

FORCE MOTORS LIMITED

CIN: L34102PN1958PLC011172

TRANSCRIPT OF THE PROCEEDINGS FOR THE 63RD AGM HELD THROUGH VC on Wednesday, the 28th day of September 2022 at 3.00 p.m.

Company Secretary	<p>Good Afternoon, Shareholders...!!</p> <p>I am Gaurav Deshmukh, Company Secretary of the Company. I am pleased to welcome you to the 63rd Annual General Meeting of the Company, being held through video conferencing.</p> <p>Before we start the meeting, these are few instructions:</p> <p>Members may note that this AGM is being held through video conferencing, in accordance with the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI with an arrangement with the 'NSDL'. I would like to spare few minutes to explain about the procedural and technical aspects of it.</p> <p>Facility for joining this AGM on the NSDL platform is made available for 1,000 members on a first-come-first-served basis. The instructions for joining the AGM and e-voting are mentioned in detail in the AGM Notice.</p> <p>All the Members who have joined the AGM are by default, kept on mute, by the host, to avoid any disturbance of background noise to ensure smooth conduct of the AGM. During the AGM, if any Member faces any technical issue, he may contact the toll free nos. 1800 1020 990.</p> <p>The Members attending the AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.</p> <p>As mentioned in the AGM notice, the Members desirous of obtaining any information concerning the accounts or operations of the Company were requested to address their questions to the Company on the specified email ID. Such e-mails have been shared with the Chairman and the Chairman will be replying them in his speech, appropriately.</p> <p>Further, Members who have registered as speakers for the AGM will be allowed to express their views or ask their questions. We will facilitate this session once the Chairman Sir opens the floor for questions and answers. The Company reserves the right to limit the number of speakers depending on availability of time.</p> <p>All the documents referred to in the Notice and Statement thereto are open for inspection through electronic mode on website of the Company till the end of AGM. Similarly, the Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements are also made available on the website of the Company for inspection.</p>
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	<p>The Registered Office of the Company situated at Mumbai – Pune Road, Akurdi, Pune – 411035, Maharashtra, shall be the deemed venue for this AGM and the proceedings of the AGM shall be deemed to be made here at.</p> <p>Now, I request the Chairman sir to take forward the proceedings of the AGM. Thank you! Over to you Chairman sir.</p>
Chairman	<p>Good afternoon, my fellow directors, all the members, auditors for joining us at the 63rd Annual General Meeting, being held through Video Conferencing.</p> <p>I understand the requisite quorum for the AGM is present. I will like to introduce my colleagues on the Board of the Company.</p> <p>I will start with Mr. Prasan Firodia, MD, is joining from Pune. Can we see Mr. Prasan Firodia on the screen?</p> <p>Alright,</p> <p>I want to welcome Mr. Vallabh Bhanshali, who has graciously joined our Board as an Independent Director, attending virtually from Mumbai. I extend welcome also to Arvind Mahajan, Independent Director and the Chairman of the Nomination & Remuneration Committee. He is joining virtually from Pune.</p> <p>Lt. Gen. Dr. D. B. Shekatkar, Independent Director and Chairman of the Stakeholders & Relationship Committee is joining from Pune in a virtual manner.</p> <p>Gracious welcome to Mr. Mukesh Patel, Independent Director, Chairman of the Audit Committee, joining virtually from Ahmedabad.</p> <p>Mr. Prashant Inamdar, our Executive Director has taken ill yesterday and therefore he has regretted his availability to join. I believe he is recovering well.</p> <p>In addition to the directors, Mr. Sanjay Bohra, Group CFO, is also present.</p> <p>Still, the last Annual General Meeting, we have several changes on our Board. Mr. Sudhir Mehta and Mr. Anant Talaulicar, who have been directors of the Company, resigned from the Board w.e.f. 28th February and 30th March 2022 respectively.</p> <p>In addition a number of our directors, Mr. Arun Sheth, Mr. S. Padmanabhan, Dr. Indira Parikh, Mr. Nitin Desai and Mr. Pratap Pawar have retired from the Board due to completion of their second term as Independent Directors on 12th September 2022.</p> <p>I would like the Company to place on record our appreciation of all the retired and resigned directors, for their valuable guidance from time to time.</p> <p>Apart from the Directors today, we have present in the meeting our</p>

Statutory Auditors, M/s. Kirtane & Pandit and our Secretarial Auditor, Mr. I U Thakur. They have joined this meeting.

Once again, I thank the Members, for joining this meeting this meeting over video conferencing.

We have taken as a Company, all practical efforts to enable the Members to participate through Video Conference in a fruitful manner and they would be enabled to vote at the end of the meeting, when the e-voting slot is opened.

This Annual General Meeting is being webcast in the NSDL's website. Company has received a number of Authorised representations, with board resolutions, from a few corporate shareholders.

You would be kind in allowing me to say a few words about the status of the Company, and the situation in the market today. As all of us are very well aware, 2 years of Covid was very bad for the population, for the economy and particularly for the automobile business. Only a few segments of the automobile business, such as Personal Vehicles like motorcycles and passenger car, that to small passenger cars fared reasonably well and in some cases exceptionally well, during this period.

Commercial Vehicles did take a significant hit, but we have to look at our position in the market. We are present in very special segments, where our main customers fall into a number of categories.

A school bus requirement is a major part of our market, where we have a dominant position, but during Covid or at least one and a half year and nearly in some case 2 years, schools were closed and therefore the commuting of children to schools was discontinued. Not only did this force our fleet owners to moth ball and park their vehicles, but they suffered significant losses on account of fixed expenses that they had to incur and in such a situation with the market closed with the operators suffering, procurement of vehicles for schools was negligible.

The second important segment for us has been the segment of carrying people to work from homes. This too on account of work from home was substantially affected.

The third segment, which is also important, is the segment of tour and travel. During this Covid period the yatra travel and travel for pleasure holidays was very difficult and had virtually crashed. So this market to, where vehicles are purchased annually to replace standing fleets was in a very bad shape.

We have a fourth market which is ambulances, we are considered as the leading ambulance makers in the country. This market performed quite well, and therefore in spite of Covid, in spite of the three-four largest markets crashing, for instance in one of the 2 years where we normally would sell about 5 to 6,000 school buses in 1 year, we sold only 40 four zero. So this is a astounding figure, it goes to show how the market contracted. But, the market is bouncing back and I am happy to say, that, currently the situation is improving, normalcy is returning, we see a demand pull, in this situation of the recovery of the market. Another

problem has cropped up, and that problem is the problem of logistics. There is a demand, there are orders, production facilities at our end have been primed and are ready, but supplies of essential componentary is often very troubled, because our suppliers also suffer from logistics problems, availability of materials for them and some of the specialized suppliers, who are dependent on electronic goods have a greater problem. So, though the market is warming up, recovering, response to the market is not as good, as we would like to make in the light of these difficulties that our operations face. However, we are optimistic on 2 basis; we have in the period of the Covid, worked very hard, with whatever operations, we could keep on, to improve our product line-up, to add to our product line-up to renovate our plants in a very substantial manner, to invest in new product lines, both by way of tooling for products and setting up state of the art new lines, which are now one by one going into production. So the optimism is as much from the market, as it is from the bag that we are better geared and our new product lines will go into routine production after some time, given the fact that the new products have to go into a highly competitive market. So there is optimism on the table, we look forward to improvement in our situation. We had a huge contraction in the year before last, where our turnover had gone to below 2,000 crore and last year we were able to get back to a little above 3,000 crore. So we too hope that there will be improvement and I hope that, Managing Director would like to share more light on this and give you more granular information, when he speaks today.

One can speak endlessly on the economy, but let me say, that there is an air of optimism in spite of glom the world over. It is extremely heartening, to see that, on a terrible market situation on all continents, the Indian economy seems to be holding its own in growth terms which means demand is strong in various sectors of our economy like agriculture, services, manufacturing are registering good performance and attractive growth. On this background, if our economy, continues to perform in this manner, in spite of the tremendous tectonic movements happening in the world over, in terms of war, in terms of pestilence, in terms of hunger, in terms of economic mayhem. If we continue to hold our own, then I believe, we should be able to stage a good recovery and recover the ground loss over the last 2 years.

So both our Company's position, our domestic market and the economic situation, that, we have to look at gives us reason to believe that, we will do better going forward.

I will now request the members who have registered themselves for asking questions, to ask their questions. Please remember that the questions should be very brief, they should be questions and not lectures, and we would be happy to respond and we will try to accommodate as many as speakers we can.

So let us have the questions asked by the speakers, I believe 3 speakers have registered. I would like to give them the first opportunity and then, if anybody, wants he can raise his flag and we will get to him.

So may I ask Mr. Saurabh Ginodia, he is representative of the Sudha Commercial Limited holding 50 shares, would you like to ask your

	questions please.
Company Secretary	Sir, all the 3 members who have registered speakers; they have not joined the meeting.
Chairman	They haven't joined.
Company Secretary	They haven't joined Sir.
Chairman	<p>Alright, we will try to answer any question that have come separately. We can move on in the meeting.</p> <p>I think Gaurav you should take over for the next session to introduce again.</p>
Company Secretary	<p>The Agenda mentioned in the Notice of the AGM, can be taken as read, as the same was shared in the Notice. The Company has provided remote evoting facility to the members to vote on these resolutions as mentioned in the Notice. The remote evoting was kept open from Saturday, 24th September to Tuesday, 27th September.</p> <p>Further, Members who have not exercised their vote electronically through remote e-voting will have an opportunity to do so through the e-voting system provided by the NSDL. The Members can click on "Vote" tab in the video conference screen to avail this feature.</p> <p>The Board of Directors has appointed Mr. Parag Pansare, Practicing Chartered Accountant, Pune, as the Scrutinizer to supervise the e-voting process. The results would be declared as per the statutory timelines and will be available on the websites of the Company, BSE Limited and NSDL.</p> <p>The evoting will remain open for 15 minutes from the conclusion of the AGM.</p> <p>Over to you Chairman sir.</p>
Chairman	<p>Thank you.</p> <p>The Notice is already circulated and I would request the Members present to assent that we don't read the Notice but take the Notice as read.</p>
Company Secretary	Yes Sir.
Chairman	<p>Thank you.</p> <p>At the outset, I would like to state that, in our Annual Report, financial statement etc., there have been no adverse remarks, no qualifications,</p>

no reservations made either by the Statutory Auditor or by the Secretarial Auditor in their respective reports and I thank them for their thorough examination and for their clear certification.

There are a number of resolutions, which this meeting is expected to consider and vote upon, e-voting as the Secretary has informed all of us, will take place at the allotted time, Meanwhile, I would like that, these resolutions I can describe in brief and request you to assent that, they need not be read in detail, some of them are rather long winded. And I take it that you have kindly consented to allow the resolutions to be considered as read.

The first resolution is an Ordinary Resolution regarding Adoption of the Financial Statements of the Company along with the report of the Board of Directors and Auditors for the period ending March 31st 2022. This will come up for voting during the voting slot.

The second resolution is to declare a dividend of Rs.10/- per share for the Financial Year ended 31st March. The Board has recommended a final dividend of Rs.10 per equity share. I would like to make a brief mention that, during the last 2 years, while we have had a severe contraction in the business, the Company has kept up its attitude of compensating the shareholders in a possible manner and thus this dividend has been declared on the background of a not highly profitable business at the moment.

We have to third resolution is ordinary again, we have to appoint a Director in place of Mr. Prashant Inamdar, who retires by rotation but offers himself for re-appointment. Voting will take place subsequently.

Similarly resolution no.4 ordinary resolution Re-appointment of Mr. Kirtane not Mr. but M/s. Kirtane & Pandit, Chartered Accountants, as Statutory Auditors, for a 2nd term of 5 consecutive years. The text of the resolution is provided.

Then we come to resolution no.5 again an Ordinary Resolution.

It has been our practice to facilitate charity by the Company. This is an attitude and a policy which has prevailed over the years far before the government brought in the CSR scheme, which really is forcing the Companies to do this. But I am very happy to mention, for your kind information, that we have been doing so for a long time, much before the government woke up to what they call a Corporate Social Responsibility and if I may so so say so, the they ask for Corporate Social Responsibility have been forgotten government social responsibility. Be that as it may, we have a resolution before us that says that, we enable the Board to take a decision to consider Rs. 25 crore during the year 2022-23 to be given in proper Social & Charitable causes. The text of the resolution is there on page 5.

Resolution no.6 again an Ordinary Resolution. M/s. Joshi Apte who have been our Cost Auditors for several years, we have to renew their appointment and approve their remuneration as mentioned in the resolution.

Resolution no.7 is a Special Resolution. We ratify the appointment of Vallabh Bhanshali as a Director and an Independent Director for a term of 5 consecutive years w.e.f. August of the current year. I may say a few words; Mr. Bhanshali is one of the illuminaries of the finance world in India with deep insight into the economy and corporate developments, as also on the global economic scenario. We look forward to his sage advice.

So this also is the detail are provided along with the introduction of his illustrious career.

We have the next Special Resolution for the appointment of Shri Mukesh Patel, equally as eminent person, one of the authorities in India with a amazing track record of consultancy and advice in taxation. Certainly that advice he gives to corporates and his clients, but the very special thing he does is, he gives his advice freely and has been doing so for 3 decade by way of television programmes, annual reviews of various important events, including budgets. So we are very happy and very grateful that Mr. Mukeshbhai has consented to be on our Board.

The resolution details are provided.

Resolution no.9 is an Ordinary resolution related to the material of the related party transaction(s).

Similarly, Resolution no.10 is also for related party transaction(s) with Jaya Hind Industries and Resolution no.11 is for related party transaction(s) with Pinnacle Industries and I would request your kind attention to these resolutions nos. 9, 10 and 11 and kindly vote on them during the voting slot.

We have to pass a resolution, we have to consider and pass a resolution for the approval of payment of minimum remuneration to the Managing Director. During the Covid stress, the Managing Director had voluntarily foregone his remuneration to the maximum extent and therefore we have decided as a Board that, at least the minimum that is permissible, he must claim, and this resolution is to facilitate and enable that.

A similar resolution for payment of minimum remuneration to Mr. Prashant Inamdar. I may also mention that in both these cases the fact that, the Company had approval for payment of minimum remuneration to Mr. Prashant Inamdar, Executive Director not made profits during the last year, put some restrained on the disbursement of remuneration and the law permits that irrespective of the performance of the Company, a minimum remuneration is payable with the consent of the shareholders. So these two are put before you.

Let me not in term of a resolution, but in terms of information put before the meeting that, Ms. Sonia Parashar has agreed to be on our Board, so she has been appointed. Her appointment may be put up for ratification at the AGM or by a Special Vote in the interim period as may be divided by our Secretarial Department as being the more convenient of the two. Ms. Sonia Parashar is a well known personality in International Business having been the Additional Director General of the Indo German

	<p>Chamber, deep knowledge of Germany, German and India economy, the commercial regulations and laws governing the business between these two countries.</p> <p>In our case, German companies are major customers and suppliers, and therefore it is very nice that we have somebody very knowledgeable on our Board, which will happen after the resolution is passed.</p> <p>Now, I will ask Gaurav to conduct the formalities relating to the e-voting.</p>
Company Secretary	<p>Thank you, Sir.</p> <p>Now I'll ask Sagar from from NSDL to start the evoting window. So 15 minutes window will be provided to the shareholders for voting.</p>
Sagar	<p>Yes Sir. The voting on NSDL e-voting platform is on.</p>
Company Secretary	<p>Right.</p>
Chairman	<p>I would request the Managing Director to say something that he would like to add to the brief initial statement that, I have made, for any specifics he would like to put before the shareholders.</p>
Managing Director	<p>Right, Good Afternoon everyone.</p> <p>In addition to what the Chairman just mentioned, I would like to add a few more points.</p> <p>So while he explained the, you know, strain in the Company faced for the last 2 years owing to the Covid pandemic and as he stated all our segments were significantly restrained like our school segment, our tour & travel and staff and specifically the IT staff transport segment where you know all IT went into work from home mode. While now these segments have started to open up over the last few months, we face several other challenges, which have been in terms of ramping up production, because our suppliers be it Tier-I, Tier-II suppliers also slowed down, based on our numbers having being gone down. So you know, rigging up the suppliers, bringing them back to speed also took a lot of effort and challenges and to add to that, we were faced with significant and very high pressures on raw material cost increases, so that was another very challenging situation for us, in addition to that, was the shortage of electronic components; so while the demand had started to come back, not in a very significant manner but in a slow and steady manner, but it was even more difficult to build vehicles owing to these multiple challenges; one was supplier issues, in terms of you know having reduced capacities, getting raw material availability, the prices of raw material rates changing everyday and also getting availability of electronic components.</p> <p>While this started to fall into place in a slow manner, we were then hit and not just us but overall the entire industry and the economy at large were significantly hit with attrition rates being extremely high. So, we</p>

also lost a lot of people in the process, our suppliers lost a lot of people in the process, lot of people were moving across the industry. So this also created a big turmoil to bring back stability into the whole system, and unfortunately, we were not able to pass on the full increase of the raw material cost to our customers as well. We could pass on a certain percentage but not the full percentage, because it has to also, you know, we have to look at our product costs, in terms of our competitive, you know, situation; with what will be market can sustain and what the competition is doing. Though significant portion did get passed on but not the full, you know, the impact we were bearing.

In addition to this over the last 2 years, we started several other initiatives in the Company. These were predominantly led for reducing the costs.

We have been working over the last year and a half with Ernst & Young. We also started a very specific cost down programme with KPMG, which is a programme, being led to reduce the bomb cost on our new platforms and also over the last few years. The investment that we have made in the Company has been quite significant. Just at the auto expo the last auto expo which took place in February 2020, the Company showcased three grounds up complete new platforms. This was the Monobus which is the, which is so called the T3 bus in the Company. This is a 33 and a 41 seater. This product was showcased in February and from March 2020 onwards, the national lock down got initiated and the bus market fell down or collapsed by almost 90%. So while we had invested in a complete new platform, the platform was ready, the new plant was built and created, but we could not really produce it because there was no market to sell it.

Now this market is started to open up and we have started to make this new vehicle as well. In addition to this, we also showcased a complete grounds up new platform, which is coming as a successor of our flagship product, which is the Traveller.

This new product was also showcased, but again, we could not take into production due to the challenges of the Covid pandemic. This being a global platform had lot of international partners working on it, Japan, America, U. K. and so and so forth, and due to the travel restriction and complete shutdown that happened, the development of this platform also got delayed. But is am now happy to inform that, this platform is more or less ready, we have started the pre-production of this new vehicle at our plant with complete new facility, that has been built in Pithampur and this platform should go, very quickly, in this year itself into the market. So, we should hopefully get some, you know, recovery, in some numbers from this new platform as well.

While the OEM site, which is the complete vehicle business site, numbers have started to pick-up, not to the levels that were seen in the pre-pandemic years, but there is, much improvement in the numbers.

Our aggregate business with Mercedes & BMW which also a took a beating during the Covid period has also recovered now. The numbers are now much stronger that, the numbers that we were dealing with over the last 2 years, so that should also help in the growth of the business

	<p>over all this year.</p> <p>In addition to this, our joint venture with Rolls Royce, which again got delayed by 2 years, getting into start of production, finally went into production about a year ago and I am happy to state that, we are on a regular basis producing engines. 98% of what we are producing is getting exported. This year if all goes well this business should contribute about 250 odd crore Rupees in terms of revenue. Profitability will still remain a concern over the next 2 years, because this being the first year of actual production.</p> <p>We are still sitting on huge inventory pile up in that business that was accumulated over the last 2 years, when we should have gone into production, but we didn't get into production. The key in this business, in the Joint Venture is to localize. All efforts are being made to localize the engine. We've already hit close to about 20% local content and our objective is to go to close to about 75% local content, which is where we know, we start getting a positive bottom line in this business as well, and this being a critical high technology product, the re-validation processes are intense and also the duration of validations are long, but this is currently undergoing. Parts going to Germany for validation, so it will take some time. But we are on a very focused manner working on this.</p> <p>In addition to this, while we lost a lot of people, we have also tried to get a lot of people from outside. We have got a lot of new senior level leadership positions, which are now filled in. Lot of people from the outside automotive industry have joined us.</p> <p>Similarly, we are focusing a lot on the growth of our export business. While we are appointing distributors across multiple countries in the world. Unfortunately, the global economy is something which is not in its most healthiest form and a lot of our countries which were our target countries, for exports, have currently being facing, you know, very severe economic crisis, which also has let to number being restrained in the international business side. But overall we expect this year to be a come back year.</p> <p>After 2 years of significant slow down, due to the Covid pandemic and all efforts are being put together to make sure that, we come out of the last 2 years slowdown and you know, get back to a situation a manner in which we were performing pre-Covid in the year 18-19 or 19-20. So that's a small recap and some points in addition to what the Chairman mentioned earlier.</p> <p>Thank you.</p>
<p>Chairman</p>	<p>Thank you, Prasan.</p> <p>I would like to take this opportunity, to thank all the shareholders who have participated in this AGM and finally thanks to my co-directors for their time in this e-meeting. I would ask now the e-voting should start and remain open for 15 minutes and I declare that, the meeting is concluded at 3:37 p.m.</p> <p>Thank you, very much.</p>

	<p>Warm Regards,</p>
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	<p>Good Bye.</p>
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