

Salient points:
Interaction with Mr Tom Flack, President & CPO, TML

April 18, 2020

Mr Deepak Jain, President ACMA welcomed Mr Tom Flack, President & CPO, TML and his team, for agreeing to interact with the ACMA Executive Committee. He updated Mr. Tom on the steps taken by ACMA post the earlier interactive session on April 01, 2020, that included creating a manual for the industry for re-starting operations post lockdown. He also thanked the TML Management for sharing TML's re-start guidelines. Mr Jain also briefed Mr. Flack on the various webinars being organised by the ACMA in the interest of the components manufacturers to upgrade their skills.

Mr Tom Flack focussed on the following points:

- **On Collaboration with suppliers:**
 - Urgent need to collaborate between OEMs and suppliers for survival of the industry
 - Industry should test waters and consider 'creative-hibernation' projects and identify ideas/areas for working in collaboration
 - As part of the creative hibernation, TML to undertake study to identify products idea and brainstorm if it makes sense to continue making them in-house
 - Industry to align with sub-tiers for future business model
 - Need for the component industry to focus on cost, to be price competitive w.r.t. competitions.

- **On Working Capital challenge and addressing supplier issues:**
 - TML has cleared most supplier bills/arrears/dues and continues to do so.
 - Bill discounting scheme at TML is being made more favourable and being discussed with the financial institutions for rolling out
 - Bill discounting scheme may take more time due to banks approval process but there is no change of tata motors policy on same.
 - Industry needs to adopt more severe steps to conserve cash, including creatives measures
 - Tier-1s to ensure percolation of funds down the tiers.
 - Tier-2s can escalate issues to TML in case they are not being paid by the Tier-1s

- **On resumption of Operations:**
 - Will resume operations after getting clearance from govt.
 - Has put in place plans for resumption of production
 - Operational plans would be shared with suppliers
 - TML to ensure employees feel safe to come back to work.

- Weak links will be focussed upon once production resumes.
- **On future direction:**
 - For OEMs:
 - Industry needs to report collective retail data for better understanding of market dynamics.
 - Production will need to be tuned to demand rather than building inventory at dealerships.
 - For Component Industry:
 - As part of 'creative hibernation' component Industry to focus on technology development and making own design, (under the guidance of customer)
 - Industry could see more M&A and partnerships for access to technology
 - With excess capacity in the system, component suppliers should not pursue opportunistic strategies to take away business of their peers
 - Imports from China in the immediate would continue as China can't be completely isolated in the present scenario in view of non-availability of alternate sources, technologies and costs. However, the domestic components industry and OEMs should continue to focus on localisation.
- **On EVs:**
 - The focus on EVs should continue
 - China will continue to dominate the EV ecosystem.
 - To address challenges of range anxiety, industry should work on other than conventional chemistry. Government should be onboarded to allow such alternative technologies.
- **Pending action point from TML**
 - TML will also try and make a protocol for isolating and handling in case an employee is detected COVID-19 positive, so that the plant is not shut down.

The interaction ended with Vice President ACMA, Mr. Sunjay Kapur thanking Mr Tom Flack for his views and directional inputs and sought Mr Flack's continued support to the auto components sector.
