



Announcement

Force Motors Limited, Pune, India (**Force Motors**) and MAN Truck & Bus AG, Munich, Germany, (**MAN**) the Joint Venture Partners of MAN FORCE Trucks Pvt. Ltd (**MFTPL**) have arrived at an in principle agreement, subject to receipt of approvals, to reorganise their shareholding in the equity share capital of MFTPL and to re-arrange their relationship in respect of MFTPL.

Force Motors had conceived in 2003 a project for industrializing in India new generation heavy commercial vehicles. For this purpose, Force Motors had sourced technology from leading German companies like MAN for Engines, Cabs and Axles and from ZF for gearboxes. Based on this licensed technology, Force Motors created a full range heavy vehicle. In 2006 on MAN's request, with a view to achieve substantial export – this project of Force Motors was converted into a joint venture with 30 % equity with MAN. A new company MAN FORCE Trucks Pvt. Ltd. was formed, the joint venture between Force Motors and MAN. This is engaged in the business of manufacture of Heavy Commercial Vehicles. Later on in 2008 the equity proportion was adjusted to increase MAN shareholding to 50 %.

FORCE MOTORS LIMITED

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Now, subject to receipt of necessary approvals, Force Motors will sell and transfer 55,797,100 equity shares of MFTPL to MAN, for a consideration of Euro 150,000,000 (Euro One Hundred and Fifty Million).

Both Force Motors and MAN will continue to co-operate with each other, and with MFTPL, based on the new contractual arrangement being agreed.

The above in principle agreement is subject to receipt of all regulatory and other approvals.

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