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| **Automotive Component Manufacturers Association of India** |

**Press Statement by President ACMA in light of**

**‘Report of Expert Committee on Resolution Framework for Covid-19 related Stress’**

New Delhi; September 08, 2020: The Expert Committee on Resolution Framework for Covid-19 related Stress has submitted its Report to the Reserve Bank of India on September 07, 2020.

Thanking the Committee for the Report and explaining the perspective of the Auto Components sector, **Deepak Jain, President ACMA** remarked, “We are thankful to the Expert Committee led by Mr K V Kamath for the report which is indeed very timely and much needed guideline document for restructuring of loans. The auto-components sector, as rightly identified is one among the stressed sectors that is likely to gain from its recommendations. The sector, dominated by small and medium enterprises, witnessed severe hardships on the front of cashflow and working capital during the lockdown period. With green shoots now emerging in the market, we are hopeful that the report will come handy in resolving the borrowing related issues of the sector and financing of technology investments for the industry to become Atma-nirbhar and innovative”.

“Considering the average asset life in the industry to be around 10 years, we recommend the committee to enhance the ‘Total Debt/EDITDA ratio’ to 6 times from the current 4.5 times, the premise of repaying loans in 4.5 years for assets that will last over double the time needs to be reconsidered. Further, considering the cost of borrowing capital in India is one of the highest in the world, we request the Committee to recommend lending to the auto component industry at same interest spread as priority sector, to secure the industry from any downgrade in ratings due to the adverse impact of COVID-19 related disruptions”, added **Jain**.

**About ACMA:**

The Automotive Component Manufacturers Association of India (ACMA) is the apex body representing the interest of the Indian Auto Component Industry. Its membership of over 850 manufacturers contributes more than 90% of the auto component industry’s turnover in the organized sector. ACMA is an ISO 9001:2015 Certified Association.

**For further details:**

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