

FORCE MOTORS LIMITED

TRANSCRIPT OF THE PROCEEDINGS FOR THE 61st AGM THROUGH VC

held on Tuesday, the 29th day of September 2020 at 3.00 p.m.

Mr. Kishore P. Shah, Company Secretary

Good Afternoon, Shareholders...!!

I am Kishore P Shah, Company Secretary and Compliance Officer of the Force Motors Limited. I am very pleased to welcome you at the 61st Annual General Meeting of the Force Motors Limited. This meeting is held through video conferencing.

Considering the situation arising due to the outbreak of the COVID-19 pandemic and as allowed through various circulars of the Ministry of Corporate Affairs and SEBI to hold the Annual General Meeting through video conferencing; the Company is holding its 61st Annual General Meeting through video conferencing with an arrangement with the 'NSDL'.

As for the first time, the Company is having its AGM through VC: I would like to spare few minutes to explain about the procedural and technical aspects of it.

So, facility for joining this AGM on the NSDL platform is made available for the members on a first-come-first-served basis. The instructions for joining the AGM and for e-voting are mentioned in detail in the AGM Notice.

All the Members who have joined the AGM are by default have been kept on mute by the host to avoid any disturbances of background noise and to ensure smooth conduct of the AGM. During the AGM, if a Member faces any technical issue, he may contact the toll free no. 1800222990.

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.

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 Secretary of the Company at the specified e-mail ID, compliance-officer@forcemotors.com. And based on the receipt of such e-mails, Chairman sir will be taking them appropriately, in his speech.

All documents referred to in the Notice and Statement thereto are open for inspection through electronic mode on the website of the Company till the 61st Annual General Meeting. Similarly the Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, has been made available for inspection through electronic mode on the website of the Company.

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 thereat.

So now, I request the Chairman to take forward the proceedings of the AGM. Thank you! Over to you Chairman Sir.

Mr. Abhaykumar Firodia, Chairman

Thank you very much. I would like to extend a hearty welcome to all the members of the Board, shareholders of the Company to this 61st Annual General Meeting of Force Motors Limited. We are meeting under very exceptional circumstances and all of us are attending this meeting on remote basis which first not only for our company but I suppose it's the first for the whole nation and this year is remarkable from that point of view.

At the very beginning, let me say that I am personally attending this meeting from my office at Naval Veerayatan which is near Rajgurunagara in Pune District.

As requisite quorum for the AGM is present, I call the Meeting to order.

I now request my fellow Board Members who are on video conference, to introduce themselves. To facilitate this process, I shall call out their names one by one.

Mr. Abhaykumar Firodia, Chairman

Mr. Prasan Firodia, Managing Director of the Company. Please confirm your presence.

Mr. Prasan Firodia, Managing Director

Good afternoon, its Prasan Firodia here. I have logged on this meeting from the office at Naval Veerayatan at Chaskaman .

Mr. Abhaykumar Firodia, Chairman

Mr. Sudhir Mehta

Mr. Sudhir Mehta, Director

Good afternoon. This is Sudhir Mehta; I am attending this Meeting from Yeshwant Nagar in Pune.

Mr. Abhaykumar Firodia, Chairman

Mr. Pratap Pawar

Mr, Pratap Pawar, Director

I am attending the Annual General Meeting through video conferencing from my residence at Baner Road in Pune. I am also the Audit Committee Chairman.

Mr. Abhaykumar Firodia, Chairman

Mr. S. Padmanabhan

Mr. S. Padmanabhan, Director

Good afternoon everyone. I am S Padmanabhan, Independent Director and also Chairman of the Nomination & Remuneration Committee as well as the Corporate Social Responsibility Committee of the Company. I am attending this AGM through video conferencing from my residence in Pune. Thank you.

Mr. Abhaykumar Firodia, Chairman

Shri. Nitinbhai Desai

Mr. Nitin Desai, Director

Good afternoon everyone. I am Nitin Desai, an Independent Director of the Company. I am attending the Annual General Meeting from my residence in Pune.

Mr. Abhaykumar Firodia, Chairman

Dr. Indiraben Parikh

Dr. Indira Parikh, Director

Good afternoon. I am Indira Parikh. I am Independent Director in Force Motors Limited. I am attending the Annual General Meeting from my residence in Ahmedabad.

Mr. Abhaykumar Firodia, Chairman

Mr. Arunbhai Sheth

Mr. Arun Sheth, Director

Good afternoon everybody. I am Arun Sheth an Independent Director of the Company. I am attending the Annual General Meeting through video conferencing from my residence in Mumbai.

Mr. Abhaykumar Firodia, Chairman

Shri Arvind Mahajan

Mr. Arvind Mahajan, Director

Hello. This is Arvind Mahajan, an Independent Director attending the AGM of Force Motors Limited, from my residence in Pune.

Mr. Abhaykumar Firodia, Chairman

Mr. Anant Talaulicar

Mr. Anant Talaulicar, Director

Good afternoon. This is Anant Talaulicar. I am an Independent Director of Force Motors and I am attending this Meeting via my office in Mumbai.

Mr. Abhaykumar Firodia, Chairman

Lt. Gen. D. B. Shekatkar

Lt. Gen. D. B. Shekatkar, Director

Good afternoon to you all. I am Lt. Gen Dattatrasya . Shekatkar, attending the Annual General Meeting from my residence at Koregaon Park, Pune.

At this point, due to weak audio quality and internet connectivity issue at the location from where the Chairman and the Managing Director had joined the Meeting, dropped off. Mr. Sudhir Mehta, Director of the Company, read out the ordinary resolutions with the permission of all the Directors present.

Mr. Sudhir Mehta, Director

RESOLUTION NO. 1: To consider and adopt the audited standalone and consolidated audited financial statements of the Company, for the Financial Year ended 31st March 2020, together with the Board's Report and Auditors' Report thereon

"RESOLVED THAT the audited standalone and consolidated financial statements of the Company, for the Financial Year ended 31st March 2020, together with the Board's Report and Auditors' Report thereon be and are hereby approved and adopted."

RESOLUTION NO. 2: Declaration of dividend for the Financial Year ended 31st March 2020.

"RESOLVED THAT pursuant to the recommendation of the Board of Directors of the Company, a dividend of Rs. 10 per share on 1,31,76,262 equity shares of Rs. 10 each, be and is hereby declared out of the current profits of the Company and the same be paid to those members whose names appear in the Register of Members of the Company on 22nd September 2020 and to those members who hold shares of the Company in dematerialized form and whose names are entered as beneficial owners in the records of the Depositories on that date."

RESOLUTION NO. 3: Re-appointment of Mr. Prashant V. Inamdar

"RESOLVED THAT Mr. Prashant V. Inamdar who retires by rotation, be and he is hereby re-appointed as a Director of the Company."

With the permission of the shareholders, I shall read out only the headings of the resolutions as the detailed resolution already forms part of the Notice circulated to the Members.

RESOLUTION NO. 4: Contribution to bona fide charitable and other funds

RESOLUTION NO. 5: Appointment of Cost Accountants with remuneration

Mr. Pratap Pawar (a non-interested director to the special resolutions) read out the heading of the following special resolution:

Mr. Pratap Pawar, Director

RESOLUTION NO. 6: Modification in the terms and conditions, related to remuneration payable of Mr. Prasan Firodia as Managing Director of the Company. The total remuneration is 2.50 crores and I propose this resolution to the AGM

Mr. Sudhir Mehta, Director

RESOLUTION NO. 7: Adoption of new set of Regulations as the Articles of Association of the Company

The Company was incorporated as a Private Company, with the original Articles of Association. The Company became a public company sometime in the year 1961 and became a company whose shares are quoted on the stock exchange in the year 1964.

The present Articles of Association were adopted by the Members in their General Meeting held in 1963. During the last 57 years, amendments were carried out in the Articles of Association, following the procedure prescribed by the Companies Act, 1956, from time to time, to incorporate the articles / regulations.

On this background, the Board considered to adopt new set of Regulations as Articles of Association of the Company, as was vetted by its legal consultant. A copy of the proposed new Articles to be adopted is available for inspection on the website of the Company.

On the resumption of connectivity, the Chairman addressed his speech to the Members

Mr. Abhaykumar Firodia, Chairman

First of all, my apologies for poor performance of the network the here. This is problem with these electronics working perfectly. But thank you for your forbearance and for your patience with me.

Let me say that I will request the Managing Director after I finished my remark, to speak on current situation. I would prefer to speak on business environment in which we operate, the state of industry and economy of the country. The last year as you all know was far below expectations. We did not have last year the kind of market that we needed and we did see a poor performance not only in our company but generally almost the entire automobile industry particularly in the commercial vehicles that included buses, vans etc. The current situation is a very severe downturn form last year and the way I see it we are beset with four problems and in the economy and the automobile industry.

The first one of course is COVID. With COVID we have had a huge hit. Your Company was unable to perform, all the plants had to be closed for 2 months almost totally. It was with great difficulty that the administration etc. could function, security could function. COVID has not gone away but we hope that, COVID will recede, it is receding and possibly sometime by end of October, early

November, a semblance of normalcy should return. If that happens, then in next 6 months please rest assured that your company would make every effort to try and re-establish reasonableness in its business operations and results. So COVID is the first big crisis that we are facing as an economy and as a company.

The second big crisis is of course isthe economy itself. Not just COVID but even before COVID there was a downturn as I mentioned, and with COVID there has been a huge hit the economy has taken. We still have to see how it rebounds. What happens to the transportation business? People who have had their vehicles parked by the roadside for many months. How are they going to survive? What will happen to the transportation business in terms of operating school buses? Operating ambulances, operating wide buses taking people to office and back. All of these segments are seeing a very mix and generally a poor situation. The ambulance situation not that bad but generally white buses and school buses which are our mainstay, has not been t doing well. So I imagine the economy is going to impact our company very adversely during the current year. I would expect the Managing Director to be able to tell us what he sees in the next six months. My personal view is that we will be lucky if we are able to break even in the current year.

The third big problem that we are facing is of course the belligerence on our border where China has been making lot of trouble. There is every possibility that a war may break out. It may not be all out war, it may be localized skirmishes, but it will certainly impact the economy. It will certainly impact the normal peace and stability of the Country which is not good for the smooth functioning of the economy. That is the third problem I see, COVID, general economy downturn and hostility with China on our northern borders.

And the fourth problem, which should not be belittled and it affects the economy, it affects the security of the country is the problem of internal disruptions and dissensions. We saw at the end of the last year huge civil disruptions happening in particularly the in city of Delhi. It is generally understood that this kind of a managed disruption is likely to happen across the country and if that happens, in addition to the problems of the economy, the COVID, of the Chinese belligerence, then we are looking to a situation which is pretty difficult. But I must say that the spirit of the industry, the spirit of the economy, the spirit of the people from where I see, is very high.

We will have difficulties. But I have every confidence that as a nation, as a business, as a business community, as people who are carrying on normal businesses of operating vehicles, operating schools, operating hospitals, there will be a very big rebound and we shall be able to overcome. Now, these are the major issues that I see. We began the year, a calendar year on good note, which was Auto Expo and I believe the MD will tell us more about what we showed there and how we are preparing for the future. But after that, in the last seven-eight months, the situation has not been good. I can only express my hope that things will improve and with that, I would like to conclude my Chairman's speech. May I now request the Managing Director to talk about the operations of the Company in a little more detail. Thank you very much!

Mr. Prasan Firodia, Managing Director

Good afternoon everyone. I hope I am audible and my video can be seen. First of all , apologies for bad network.

Even before COVID hit all of us, the last year itself was a challenging year for us, you know...predominantly due to various legislative norms changing in the industry, the rising fuel costs, the insurance cost of vehicles that went us dramatically and the last but not least the significant tax burden that is applied on vehicles. All of these contributed to the slowdown in the automotive industry at large even before the COVID struck us. And then you know...in the COVID era the situation has been quiet appalling for the first quarter of this financial year. There was a

complete lockdown and so there was zero production and zero retail that was happening. To add to that while the country at large and the economy is opening in stages, our business is predominantly catering to the segments like tour and travel, school bus and staff transport. These are three of our big segments in our vehicle business sides. And all three segments are under severe distress due to COVID. People are typically not going out, so tour and travel are completely at halt. Similarly, schools are closed across the country and therefore the sale of school bus is completely hampered and similarly with Work From Home which is happening across the multiple sectors of the industry, people are also not using staff transport to get to their offices. So these three segments, really jolted the business at large. A segment in the vehicle business that is keeping us afloat to a certain extent is our ambulance business. But clearly the numbers of ambulances cannot compensate for all the other three big segments in which we operate and therefore the situation remains to be very challenging to say the least. As we stand now in the month of September, going in the month of October we are now coming to plant utilization level anywhere between of 45 to 50% at best. So, the situation still remains very concerning.

In terms of our second business vertical, which again a large vertical for us, both in terms of top line as well also as the bottom line, is our components business. And as we are aware, the luxury car market also has slowed down since the last year and now with COVID, it has even been impacted significantly more. Certain segments of the industry have revived much better like entry level passenger cars or two wheelers and there we see a big uptick in numbers in the industry figures. However, luxury cars, people have postponed their decision to buy and therefore the number of engines, axels and other aggregates that we produce for companies like BMW and Mercedes are both currently restrained. And therefore, the component business generation in terms of both top and bottom line remains to be seen how situation will progress in this segment.

Our joint venture business with Rolls Royce Power Systems, where we have established a new entity by the name of Force MTU Power Systems, the entire facility is more or less ready. The plant, a brand new facility, which we invested at Chakan, is completely ready, the equipment that we moved as you all are aware we moved the entire plant from Germany to India and India will now be the only country which will cater to 1600 Series for global requirements. So, we shut down the factory in Germany, we moved the entire plant to India and in the month of March this year, we had you know...close to about 30 odd Germans who were working with our teams to install the complete equipment. And then unfortunately COVID happened and we had to ask all the German colleagues of ours to go back to their respective locations and the complete plan installation got stalled. Now, it's been since March that the entire set-up is ready but we are now waiting for final stage of commissioning for which we need the Germans to come back so that the plant can be started and we can start producing engines for the global requirements. We expect hopefully by mid or end of October depending on how the situation improves with COVID both in Poona particularly and with international travel easing that the team can come back and this business can start getting on the way hopefully by this December this year we have targeted the new joint venture. While things I have mentioned sound to be pretty pessimistic, on the optimistic side, based on what the Chairman has mentioned, once the COVID is behind us and the economy starts revving up, I think based on our product offerings to the various segments in which we cater and we desire to cater, very...very strong product offering which we have unleashed, at the recently held auto expo this year.

So, we showcased at the Auto Expo very briefly the completely new vehicle platforms which are completely ground up platforms. The first was our next generation mobility platform T1N which has very strong opportunity for international prospects and of course in the domestic markets we are offering more premium mobility platform, to the end user. The second completely new platform showcased at Auto Expo was our 33 & 41-seater monocoque bus platform which is again first time anywhere in the world, where somebody has created 41-seater monocoque platform which is close to one ton lighter than competition and therefore giving excellent fuel efficiency per kilometer. The

third platform we showcased was our new multi-utility vehicle platform which has multiple variants which have come out of this platform and I am happy to say that our new Trax which has come out of this multi-utility vehicle platform has gone into the market and we have sold close to about 1,000 vehicles now and the response is very promising. This new multi-utility platform with various avatars in which we will create the models also has potential for export in the near future. So, in terms of the product offerings, looking at the future once the economy started revving up in all segments, tour and travels, staff transport, school buses, rural passenger transport, urban passenger transport, utility vehicle platforms will help us grow our numbers significantly in near future.

So that's all from my side. I thought I have given a brief on where we stand currently and coming years will continue to be challenging because we have lost an entire quarter and this quarter where utilization levels are as low as about 40-45%. Therefore, the year will be a year where there will be a lot of red ink. But this is something which is beyond anybody's control. But looking at the future, I think we have a strong position and the Company, the engineering teams have done exceedingly well creating these new platforms which should help us propel in the near future.

So, thank you from my side. Kishore...

Mr. Kishore P. Shah, Company Secretary

Thank you MD sir. Thank you Chairman sir. So we have come to the last part of the Annual General Meeting. I am just giving just voting instructions once again.

The Company had provided remote e-voting facility to its Members to vote for the resolutions set forth in the Notice. The remote e-voting process was kept open from Saturday, 26th September 2020 to Monday, 28th September, 2020.

Further, pursuant to the provisions of Section 109 of the Companies Act, 2013, the Members who have not exercised their vote electronically and who are participating in this meeting will have an opportunity to cast their votes through the e-voting system provided by the NSDL. The Members can click on "Vote" tab on the video conference screen to avail this feature.

The Members may note that the voting on the NSDL platform will continue to be available for the next 15 minutes. Therefore, members who have not cast their vote yet are requested to do so. The Board of Directors has appointed Mr. Sanjay Athavale, Practicing Chartered Accountant, as the scrutinizer to supervise the e-voting process. The results would be declared as per Statutory timelines and this will be available on the website of the Company, website of the BSE Limited and the website of the NSDL.

E-voting will remain open for 15 minutes of the conclusion of the AGM. Over to you Chairman sir. Thank you.

Mr. Abhaykumar Firodia, Chairman

Thank you very much! I would like to thank all the participants in this meeting. Particularly my director colleagues and of course all the shareholders for the time you have taken to join and attend this meeting, in spite of the electronic disturbances on account of the infrastructure in new technology, there has been some disturbance in conducting of this meeting but, I think we have successfully managed with the co-operation of all directors and all our team from our Secretarial Department to successfully complete the meeting.

I believe the Company Secretary has explained that the countdown will appear in last 15 minutes of the conclusion of the AGM and the screen of voting will appear at the conclusion of 15 minutes.