,626)</b>
Decrease in other suppliers	(1,200,000)
Decrease in liabilities for expense & provision	(42,225,887)
Non-cash item (depreciation)	14,604,778
<b>Cash payment for admin expenses</b>	<b>(119,350,734)</b>
<b>Selling expenses</b>	<b>(236,631,655)</b>
Increase in other advances	(53,201,405)
Decrease in liabilities for expense & provision	(6,837,673)
Decrease in trade payable	(20,488,129)
<b>Cash payment of selling expenses</b>	<b>(317,158,863)</b>
<b>Net Cash paid to suppliers, employees and others</b>	<b>(2,314,236,836)</b>

The summary of the operating cash payment for the abovementioned period is as follows;

Particulars	Taka
Cash Payment to Suppliers	(1,750,105,780)
Cash Payment to Employees	(136,817,061)
Cash Payment to Others (It includes mainly administrative and selling expenses other than employee related costs and indirect factory costs.)	(427,313,995)
<b>Net Cash paid to suppliers, employees and others</b>	<b>(2,314,236,836)</b>

#### 16. Management, disbursement and investment of WPPF by the Company

From 2013, the Company has started to make provision for 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 WPPF, of which 80:10:10 is to be paid to Participation Fund, Welfare Fund and Workers Welfare Foundation Fund respectively.

The Company has formed the Board of Trustee ("the Trustee") on 01 December 2016 and opened a bank account in 2017 in the name of "Runner Automobiles Ltd. Workers' Profit Participation Fund" to manage and disburse WPPF and in the process of completing all formalities. Thereafter on November 14, 2017 an amount of Tk. 25,720,542 (provision up to 30 June 2016) and on June 24, 2018 an amount of 11,111,542 (provision for the year 30 June 2017) has been transferred from bank account of Runner Automobile Ltd. to bank account of the Fund. Subsequently the required amount has been distributed to the entitled members as per trust deed policy of the WPPF. and the Trustee is in the process of paying the required amount to the "Bangladesh Sramik Kallyan Foundation" in accordance with provision of Bangladesh Labor Law.

Furthermore, in pursuance with the administration of WPPF, the Trust deed of Runner Automobiles Ltd. Worker's Profit Participation Fund has been fully registered under sub-register office, Tejgaon, Dhaka vide Deed No: IV-38/2018 dated June 04, 2018.

**Status of payment of WPPF of the Company as follows:**

Particulars	Amount
Total provision for WPPF up to 30 June 2017 (as per financial statements)	36,832,084
Less: Payment made from Company Bank A/c on November 14, 2017	(25,720,542)
Less: Payment made from Company Bank A/c on June 24, 2018	(11,111,542)
<b>Outstanding provision for WPPF relating to the period ended on June 30, 2017</b>	<b>Nil</b>

**17. Compliance with the group insurance as per provision of the ‘Bangladesh Labor (Amendment) Act, 2013**

Runner Automobiles Limited (“the Company” or “RAL”) has executed a contract of group insurance with Guardian Life Insurance Limited on 10<sup>th</sup> July 2017. This contract is concluded initially for a period of 3 years and thereafter shall stand automatically renewed with terms and conditions mutually agreed upon by the both the parties for the same period unless terminated by either party. The insurance agreement covers the benefits of Accidental Death Benefit (ADB), Permanent and Total Disability (PTD) and Permanent and Partial Disability (PPD) for the employees of Runner Group. Initially total number of insured employees through the group insurance was 1,374 having annual premium for each employee of BDT. 377 and total premium comes consolidated BDT. 5,173,998. Initially Runner Motors Limited (the subsidiary company of RAL) has paid the mentioned total premium of Group Insurance premium which subsequently adjusted with RAL for its 557 employees of BDT. 209,989 as a share of common expenses.

**18. Detail break-up of advance to employees**

Employee advance of the company as at 30 June 2017 is as follows;

SI No	Employee Name	Designation	Payment Date	Purpose	Amount
1	Abdullah-Al- Mamun	Assistant Manager	5/30/2017	Tour	137,930
2	Abu Liece	Senior Executive	4/20/2017	Local Purchase	835,000
3	Ahmad Sadi	Senior Executive	5/1/2017	Tour	25,000
4	Alamgir Howlader	Assistant Manager	5/5/2017	Local Purchase	83,333
5	Tareq Aziz	Executive	4/1/2017	Selling expense	1,634,457
6	Anisur Rahman	Assistant Mechanic	6/28/2017	Tour	150,000
7	Asif Chowdhury	Assistant Manager	6/2/2017	Registration Exp	1,000,000
8	Faisal Mahboob Rahman	Senior Executive	6/7/2017	Selling Expense	510,000
9	Farzana Afrin	Assistant Manager	6/29/2017	Local Purchase	196,321
10	FazleSadain	Deputy Manager	5/15/2017	Local Purchase	602,410
11	G M Shariful Islam	Executive	5/30/2017	Tour	10,000
12	GoswamiAshim Ranjan	Assistant General Manager	4/20/2017	Selling expense	964,705
13	Hafizur Rahman	Senior Executive	5/1/2017	Local Purchase	317,197
14	Kazi Md Sadek	Executive	5/5/2017	Tour	116,832
15	Lutfur Rahman Mollah	Executive	4/1/2017	Selling expense	400,000
16	Mamunur Rashid	GM	6/28/2017	Branding Expense	1,482,642
17	Maruf Ahammed Khan Manik	Assistant Manager	6/2/2017	Local Purchase	400,000
18	Md Abdur Rahim	Driver	6/7/2017	Tour	1,415
19	Md Abul Kalam Azad	Executive	6/29/2017	Local Purchase	264,605
20	Md Akter Hossan	Jr. Executive	5/15/2017	Selling expense	519,742
21	Md Aminur Rahman	Assistant Manager	3/2/2017	Selling expense	900,000
22	Md Ashraf Uddin	Sr. Officer	6/17/2017	Selling expense	1,111,581
23	Md Ashraful Islam	Executive	6/23/2017	Tour	113,800
24	Md Iftexhar-ur Rahman	Assistant Manager	5/15/2017	Local Purchase	808,775
25	Md Mintu	Jr. Asst Painter	4/30/2017	Tour	272,890
26	Md Mizanur Rahman	Deputy Manager	5/20/2017	Registration Exp	2,132,639
27	Md Mohiuddin	Executive	6/1/2017	Tour	10,275

SI No	Employee Name	Designation	Payment Date	Purpose	Amount
28	Md Mozammel Hossain	Assistant General Manager	6/7/2017	Local Purchase	403,856
29	Md Nasirul Haque	Executive	6/29/2017	Selling expense	1,050,277
30	Md Nazmul Hosen	Sr. Officer	5/15/2017	Tour	103,000
31	Md Omar Faruque	Sr. Executive	5/30/2017	Selling expense	1,769,013
32	Md Sazedul Islam	Assistant Manager	4/20/2017	Tour	122,433
33	Md Selim	Senior Executive	5/1/2017	Tour	114,793
34	Md Shahadat Miah	Sr. Officer	5/5/2017	Tour	156,711
35	Md Shahel Rana	Executive	4/1/2017	Local Purchase	780,000
36	Md Shahjahan Mia	Senior Executive	6/28/2017	Selling expense	1,142,003
37	Md Zahidul Islam	Senior Executive	6/2/2017	Selling expense	758,110
38	Md Zakir Hossain (Lavlu)	Senior Executive	6/7/2017	Selling expense	400,000
39	Md. Aftab Uddin Shah	Executive	6/29/2017	Selling expense	2,500,000
40	Md. Jakir Hossain	Officer	5/15/2017	Local Purchase	1,600,000
41	Md. Kaium Uddin Ahmed	Senior Executive	3/2/2017	Admin Expense	400,000
42	Md. Mizanur Rahman	Deputy Manager	6/29/2017	Selling expense	1,217,020
43	Md. Nasim Uddin Khan	Officer	5/15/2017	Tour	15,000
44	Md. Nazmul Hasan	Executive	3/2/2017	Tour	15,000
45	Md. Nazrul Islam	Assistant Mechanic	6/17/2017	Tour	200,000
46	MD. Obaidunnobi	Senior Executive	6/23/2017	Tour	234,443
47	Md. Razibul Islam	Senior Executive	5/15/2017	Tour	90,000
48	Md. Saifullah Khaled.	Senior Executive	4/30/2017	Tour	300,000
49	Md. Ziaul Hasan	Executive	5/20/2017	Selling expense	1,200,000
50	Md.Imam Uddin Babu	Executive	6/1/2017	Tour	214,703
51	Md.Shifuzzaman	Deputy Manager	6/7/2017	Local Purchase	5,000,000
52	Mongilur Rahman	Senior Executive	6/29/2017	Local Purchase	1,500,000
53	Mosharraf Hossain	Deputy Manager	5/15/2017	Local Purchase	905,000
54	Mrs. ShahnajHaider	Senior Executive	5/30/2017	Selling expense	1,600,000
55	Muhammad Nazrul Islam	Executive	4/20/2017	Tour	376,486
56	Mukesh Sharma	Managing Director	5/1/2017	Overseas Tour	400,000
57	Owahiduzzaman	Deputy Manager	5/5/2017	Selling expense	718,000
58	Rakib Ahmed	Senior Executive	4/1/2017	Local Purchase	981,000
59	Rakibul Islam Rakib	Executive	3/10/2017	Tour	167,900
60	S.K.M. Asaduzzaman.	Executive	2/1/2017	Selling expense	920,000
61	SanaulSikdar	Deputy Manager	5/7/2017	Branding Expense	1,750,000
62	Saifuddin	Senior Executive	6/27/2017	Local Purchase	453,000
63	Saiful Haque	Assistant Manager	5/15/2017	Local Purchase	400,000
64	SayedaSamima Akter	Executive	5/30/2017	Tour	200,000
65	Sayeedur Rahman	Executive	4/20/2017	Tour	48,434
66	Shahed Khan	Officer	5/1/2017	Tour	56,371
67	Shamim Uddin Ahmed	Executive	5/5/2017	Selling expense	500,000
68	ShamsurNaharMita	Assistant Manager	4/1/2017	Selling expense	600,000
69	Sharmin Haque	Deputy Manager	5/5/2017	Tour	15,753
70	Shekh Aman	Executive	4/1/2017	Tour	300,000
71	Shohoz	Sr. Officer	3/10/2017	Tour	425,000
72	Syed Shahidul Alam	Officer	2/1/2017	Registration Exp	2,610,493
73	Yeasmin Alam	Assistant Manager	5/7/2017	Tour	178,848
	<b>Total</b>				<b>49,894,196</b>

#### 19. Attendance of physical verification of inventories as on June 30, 2017:

The attendance and conducting of physical verification of Inventories is one of the critical audit step. The audit team has attended the physical verification of inventories at the factory location and showroom of the Company on 30<sup>th</sup> June, 2017 and subsequent period. The Inventory Audit has been conducted by below team members;

1. Md. Hasibur Rahman FCA, Director.
2. Md. Rahat Sardar, Audit Staff.
3. Mr. Ariful Islam, Audit Staff.
4. Md. Iftekhar Alam, Audit Staff.

#### 20. Balance confirmation certificates from all the parties of the trade and other receivables;

We have conducted our audit in accordance with Bangladesh Standards on Auditing (BSA) and as required by those BSAs our audit procedures on revenue and receivables included a mix of control and substantive testing. Furthermore, we have applied both substantive analytical procedures as well as test of details. Few types of test of details we have conducted on trade and other receivables included amongst other subsequent receipt testing, review of balance confirmation certificates, cut-off testing, three-way matching (covering customer invoice, delivery challan for goods dispatched, GL posting) etc. Accordingly, we have collected 20 Dealer Balance Confirmation out of Total 6,076 Customers (Dealers & Retails) which covers 73.94% of total receivable balance as at 30 June 2017 and obtain balance confirmation since it was not feasible to confirm each and every balance. However, from our samples selected we found confirmation from customers to be in agreement with the recorded balance.

## 21. Detail list of transport as at June 30, 2017

Details list of transport are given below:

SI No.	Vehicle Name	Vehicle Registration Number	User
1	PRADO JEEP	Dha Met GHA-13-4749	Office Pool
2	PREMIO G-Superior	Dha Met GA-39-6641	Office Pool
3	KIA JEEP	Dha Met GHA-13-5961	Office Pool
4	X-COROLLA	Dha Met GA -29-0575	Office Pool
5	Hyundai (Sonata)	Dha Met GA-32-0474	Office Pool
6	AXIO-X	Dha Met GA -39-1467	Office Pool
7	X-COROLLA	Dha Met GA -33-2968	Office Pool
8	PROBOX	Dha Met GA -33-2694	Office Pool
9	ALLION	Dha Met GA-33-7164	Office Pool
10	AXIO-X	Dha Met GA-39-1677	Office Pool
11	AXIO-X	Dha Met GA-39-1678	Office Pool
12	STATION WAGONE	Dha Met GA -17-0188	Office Pool
13	AXIO-X	Dha Met GA-32-6085	Office Pool
14	AXIO-X	Dha Met GA-32-6086	Office Pool
15	AXIO-X	Dha Met GA-32-6207	Office Pool
16	AXIO-X	Dha Met GA-32-4264	Office Pool
17	HIACE MICROBUS	Dha Met CHA-56-2410	Office Pool
18	F-PREMIO	Dha Met GA-19-5684	Office Pool
19	STATION WAGON	Dha Met GA-17-6368	Office Pool
20	Probox	Dha Met GA -31-7409	Office Pool
21	Nissan	Dha Met GA -15-8200	Office Pool
22	Probox	Dha Met GA -31-3998	Office Pool
23	AXIO-X	Dha Met GA-39-4418	Office Pool
24	STATION WAGONE	Dha Met GA -17-4792	Office Pool
25	HIACE	Dha Met CHA -51-4946	Office Pool
26	HIACE	Dha Met CHA -53-2848	Office Pool
27	PICUP	Dha Met AU-11-3223	Office Pool
28	PICUP	Dha Met THA-13-0264	Office Pool
29	CARA VAN	Dha Met MA -11-2100	Office Pool
30	CARA VAN	Dha Met MA-51-7435	Office Pool
31	CARA VAN	Dha Met AU-11-4088	Office Pool
32	Hyundai Sonata	Dha Met GA 32-0474	Office Pool

## 22. Compliance of Bangladesh Labour (Amendments) Act, 2013 regarding WPPF

As stated earlier under point 12, From 2013, the Company has started to make provision for 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 WPPF, of which 80:10:10 is to be paid to Participation Fund, Welfare Fund and Workers Welfare Foundation Fund respectively.

The Company has formed the Board of Trustee ("the Trustee") on 01 December 2016 and opened a bank account in 2017 in the name of "Runner Automobiles Ltd. Workers' Profit Participation Fund" to manage and disburse WPPF and in the process of completing all formalities. Thereafter on November 14, 2017 an amount of Tk. 25,720,542 (provision up to 30 June 2016) and on June 24, 2018 an amount of 11,111,542 (provision

for the year 30 June 2017) has been transferred from bank account of Runner Automobile Ltd. to bank account of the Fund. Subsequently the required amount has been distributed to the entitled members as per trust deed policy of the WPPF. And the Trustee is in the process of paying the required amount to the “Bangladesh SramikKallyan Foundation” in accordance with provision of Bangladesh Labor Law.

Furthermore, in pursuance with the administration of WPPF, the Trust deed of Runner Automobiles Ltd. Worker’s Profit Participation Fund has been duly registered under sub-register office, Tejgaon, Dhaka vide Deed No: IV-38/2018 dated June 04, 2018.

**Status of payment of WPPF of the Company as follows:**

<b>Particulars</b>	<b>Amount</b>
Total provision for WPPF up to 30 June 2017 (as per financial statements)	36,832,084
Less: Payment made from Company Bank A/c on November 14, 2017	(25,720,542)
Less: Payment made from Company Bank A/c on June 24, 2018	(11,111,542)
<b>Outstanding provision for WPPF for the period ended June 30, 2017</b>	<b>Nil</b>

**23. Explanation regarding the Production capacity of 500 Motorcycles per day and 100,000 in a year.**

Runner Automobiles Limited has a spacious Factory possessing a wide range of production capacity of 100,000 units in a year. The Total Production Capacity in a year has been estimated in the following manner:

<b>Particulars</b>	<b>Days</b>
Number of days in a year	365
Less: 2 Days off in a week (52 weeks*2 days)	(104)
Remaining days	261
Less: Estimated Government and other holidays	(61)
Working days in a year	<b>200</b>

So, total estimated working days is 200 and per day production capacity is 500 per day which comes 100,000 per year.

Sd/-

Dhaka, **28 June 2018**

**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

**Unaudited Consolidated Financial Statements  
of  
Runner Automobiles Limited**

*For the Period ended 31 March 2018*

**Runner Automobiles Limited**  
**Consolidated Statement of Financial Position**  
*As at 31 March 2018*

		<b>Amount in Taka</b>	
		<b>31-Mar-18</b>	<b>30-Jun-17</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>7,531,990,644</b>	<b>6,790,301,276</b>
Property, plant and equipment	2	4,056,272,091	4,020,040,263
Intangible assets		1,093,360	1,100,000
Capital Work in progress	3	191,012,657	152,732,456
Investments in Associates & Subsidiaries		52,880,867	59,734,663
Trade receivables		3,230,731,669	2,556,693,894
<b>Current Assets</b>		<b>7,136,891,292</b>	<b>7,010,100,124</b>
Inventories	4	1,804,627,910	1,279,606,414
Trade and other receivables	5	2,490,425,374	2,941,160,370
Short term investments	6	1,013,655,426	1,007,391,022
Advances, deposits and prepayments	7	1,348,322,508	1,145,247,291
Related party receivables	8	29,412,476	115,527,371
Other receivables	9	76,439,180	79,136,968
Cash and cash equivalents	10	374,008,418	442,030,688
<b>TOTAL ASSETS</b>		<b>14,668,881,936</b>	<b>13,800,401,400</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to ordinary shareholders of the Parent entity</b>			
Share capital		942,029,210	942,029,210
Share premium		1,169,832,705	1,169,832,705
Revaluation reserve		1,294,671,672	1,296,026,303
Retained earnings		2,086,581,622	1,839,030,512
<b>Total equity attributable to the Parent entity's shareholders</b>		<b>5,493,115,209</b>	<b>5,246,918,730</b>
Non-controlling interests		911,000,393	839,441,656
<b>Total equity</b>		<b>6,404,115,602</b>	<b>6,086,360,386</b>
<b>Non-Current Liabilities</b>		<b>2,065,386,679</b>	<b>2,467,363,672</b>
Long term loan net off current portion		1,963,374,277	2,364,097,436
Finance Lease net off current portion		2,470,030	-
Deferred tax liability	11	99,542,372	103,266,236
<b>Current Liabilities</b>		<b>6,199,379,655</b>	<b>5,246,677,342</b>
Trade and other payables		763,684,105	266,548,090
Short term loan from banks		3,192,871,976	2,969,580,926
Current portion of long term loan		1,124,564,815	1,221,764,343
Current portion of finance lease		1,648,096	731,746
Provision for income tax	12	365,662,761	254,216,512
Provision for WPPF and Welfare Fund	13	113,807,098	111,228,128
Liabilities for expenses and other provision		637,140,804	422,607,597
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,668,881,936</b>	<b>13,800,401,400</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

**Runner Automobiles Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the period (3 months) ended 31 March 2018**

		Amount in Taka			
		Jan-Mar'18	Jan-Mar'17	July-Mar'18	July-Mar'17
Revenue	14	2,959,649,336	1,821,949,413	7,478,541,870	4,579,667,212
Cost of Sales	15	(2,166,539,382)	(1,343,573,345)	(5,453,268,333)	(3,289,197,624)
<b>Gross profit</b>		<b>793,109,954</b>	<b>478,376,068</b>	<b>2,025,273,537</b>	<b>1,290,469,588</b>
<b>Operating expenses</b>		<b>(512,659,720)</b>	<b>(220,312,520)</b>	<b>(1,195,384,476)</b>	<b>(556,498,094)</b>
Administrative expenses		(85,148,390)	(52,172,013)	(238,270,443)	(121,690,798)
Selling and distribution expenses		(427,511,330)	(168,140,507)	(957,114,033)	(434,807,296)
<b>Operating Profit</b>		<b>280,450,234</b>	<b>258,063,548</b>	<b>829,889,062</b>	<b>733,971,494</b>
Finance costs		(105,170,821)	(97,245,172)	(286,153,516)	(296,187,518)
Other Income/ (Expenses)		15,280,243	22,128,004	50,554,204	64,808,858
<b>Profit before tax and WPPF</b>		<b>190,559,655</b>	<b>182,946,380</b>	<b>594,289,750</b>	<b>502,592,834</b>
Contribution to WPPF and welfare fund		(9,074,269)	(10,258,561)	(28,299,512)	(25,479,821)
<b>Profit before tax &amp; share from associates</b>		<b>181,485,386</b>	<b>172,687,819</b>	<b>565,990,238</b>	<b>477,113,013</b>
Share of profit from associates		766,204	369,582	766,204	369,582
<b>Profit before tax</b>		<b>182,251,590</b>	<b>173,057,401</b>	<b>566,756,442</b>	<b>477,482,595</b>
Income tax expenses		(46,978,606)	(53,556,494)	(124,679,814)	(142,814,860)
Current tax		(49,416,894)	(56,352,191)	(128,403,677)	(148,786,984)
Deferred tax credit/(expense)		2,438,288	2,795,697	3,723,863	5,972,124
<b>Net Profit for the year</b>		<b>135,272,984</b>	<b>119,500,907</b>	<b>442,076,627</b>	<b>334,667,735</b>
<b>Net profit attributable to</b>					
Equity holders of Parent entity		110,766,177	88,461,489	349,819,689	244,801,123
Non-controlling interest		24,506,807	31,039,418	92,256,938	89,866,612
		<b>135,272,984</b>	<b>119,500,907</b>	<b>442,076,627</b>	<b>334,667,735</b>
<b>Total comprehensive income attributed to</b>					
Equityholders of Parent entity		110,766,177	88,461,489	349,819,689	244,801,123
Non-controlling interest		24,506,807	31,039,418	92,256,938	89,866,612
		<b>135,272,984</b>	<b>119,500,907</b>	<b>442,076,627</b>	<b>334,667,735</b>
<b>Basic Earning Per Share (EPS)</b>	<b>16</b>	<b>1.18</b>	<b>0.94</b>	<b>3.71</b>	<b>2.60</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary



**Runner Automobiles Limited**  
**Consolidated Statement of Cash Flows (Unaudited)**  
*For the Period ended 31 March 2018*

	<b>Amount in Taka</b>	
	<b>July-Mar'18</b>	<b>July-Mar'17</b>
<b>Cash flows from operating activities</b>		
Receipt from customers and dealers	7,255,239,092	4,030,322,776
Payment to suppliers and employees	(6,616,633,099)	(3,348,860,386)
<b>Cash generated from operating activities</b>	<b>638,605,992</b>	<b>681,462,391</b>
Income tax (paid)/refund	(136,786,108)	(186,356,434)
<b>Net cash from/(Used in) operating activities</b>	<b>501,819,885</b>	<b>495,105,957</b>
<b>Cash flows from investing activities</b>		
Net Proceeds from sale /(purchase) of financial assets	(12,129,252)	(21,056,744)
Receipt from short term investment	51,271,164	66,598,113
Receipts/ (Payment) to related parties	86,377,279	4,688,742
Payment for Property, Plant and Equipment	(103,641,955)	(595,915,063)
Payment for Capital Work-in-progress	(38,280,201)	-
Proceeds from disposal of Property, Plant and Equipment	3,779,000	50,000
Dividend income	180,585	2,211,325
<b>Net cash from/(used in) investing activities</b>	<b>(12,443,380)</b>	<b>(543,423,628)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	7,565,739,904	5,783,646,894
<i>Repayments of Borrowings</i>		
Principal	(7,836,985,161)	(5,052,112,347)
Finance cost	(286,153,516)	(378,108,231)
<b>Net cash from/(Used in) financing activities</b>	<b>(557,398,773)</b>	<b>353,426,315</b>
Net increase/(decrease) in cash and cash equivalents for the period	<b>(68,022,270)</b>	<b>305,108,644</b>
Cash and cash equivalents at the beginning of the period	442,030,688	109,682,049
<b>Cash and cash equivalents at the end of the period</b>	<b>374,008,418</b>	<b>414,790,693</b>

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

**Runner Automobiles Ltd.**  
Consolidated Statement of Changes in Equity  
For the Period ended 31 March 2018

Amount in Taka

Particulars	Share Capital	Share Premium	Revaluation Surplus	Non Controlling Interest	Retained Earnings	Total
<b>Balance as on 01 July, 2017</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,296,026,303</b>	<b>839,441,656</b>	<b>1,839,030,512</b>	<b>6,086,360,386</b>
Net profit for the year	-	-	-	92,256,938	349,819,689	442,076,627
Dividend Paid				(20,698,200)	(103,623,210)	(124,321,410)
Realization of revaluation reserve through depreciation charge	-	-	(1,354,631)	-	1,354,631	-
<b>Balance as on 31 March, 2018</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,294,671,672</b>	<b>911,000,393</b>	<b>2,086,581,622</b>	<b>6,404,115,602</b>
<b>Balance as on 01 July, 2016</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,297,972,923</b>	<b>769,403,703</b>	<b>1,532,850,333</b>	<b>5,712,088,874</b>
Net profit for the year	-	-	-	89,866,612	244,801,123	334,667,735
Dividend Paid				(20,700,000)	-	(20,700,000)
Realization of revaluation reserve through depreciation charge	-	-	(694,334)	-	694,334	-
<b>Balance as on 31 March, 2017</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,297,278,589</b>	<b>838,570,315</b>	<b>1,778,345,790</b>	<b>6,026,056,610</b>

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

		Amount in BDT	
		31-Mar-18	30-Jun-17
<b>1</b>	The basis of preparation and significant accounting policies governing the Periodly statutory reporting has not been changed from the last reporting date. Hence no policy related general notes are being provided for Q3 2017 -2018 accounts. Certain figures for Q2 2017- 18 have been rearranged wherever consider necessary to ensure better comparability with current year financial and to comply with relevant BAS/BFRS.		
<b>2</b>	<b>Property, plant and equipment</b>		
	<b>Fixed Assets at cost:</b>		
	Opening Balance	4,515,837,829	4,349,394,974
	Addition during the period	103,641,955	166,620,151
	Adjustment for sale/transfer	(3,778,972)	(177,296)
	<b>Closing Balance</b>	<b>4,615,700,811</b>	<b>4,515,837,829</b>
	<b>Accumulated Depreciation:</b>		
	Opening Balance	495,797,566	410,956,264
	Charged during the period	61,807,109	79,850,799
	Depreciation on revaluation	3,624,260	5,089,260
	Adjustment for sale/transfer	(1,800,215)	(98,757)
	<b>Closing Balance</b>	<b>559,428,720</b>	<b>495,797,566</b>
	<b>Written Down Value</b>	<b>4,056,272,091</b>	<b>4,020,040,263</b>
<b>3</b>	<b>Capital Work in progress</b>		
	ERP software	34,967,789	34,197,332
	Factory and System development	4,942,563	7,980,604
	Land and showroom development	151,102,305	110,554,520
		<b>191,012,657</b>	<b>152,732,456</b>
<b>4</b>	<b>Inventories</b>		
	Raw Materials	489,302,704	385,800,104
	Work-in-Process	140,372,019	8,636,139
	Finished Goods	976,350,270	700,081,441
	Material in transit	198,602,917	185,088,729
	<b>Total</b>	<b>1,804,627,910</b>	<b>1,279,606,414</b>
<b>5</b>	<b>Trade and other receivables (current)</b>		
	Dealer receivables	2,415,712,613	2,877,512,386
	Others	74,712,761	63,647,984
	<b>Total</b>	<b>2,490,425,374</b>	<b>2,941,160,370</b>
<b>6</b>	<b>Short term investments</b>		
	Shares in Listed Companies (note - 6.1)	34,050,695	49,031,849
	Fixed Deposit with Banks and Fis	979,604,731	958,359,173
	<b>Total</b>	<b>1,013,655,426</b>	<b>1,007,391,022</b>
<b>6.1</b>	<b>Shares in listed companies</b>		
	Marketable Securities : Cost Price	15,830,769	10,691,045
	Less: Unrealized loss on Marketable Securities	(2,873,486)	(2,046,356)
	Closing Balance	12,957,283	8,644,689
	Add: Beneficiary Owners (B.O) Investment Current A/C balance	21,093,412	40,387,160
		<b>34,050,695</b>	<b>49,031,849</b>

		Amount in BDT	
		31-Mar-18	30-Jun-17
<b>7</b>	<b>Advances, deposits and prepayments</b>		
	Advances	1,092,362,147	985,746,793
	Deposits	13,922,545	12,000,393
	Prepayments	242,037,816	147,500,105
	<b>Total</b>	<b>1,348,322,508</b>	<b>1,145,247,291</b>
<b>8</b>	<b>Related party receivables</b>		
	Runner Properties Ltd	29,150,092	29,682,271
	Runner Electronics Limited	262,384	-
	Runner Automobiles Services	-	85,845,100
	<b>Total</b>	<b>29,412,476</b>	<b>115,527,371</b>
<b>9</b>	<b>Other receivables</b>		
	Accrued interest on FDRs	453,905	245,619
	Rental receivable	5,419,690	2,460,915
	Advance income tax refund	70,565,585	76,430,433
	<b>Total</b>	<b>76,439,180</b>	<b>79,136,968</b>
<b>10</b>	<b>Cash and cash equivalents</b>		
	Cash in hand	1,042,486	1,800,936
	Cash at banks	372,965,931	440,229,752
	<b>Total</b>	<b>374,008,418</b>	<b>442,030,688</b>
<b>11</b>	<b>Deferred tax liability-net</b>		
	On revaluation of assets	80,194,459	81,232,107
	On temporary timing differences (Note - 11.01)	19,347,913	22,034,129
	Adjustment of deferred tax	-	-
	<b>Total</b>	<b>99,542,372</b>	<b>103,266,236</b>
<b>12</b>	<b>Provision for income tax</b>		
	Opening balance	254,216,512	589,707,760
	Provision during the Year	128,403,676	155,727,429
		382,620,188	745,435,189
	Adjustment made during the Year	(16,957,427)	(491,218,677)
	<b>Total</b>	<b>365,662,761</b>	<b>254,216,512</b>
<b>13</b>	<b>Provision for Contribution to WPPF and welfare fund</b>		
	Opening Balance	111,228,128	81,649,106
	Contribution during the Period	28,299,512	29,579,022
		139,527,640	111,228,128
	Less: Paid during the period	(25,720,542)	-
	<b>Total</b>	<b>113,807,098</b>	<b>111,228,128</b>

		Amount in BDT			
		Jan- Mar'18	Jan- Mar'17	Jul-Mar'18	Jul-Mar'17
<b>14</b>	<b>Revenue</b>				
	Motorcycle Sales (Runner Automobiles Limited)	1,201,016,661	619,844,416	3,262,635,435	1,573,747,737
	Truck Sales (Runner Motors Ltd.)	1,758,632,675	1,202,104,997	4,215,906,435	3,005,919,475
	<b>Net Sales</b>	<b><u>2,959,649,336</u></b>	<b><u>1,821,949,413</u></b>	<b><u>7,478,541,870</u></b>	<b><u>4,579,667,212</u></b>
<b>15</b>	<b>Cost of sales</b>				
	Motorcycle-cost of sales	(858,649,348)	(438,134,392)	(2,343,521,488)	(1,124,729,659)
	Truck unit-Cost of Sales	(1,307,890,034)	(905,438,953)	(3,109,746,845)	(2,164,467,965)
	<b>Total</b>	<b><u>(2,166,539,382)</u></b>	<b><u>(1,343,573,345)</u></b>	<b><u>(5,453,268,333)</u></b>	<b><u>(3,289,197,624)</u></b>
<b>16</b>	<b>Earning Per Share (EPS):</b>				
	<b>Basic Earning Per Share</b>				
	The computation of EPS is given below:				
	(a) Earning attributable to the ordinary shareholder	110,766,177	88,461,489	349,819,689	244,801,123
	(b) Total number of ordinary share	94,202,921	94,202,921	94,202,921	94,202,921
	<b>Calculation of Weighted Average Number of Share</b>				
	Opening Number of Share on 01 July 2013	15,000,000	15,000,000	15,000,000	15,000,000
	Bonus Shares for 2012 @ 100 % issued in 2013	15,000,000	15,000,000	15,000,000	15,000,000
	New Shares Issued on 28.09.2013	13,478,261	13,478,261	13,478,261	13,478,261
	Bonus Shares for 2013 @ 50 % issued in 2015	21,739,130	21,739,130	21,739,130	21,739,130
	Bonus Shares for 2014 @ 33.33 % issued in 2015	21,739,130	21,739,130	21,739,130	21,739,130
	Issued of placement shares on 17.12.2015	7,246,400	7,246,400	7,246,400	7,246,400
	<b>Total Weighted average Number of Share</b>	<b><u>94,202,921</u></b>	<b><u>94,202,921</u></b>	<b><u>94,202,921</u></b>	<b><u>94,202,921</u></b>
	<b>(c) Basic EPS (restated comparative period)*</b>	<b><u>1.18</u></b>	<b><u>0.94</u></b>	<b><u>3.71</u></b>	<b><u>2.60</u></b>
	<b>Diluted earnings per share</b>				

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.

\* Parent company of the group (i.e. Runner Automobiles Ltd.) has made significant growth in sales compared to earlier period in the YTD upto March'18 of the financial year 2017-2018 and the additional sales enhanced the profit and EPS as whole.

**Unaudited Financial Statements**  
**of**  
**Runner Automobiles Limited**  
*For the period ended 31 March 2018*

**Runner Automobiles Limited**  
**Statement of Financial Position (Unaudited)**  
*As at 31 March 2018*

		Amount in Taka	
	Note	31-Mar-18	30-Jun-17
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>3,474,141,020</b>	<b>3,227,255,404</b>
Property, plant and equipment	2	2,966,889,952	3,006,885,877
Intangible assets		1,093,360	1,100,000
Capital Work in progress	3	48,118,033	50,376,583
Trade and other receivables		312,435,675	15,668,944
Investments in subsidiary	4	145,604,000	153,224,000
<b>Current Assets</b>		<b>2,950,261,580</b>	<b>3,059,713,354</b>
Inventories	5	887,375,233	699,515,450
Trade and other receivables	6	1,030,254,295	1,224,630,651
Short term investments	7	67,827,138	131,988,259
Advances, deposits and prepayments	8	316,105,778	317,131,159
Related party receivables	9	355,930,701	442,099,573
Other receivables	10	76,343,215	79,041,002
Cash and cash equivalents	11	216,425,220	165,307,259
<b>TOTAL ASSETS</b>		<b>6,424,402,600</b>	<b>6,286,968,758</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>4,135,092,440</b>	<b>4,005,614,226</b>
Share capital		942,029,210	942,029,210
Share premium		1,169,832,705	1,169,832,705
Revaluation reserve		1,294,671,672	1,296,026,303
Retained earnings		728,558,853	597,726,009
<b>Non-Current Liabilities</b>		<b>165,478,995</b>	<b>201,663,877</b>
Long term loan net off current portion		75,196,755	114,368,528
Finance Lease net off current portion		2,470,030	-
Deferred tax liability	12	87,812,210	87,295,349
<b>Current Liabilities</b>		<b>2,123,831,164</b>	<b>2,079,690,655</b>
Trade and other payables		18,617,531	12,282,934
Short term loan from banks		1,804,481,264	1,808,509,026
Current portion of long term loan		70,476,054	96,899,889
Current portion of finance lease		1,648,096	731,746
Related party payables	13	4,998,002	4,998,002
Provision for income tax	14	56,221,473	32,517,054
Provision for WPPF and Welfare Fund	15	24,801,989	36,832,084
Liabilities for expenses and other provision		142,586,756	86,919,920
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,424,402,600</b>	<b>6,286,968,758</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

**Runner Automobiles Limited**  
**Statement of Profit or Loss and Other Comprehensive Income (Unaudited)**  
*For the period ended 31 March 2018*

		Amount in Taka			
		Jan - Mar'18	Jan - Mar'17	Jul - Mar'18	Jul - Mar'17
Revenue	16	1,201,016,661	619,844,416	3,262,635,435	1,573,747,737
Cost of sales	17	(858,649,348)	(438,134,392)	(2,343,521,487)	(1,124,729,659)
<b>Gross profit</b>		<b>342,367,313</b>	<b>181,710,024</b>	<b>919,113,948</b>	<b>449,018,078</b>
<b>Operating expenses</b>		<b>(211,317,310)</b>	<b>(90,380,039)</b>	<b>(522,614,204)</b>	<b>(211,663,586)</b>
Administrative expenses		(53,506,420)	(23,307,981)	(132,603,217)	(61,166,357)
Selling and distribution expenses		(157,810,890)	(67,072,058)	(390,010,987)	(150,497,229)
<b>Operating Profit</b>		<b>131,050,002</b>	<b>91,329,985</b>	<b>396,499,744</b>	<b>237,354,492</b>
Finance costs		(47,985,171)	(50,208,082)	(154,706,077)	(144,353,527)
Other Income/ (Expenses)	18	2,627,369	44,078,187	45,705,720	63,923,469
<b>Profit before tax and WPPF</b>		<b>85,692,200</b>	<b>85,200,090</b>	<b>287,499,387</b>	<b>156,924,434</b>
Contribution to WPPF and welfare fund		(4,080,581)	(4,057,147)	(13,690,447)	(7,472,592)
<b>Profit before tax</b>		<b>81,611,619</b>	<b>81,142,943</b>	<b>273,808,940</b>	<b>149,451,842</b>
Income tax expenses		(10,274,996)	(10,146,597)	(40,707,513)	(16,764,261)
Current tax expense		(11,299,710)	(9,856,034)	(40,190,653)	(15,548,407)
Deferred tax (expense)/credit		1,024,714	(290,563)	(516,860)	(1,215,854)
<b>Net Profit for the period</b>		<b>71,336,623</b>	<b>70,996,346</b>	<b>233,101,427</b>	<b>132,687,581</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income</b>		<b>71,336,623</b>	<b>70,996,346</b>	<b>233,101,427</b>	<b>132,687,581</b>
<b>Basic Earning Per Share (EPS)</b>	19	<b>0.76</b>	<b>0.75</b>	<b>2.47</b>	<b>1.41</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary



**Runner Automobiles Limited**  
**Statement of Cash Flows (Unaudited)**  
*For the period ended 31 March 2018*

	<b>Amount in Taka</b>	
	<b>Jul - Mar'18</b>	<b>Jul - Mar'17</b>
<b>Cash flows from operating activities</b>		
Receipt from customers and dealers	3,160,245,061	1,396,128,483
Payment to suppliers and employees	(3,017,241,453)	(1,314,775,866)
<b>Cash generated from operating activities</b>	<b>143,003,608</b>	<b>81,352,616</b>
Income tax paid	(49,291,647)	(16,496,492)
<b>Net cash generated from operating activities</b>	<b>93,711,961</b>	<b>64,856,124</b>
<b>Cash flows from investing activities</b>		
Net Proceeds from sale /(purchase) of financial assets	63,691,847	141,182,594
Receipt from investment income	7,725,306	33,229,324
Receipts/ (Payment) to related parties	119,733,056	9,798,439
Payment for Property, Plant and Equipment	(16,760,727)	(443,834,471)
Proceeds from disposal of Property, Plant and Equipment	3,779,000	50,000
Dividend income	180,585	21,081,325
<b>Net cash used in investing activities</b>	<b>178,349,068</b>	<b>(238,492,790)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity instrument	-	-
Proceeds from borrowings	3,328,871,011	1,653,257,262
<i>Repayments of Borrowings</i>		
Principal	(3,395,108,001)	(1,238,394,344)
Finance cost	(154,706,077)	(144,353,526)
<b>Net cash generated from financing activities</b>	<b>(220,943,067)</b>	<b>270,509,390</b>
Net increase/(decrease) in cash and cash equivalents for the period	<b>51,117,961</b>	<b>96,872,724</b>
Cash and cash equivalents at the beginning of the period	165,307,259	72,810,298
<b>Cash and cash equivalents at the end of the period</b>	<b>216,425,220</b>	<b>169,683,022</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

**Runner Automobiles Limited**  
**Statement of Changes in Equity (Unaudited)**  
*For the period ended 31 March 2018*

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
<b>Balance as at 01 July 2017</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,296,026,303</b>	<b>597,726,009</b>	<b>4,005,614,226</b>
Net profit after tax				233,101,427	233,101,427
Dividend paid				(103,623,213)	(103,623,213)
Realization of revaluation reserve through depreciation charged			(1,354,631)	1,354,631	-
<b>Balance as at 31 March 2018</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,294,671,672</b>	<b>728,558,853</b>	<b>4,135,092,440</b>
<b>Balance as at 01 July 2016</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,297,972,923</b>	<b>404,879,560</b>	<b>3,814,714,399</b>
Net profit after tax				132,687,581	132,687,581
Realization of revaluation reserve through depreciation charged			(225,934)	225,934	-
<b>Balance as at 31 March 2017</b>	<b>942,029,210</b>	<b>1,169,832,705</b>	<b>1,297,746,989</b>	<b>537,793,076</b>	<b>3,947,401,980</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Vice Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Sd/-  
Company Secretary

**Amount in BDT**

**31-Mar-18                      30-Jun-17**

- 1 The basis of preparation and significant accounting policies governing the Periodly statutory reporting has not been changed from the last reporting date. Hence no policy related general notes are being provided for YTD 2017 -2018 accounts as on 31 March, 2018. Certain figures for 2016- 17 have been rearranged wherever consider necessary to ensure better comparability with current period financial and to comply with relevant BAS/BFRS.

During the earlier Period, 11% cash dividend was declared by the board of directors on the board meeting held on 26 October 2017. Beside, it has earned 60% cash dividend from its subsidiary Runner Motors Limited on its 61.67% investment.

**2 Property, plant and equipment**

**Fixed Assets at cost:**

Cost at 01 July	3,418,528,169	3,262,621,436
Addition during the period	19,019,277	156,084,028
Adjustment for sale/transfer	(3,778,973)	(177,296)
<b>Closing Balance</b>	<b>3,433,768,473</b>	<b>3,418,528,169</b>

**Accumulated Depreciation:**

Opening Balance	411,642,292	338,717,158
Charged during the period	55,681,813	71,077,271
Depreciation on revaluation	1,354,631	1,946,620
Adjustment for sale/transfer	(1,800,215)	(98,757)
<b>Closing Balance</b>	<b>466,878,521</b>	<b>411,642,292</b>

**Written Down Value**

**2,966,889,952                      3,006,885,877**

**3 Capital Work in progress**

ERP software	33,691,672	32,921,215
Factory and System development	4,942,563	7,980,604
Showroom development	9,483,798	9,474,764
	<b>48,118,033</b>	<b>50,376,583</b>

**4 Investments in subsidiaries**

Runner Motors Ltd. (RML)	138,750,000	138,750,000
Freedom Motors Ltd. (FML)	6,854,000	6,854,000
Runner Electronics Ltd. (REL)	-	7,620,000
	<b>145,604,000</b>	<b>153,224,000</b>

\* Runner Electronics Limited has been liquidated and the court order for the settlement after liquidation has been received on 7 December, 2017. Accordingly the Investment and earlier provision regarding the investment has been

**5 Inventories**

Raw Materials	488,602,633	385,164,109
Work-in-Process	10,955,434	8,636,139
Finished Goods	157,583,795	124,222,871
Raw Materials for 3 Wheeler	302,672	238,596
Finished Goods for 3 Wheele	31,327,782	24,695,604
Material in transit	198,602,917	156,558,132
<b>Total</b>	<b>887,375,233</b>	<b>699,515,450</b>

	Amount in BDT	
	31-Mar-18	30-Jun-17
<b>6 Trade and other receivables-Current Portion</b>		
Dealer receivables	535,732,233	636,897,338
Others	494,522,062	587,733,313
<b>Total</b>	<b>1,030,254,295</b>	<b>1,224,630,651</b>
<b>7 Short term investments</b>		
Shares in Listed Companies (note - 7.1)	34,050,695	49,031,849
Fixed Deposit with Banks and Fis	33,776,443	82,956,410
<b>Total</b>	<b>67,827,138</b>	<b>131,988,259</b>
<b>7.1 Shares in listed companies</b>		
Marketable Securities : Cost Price	15,830,769	10,691,046
Less: Unrealized loss on Marketable Securities	(2,873,486)	(2,046,356)
Closing Balance	<b>12,957,283</b>	<b>8,644,690</b>
Add: Beneficiary Owners (B.O) Investment Current A/C balance	21,093,412	40,387,160
	<b>34,050,695</b>	<b>49,031,849</b>
<b>8 Advances, deposits and prepayments</b>		
Advances	246,181,272	258,083,154
Deposits	12,549,090	10,597,125
Prepayments	57,375,416	48,450,880
<b>Total</b>	<b>316,105,778</b>	<b>317,131,159</b>
<b>9 Related party receivables</b>		
Runner Properties Ltd	-	532,179
Runner Motors Ltd.	355,668,317	355,722,294
Runner Electronics Limited *	262,384	-
Runner Automobiles Services **	-	85,845,100
<b>Total</b>	<b>355,930,701</b>	<b>442,099,573</b>
* The company had an investment to Runner Electronics Limited (REL) which has been liquidated and according to liquidator's final settlement, the company will receive 262,384 as part of its share of 83.27% oo total investment.		
** According to the decision of Board of Directors, the outstanding receivable balance with Runner Automobiles Services has been adjusted with purchase/ transfer of Parts & Receivable.		
<b>10 Other receivables</b>		
Accrued interest on FDRs	453,905	149,654
Rental receivables	5,323,725	2,460,915
Advance income tax refund	70,565,585	76,430,433
	<b>76,343,215</b>	<b>79,041,002</b>
<b>11 Cash and cash equivalents</b>		
Cash in hand	486,852	653,462
Cash at banks	215,938,368	164,653,797
<b>Total</b>	<b>216,425,220</b>	<b>165,307,259</b>
<b>12 Deferred tax liability-net</b>		
On revaluation of assets	53,933,844	54,442,877
On temporary timing differences (Note - 12.1)	33,878,366	32,852,473
	<b>87,812,210</b>	<b>87,295,349</b>

	<b>Amount in BDT</b>	
	<b>31-Mar-18</b>	<b>30-Jun-17</b>
<b>12.1 On temporary timing differences</b>		
Opening balance	32,852,473	25,640,425
Provision during the period	1,025,893	7,212,048
	33,878,366	32,852,473
Less: Adjustment during the period	-	-
	<b>33,878,366</b>	<b>32,852,473</b>
<b>13 Related party payables</b>		
Runner Motors Ltd.	-	-
Freedom Motors Ltd	4,998,002	4,998,002
<b>Total</b>	<b>4,998,002</b>	<b>4,998,002</b>
All these loans are temporary in nature and repayable in demand. No interest/profit is charged for these loans.		
<b>14 Provision for income tax</b>		
Opening balance	32,517,054	43,457,106
Provision during the period	40,190,653	24,118,961
	72,707,707	67,576,067
Adjustment made during the period	(16,486,234)	(35,059,013)
<b>Total</b>	<b>56,221,473</b>	<b>32,517,054</b>
*On account of settlement of pending income taxes up to 30 June 2016, related amount of provision has been adjusted.		
<b>15 Provision for Contribution to WPPF and welfare fund</b>		
Opening Balance	36,832,084	25,720,542
Provision during the period @ 5 %	13,690,447	11,111,542
	<b>50,522,531</b>	<b>36,832,084</b>
Less: Payment made	(25,720,542)	-
<b>Total</b>	<b>24,801,989</b>	<b>36,832,084</b>

	Amount in BDT			
	Jan-Mar'18	Jan-Mar'17	Jul - Mar'18	Jul - Mar'17
<b>16 Revenue</b>				
Sales	1,313,998,815	676,388,225	3,383,480,501	1,759,516,692
Value Added Tax (VAT)	(112,982,154)	(56,543,809)	(120,845,066)	(185,768,954)
<b>Net Sales after VAT</b>	<b>1,201,016,661</b>	<b>619,844,416</b>	<b>3,262,635,435</b>	<b>1,573,747,737</b>
<b>17 Cost of sales</b>				
Raw material consumed (17.1)	817,778,150	514,585,070	2,283,895,329	1,228,365,289
Factory overhead	30,032,936	30,449,203	101,938,556	101,081,805
<b>Manufacturing Cost</b>	<b>847,811,086</b>	<b>545,034,273</b>	<b>2,385,833,885</b>	<b>1,329,447,094</b>
Add: Opening Work in Process	11,549,519	64,203,258	8,636,139	23,716,662
<b>Cost of goods available for Use</b>	<b>859,360,605</b>	<b>609,237,531</b>	<b>2,394,470,024</b>	<b>1,353,163,756</b>
Less: Closing Work in Process	(10,955,434)	(103,170,651)	(10,955,434)	(103,170,651)
<b>Cost of Production</b>	<b>848,405,171</b>	<b>506,066,880</b>	<b>2,383,514,589</b>	<b>1,249,993,105</b>
Add: Opening Finished Goods	199,155,754	105,263,005	148,918,474	47,932,048
<b>Finished Goods available for Sale</b>	<b>1,047,560,925</b>	<b>611,329,885</b>	<b>2,532,433,063</b>	<b>1,297,925,153</b>
Less: Closing Finished Goods	(188,911,576)	(173,195,493)	(188,911,576)	(173,195,493)
<b>Total</b>	<b>858,649,348</b>	<b>438,134,392</b>	<b>2,343,521,487</b>	<b>1,124,729,659</b>
<b>17.1 Raw Materials Consumed</b>				
Opening Stock of Raw Materials	515,417,353	382,193,842	385,402,705	304,373,508
Add: Purchase of Raw Materials	989,869,020	563,140,675	2,586,000,846	1,354,741,228
<b>Raw &amp; Packing Materials available for consumption</b>	<b>1,505,286,373</b>	<b>945,334,517</b>	<b>2,971,403,551</b>	<b>1,659,114,736</b>
Less: Closing Stock of Raw Materials	(687,508,222)	(430,749,447)	(687,508,222)	(430,749,447)
<b>Raw Materials Consumed</b>	<b>817,778,150</b>	<b>514,585,070</b>	<b>2,283,895,329</b>	<b>1,228,365,289</b>
<b>18 Other Income/(Expense)</b>				
Interest income	431,559	772,162	1,296,973	5,502,927
Rental income	3,667,175	2,890,110	11,001,525	7,778,065
Realization of interest income from installment sales	-	4,054,301	-	6,942,561
Capital gain on Marketable securities	-	1,886,430	1,690,899	3,425,727
Unrealized gain/(loss) on Marketable Securities	(1,556,673)	1,582,703	(3,614,521)	4,838,232
Dividend Income on Marketable Securities	106,704	19,546	180,585	2,211,325
Gain on Sale of Assets	-	-	1,800,242	-
Interest Income on BO account	-	227,070	177,293	412,422
Income/(Expenses) of BO account	(21,396)	(37,535)	(129,077)	128,810
Dividend income from subsidiary*	-	32,683,400	33,301,800	32,683,400
<b>Total</b>	<b>2,627,369</b>	<b>44,078,187</b>	<b>45,705,720</b>	<b>63,923,469</b>
* Runner Motors Limited (RML), a subsidiary of Runner Automobiles Limited (RAL) declared dividend @ 10% on 12th Annual General Meeting (AGM) dated 26 October 2017. Apart from that, RML was also declared 40% cash dividend on 11th AGM dated on 27 November 2016.				
<b>19 Earning Per Share (EPS):</b>				
<b>Basic Earning Per Share</b>				
The computation of EPS is given below:				
(a) Earning attributable to the ordinary shareholders	71,336,623	70,996,346	233,101,427	132,687,581
(b) Total number of ordinary share	94,202,920	94,202,920	94,202,920	94,202,920
<b>Calculation of Weighted Average Number of Share</b>				
Opening Number of Share on 01 July 2013	15,000,000	15,000,000	15,000,000	15,000,000
Bonus Shares for 2012 @ 100 % issued in 2013	15,000,000	15,000,000	15,000,000	15,000,000
New Shares Issued on 28.09.2013	13,478,261	13,478,261	13,478,261	13,478,261
Bonus Shares for 2013 @ 50 % issued in 2015	21,739,130	21,739,130	21,739,130	21,739,130
Bonus Shares for 2014 @ 33.33 % issued in 2015	21,739,130	21,739,130	21,739,130	21,739,130
Issued of placement shares on 17.12.2015	7,246,400	7,246,400	7,246,400	7,246,400
<b>Total Weighted average Number of Share</b>	<b>94,202,920</b>	<b>94,202,920</b>	<b>94,202,920</b>	<b>94,202,920</b>
<b>(c) Basic EPS</b>	<b>0.76</b>	<b>0.75</b>	<b>2.47</b>	<b>1.41</b>
<b>Diluted earnings per share</b>				
No diluted earnings per share is required to be calculated for the period as there was no scope for dilution in the amount reported above.				
In the RAL board meeting held on 26 October 2017, 11% cash dividend was declared by the board of director.				