



Automotive Component Manufacturers Association of India

### **Salient Points:**

**Interaction with Mr. Vikram Kasbekar, ED Operations & CTO, Mr. Neeraj Mathur, VP Strategic Sourcing & SCM and Mr. Rakesh Vasisht, AVP, Hero Motocorp**

22<sup>nd</sup> April 2020

Mr Deepak Jain, President ACMA welcomed Mr. Kasbekar, Mr. Mathur and Mr. Vasisht. He also placed on record his appreciation for the support extended by Hero Motocorp to the supplier community in these challenging times, especially by releasing their payments.

**Given below are the salient points of discussion with the management of Hero MotoCorp:**

#### **On Restarting of Operations**

- Detailed Protocols/Manual has been created and communicated to all employees and stake holders
- A fumigation tunnel has been developed in collaboration with DRDO
- An App is being developed which would sync with the Arogya Setu App for better transparency and mapping of the supply chain across all Tiers
- For hygiene and safety, all employees would be given 2 sets of masks, reusable face shield would be used for workers on the shop-floors for better protection
- HMC is mapping and monitoring all suppliers, zone-wise, in India and other parts of the world
- While permissions have been obtained, operations are yet to start
- Commencement of manufacturing will depend upon when the retail/dealerships opens as also on the readiness of the supply chain
- Production will start in a graded manner; inventory stocks and in-transit stocks would be utilised first
- Suppliers would need to undertake regular self-audits and as also by HMC on SOPs
- Production would be planned depending upon retail movement; building inventory will only block working Capital
- HMC would release 3 month plan to suppliers and the update schedules weekly
- HMC would expect suppliers to be flexible to respond quickly to changes in schedules

#### **On Demand**

- Demand will depend on consumer confidence
- Rural demand expected to be good due to bumper Rabi crop, Urban demand muted
- Double digit degrowth likely in FY20-21
- Need for reporting retail data, rather than wholesale data for better understanding of market dynamics

#### **On Sourcing**

- As de-risking strategy, HMC would look for multiple sources for same part in different geographies.
- Preference would be given to local sourcing.

- Global sourcing would continue

**On Collaborating with Suppliers/Strategic Direction**

- Need for working collaboratively between OEMs and suppliers
- Companies should engage and work closely on Innovation, Co-creating and cost reduction
- Suppliers need to focus on conservation of cash
- HMC would continue to support its existing suppliers
- HMC's imports are less than the collective imports of its suppliers; the latter need to de-risk and decrease their dependence on imports
- HMC would not focus on undue price reductions and will not take advantage of the excess capacity with the suppliers
- Going forward, HMC would prioritize its purchases from vendors based on location and cost

**On Issues to be pursued with authorities**

- Going forward request Government to include Automotive and Auto Components sector under the essential services
- Willing to be part of joint task force with ACMA to take up issues with authorities

The interaction ended with Mr Ashok Taneja, Past President ACMA thanking the HMC leadership for their candid views. Mr Taneja sought their continued support and guidance to the auto components sector.

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