



Automotive Component Manufacturers Association of India

Minutes of 4th Meeting of ACMA Executive Committee (Virtual)

March 19, 2021

List of members present at the meeting as also attendance at Executive Committee Meetings held so far is given at [Annexure I](#).

Mr Deepak Jain, President, ACMA welcomed all Past Presidents and members of the ACMA Executive Committee.

President then briefed the committee about the discussions in the Steering Committee meeting held prior to Executive Committee meeting in the day.

- Mr. Jain stated that the Steering committee has approved the ACMA Annual Budget for FY21-22. President mentioned that in FY20-21, despite a challenging year, ACMA finances had been healthy and ACMA continued to maintain its reserves. President complimented the secretariat for a good control on expenses and generating revenue through virtual events.
- President, ACMA then briefed the Executive committee members on the proposal of ACMA Pillar 4 (Strategic Partnerships) regarding the initiative with Start-ups for Innovation. PwC has submitted a proposal to ACMA to facilitate engagement of ACMA members with the start-ups.

President highlighted the following about the initiative:

1. Primary objective of the initiative is to understand and assess the startup eco-system in the country and define a roadmap for ACMA member companies on how to leverage these startups
2. The project, in its Pilot phase, is proposed for 15-16 ACMA member companies.
3. The duration of the project will be for 12 months.

The Steering Committee had advised Pillar 4 to discuss with PwC on how the initiative could be sustained after 1 year as also train the ACMA staff to continue with the engagement with Start-ups after PwC exits.

The formal agenda was thereafter taken up for discussion.

Sl. No.	Agenda Item
1.	<p data-bbox="363 338 1278 371">Minutes and Matters: Confirmation of last EC Meeting Minutes</p> <p data-bbox="363 423 1334 539">The ACMA Executive Committee unanimously approved the minutes of the last meeting of the Executive Committee held on January 22, 2021 (Virtual).</p>
2.	<p data-bbox="363 678 932 712"><u>Welcome Remarks by President, ACMA</u></p> <p data-bbox="363 763 1362 880">Mr. Deepak Jain, President ACMA thanked all the Pillar Chairpersons and the Regional Chairpersons for continuing with activities in their respective domains for the benefit of the membership.</p> <p data-bbox="371 931 1358 965">He highlighted some of the Key Events held since the last EC meeting:</p> <ul style="list-style-type: none"> <li data-bbox="379 1016 1362 1088">➤ Interaction with Mr. R C Bhargava, Chairman, MSIL, January 29, 2021 <ul style="list-style-type: none"> <li data-bbox="411 1104 1362 1220">• Mr Bhargava shared his thoughts on the dynamics of the PV market, how the CAGR of 1.5% in the decade of 2010-20 was much lower than the 3.5% in the previous decade. <li data-bbox="411 1234 1362 1391">• He urged the component suppliers to aim high, have the ambition of being globally competitive, focus on high growth of 20%+, be financially prudent with strong balance sheet and invest in Technology. <li data-bbox="411 1404 1182 1438">• The event was well attended by over 300 members <li data-bbox="379 1487 1362 1520">➤ Auto Technology Partnership Summit & Expo: 2-5 February, 2021 <ul style="list-style-type: none"> <li data-bbox="411 1536 1362 1608">• All 3 Day Conferences – Japan Day, Europe Day and North America Day were very well attended. <li data-bbox="411 1621 1362 1738">• Indian Ambassadors from Japan, Germany and USA joined the conference on respective days. This speaks volumes on ACMA’s credibility. <li data-bbox="411 1751 1362 1823">• Participation from major OEMs and IPOs like Maruti Suzuki, Skoda Auto, Navistar Inc, Meritor, Dana India <li data-bbox="411 1836 979 1870">• 45 companies exhibited in this event <li data-bbox="411 1883 1362 1955">• Over 492 visitors visited the show and interacted with exhibitors of which 261 were from India & 231 from overseas

	<p>➤ ACMA Awards & Technology Summit, February 25, 2021</p> <ul style="list-style-type: none"> • The Awards process was completely online – right from receiving applications to virtual Plant Assessments and eventually the Jury Meeting & Scores. • 75 out of 305 were adjudged winners under various categories. Also, this year the no. of applications was one of the highest ever. • Winners much appreciated that the ACMA councellors personally delivered the trophies to them. • The ACMA Technology Summit & Awards Ceremony had some of the most renowned speakers from the Govt and the Industry including Mr Nitin Gadkari, Minister, MoRTH, Mr Kenichi Ayukawa, President SIAM and MD & CEO, MSIL, Mr Vipoin Sondhi, VP SIAM and MD &CEO, Ashok Leyland, Mr Sunil Kakkar, Executive Director, MSIL, Mr Vikram Kasbekar, Executive Director & CTO, Hero MotoCorp and several other industry luminaries. • The two panel discussions on: <ul style="list-style-type: none"> - Towards Atmanirbhar Bharat: Technologies for Sustaining Growth, and - Emerging Technologies Redefining India’s Automotive Landscape were very well received by the audience. <p>President ACMA complimented the secretariat for smooth conduct of these events.</p>
<p>3.</p>	<p><u>State of Industry - Headwinds & Projections for Q1 (AMJ) 2021 by CRISIL</u></p> <p>To make the presentation, President ACMA invited and welcomed Mr Hemal Thakkar, Director, CRISIL.</p> <p>The key points observed are as under:</p> <ul style="list-style-type: none"> - Macro-economic Indicators <p><i>The uneven road to recovery</i></p> <ul style="list-style-type: none"> ➤ GDP to grow 11% next fiscal ➤ Policy relies on growth to erase pandemic scars, but more needed ➤ Medium-term annual growth seen at 6.3%

- A second pandemic wave is still a real risk next fiscal

Investment cycle around the corner

- Corporate revenue to grow 16%, high margins seen in 2021 to sustain
- Infrastructure capex to rise 17-20% next fiscal
- Corporate capex to surge 45-55%; two distinct yet unique trends

Financial sector growth to rebound in fiscal 2022

- Bank credit set to grow 400-500 basis points at 9-10% next fiscal
- Bank NPAs to rise, but deterioration not as sharp as earlier anticipated
- NBFC growth to revive at 5-6%, still muted compared with the past
- Stressed assets of NBFCs set to rise; one-time restructuring to provide some respite
- Funding situation slowly recovering for NBFCs; yet far from pre-2018 scenario
- Confidence capital or strong parentage will continue to be key support factors for NBFCs

Lessons from a global second wave

- Major advanced economies saw resurgence of a second or third wave of Covid-19
- Thus, leading to higher stringency / restrictions
- However economic activity is less hurt

In medium term, GDP growth to average 6.3%

- India is projected to grow at 6.3% annually between fiscals 2023 and 2025
- Drivers of growth
 - Stretching the fiscal deficit glide path and expectation that additional room will be used for capex. Additional fiscal space estimated at Rs 20-25 lakh crore over next five years
 - Promising set of reforms have potential to create a platform for growth in the medium term
 - Deleveraging by corporates over the past few years should improve appetite to invest
 - Global GDP and trade growth to turn more supportive

Urban catching up slowly gradually

- With the economy now opening up, urban India has regained its share in the country's auto sales
- **Assumptions for Forecast:**
 - Pandemic situation to improve; economic activities to revive further going forward; positivity on account of vaccine likely to restrict quick spread of a strong second wave of COVID19 or any new virus. Not many stringent lockdowns expected.
 - COVID19 to further help personal mobility as people would still like to avoid public transport.
 - Schools, colleges and work places to resume in the later part of H1 fiscal 2022.
 - Gradual improvement in economic parameters globally.
 - Infrastructure activities to pick up pace specially post Budget announcement.
 - Normal monsoon in 2021
 - Crude oil prices are expected to average \$55-60 per barrel in CY 2021
 - Commodity prices to soften in the second half of CY 2021
 - Gradual, recovery in loan disbursals almost back to pre-Covid levels.
 - Consistent support from government and RBI going forward
 - Consumption to lead recovery, private investment scenario to remain subdued; government to slowly gradually revive capital investments
- **Passenger Vehicles**
 - Wholesale catching up with the demand despite supply-chain glitches
 - Shift in preference towards alternate fuel variants
 - Supply constraint to ease out by end of Q2 FY22
 - Despite lockdown & supply issues, industry to register a flat growth in FY21; momentum expected to continue in FY22
- **Two Wheelers**
 - Industry seeing some improvement in H2, motorcycles leading the way

	<ul style="list-style-type: none"> ➤ Retail sales surpass offtake in Q4, clock gradual improvement after a dismal festive season ➤ After the continued slide in FY21, industry to cross FY20 levels in FY22 <p>- Commercial Vehicle and Three-Wheeler</p> <ul style="list-style-type: none"> ➤ Intra-state and Inter-state E-waybill continues growth ride in February 2021 ➤ LCVs as well as MHCVs to see improved utilization levels in FY22 ➤ Inventory levels relatively under control, in first 9 months offtake higher than retail as channel inventory got replenished ➤ After two consecutive sharp declines, CV Industry to see considerable growth in FY22 ➤ Three-wheeler industry expected to double in FY22 <p>- Tractors</p> <ul style="list-style-type: none"> ➤ Better farm sentiments coupled with increase in commercial demand to keep tractor demand resilient ➤ Domestic demand to be robust in fiscal 2021 and momentum expected to continue in fiscal 2022 <p>- Domestic Forecast Summary</p> <p><i>Risks to fiscal 2022 outlook</i></p> <ul style="list-style-type: none"> ➤ Premature policy support withdrawal globally ➤ Stress in the financial sector worsens / financial conditions deteriorate ➤ Risk of a second wave, currently localized ➤ Monsoon <p>The detailed presentation by CRISIL is attached as Annexure II</p>
<p>4.</p>	<p><u>Interactive Session with Mr. Vinod Sahay, Executive Vice President & Chief Purchase Officer - Auto & Farm Sectors, Mahindra & Mahindra</u></p> <p>President, ACMA welcomed Mr. Vinod Sahay and invited him to share his insights with the Executive Committee Members on his perspective</p>

on growth, on the headwinds that the Industry should be wary of and his overall expectations from the auto supplier community.

Mr. Vinod Sahay thanked President ACMA for the opportunity and expressed his delight in interacting with the ACMA EC.

Following are the key highlights of Mr Sahay's interaction:

- Mr. Sahay congratulated ACMA and the Component Industry for showing resilience and supporting the vehicle industry in the year gone-by that was full of challenges.
- He thanked the entire component supplier community for supporting well the OEMs as they ramped-up production once the economy unlocked. This was despite several challenges in the supply chain.
- On demand, he expressed optimism that coming quarters would be robust and likely throughout the entire FY21-22.
- Whilst the demand has indeed comeback strongly even at global level, the supply side challenges continue to pose challenges.
- On the front of raw materials, several mines are still not operational and the industry is witnessing a global shortage of precious metals especially Rhodium.
- The supply side crisis is expected to continue for next couple of quarters for most of the commodities.
- Upcoming CAFE norms will play a vital role in pushing the industry towards adopting cleaner technologies.
- Mr. Sahay expressed that SIAM and ACMA should develop a mechanism or create a think tanks that can foresee major challenges or crisis-like situations and can guide the industry to prepare itself against it.

Ms. Anjali Singh, Chairperson ACMA Pillar 4 on Strategic Partnerships thanked Mr. Vinod Sahay for a very candid interactive session and stated that ACMA looks forward to the continued guidance and support of M&M.

<p>5.</p>	<p><u>Update on Major Forthcoming Activities – Pillars & Regions</u></p> <p>To make a brief presentation on activities, President then invited each Pillar Chairperson and the Regional Chairperson to brief the EC on their key forthcoming activities.</p> <p>The details of all key forthcoming activities are captured in Annexure III</p> <p>President thanked all Pillar and Regional Chairperson for their support and continued momentum on the activities front.</p>
<p>6.</p>	<p>Membership Status / New Membership etc.</p> <p>The committee approved membership of following companies.</p> <p>New Members:</p> <p>Ordinary Membership:</p> <ol style="list-style-type: none"> 1. Kay Jay Forgings Private Limited., Ludhiana, (NR) 2. Bansal Precision Forge Ltd., Bengaluru, (SR) 3. Dimo Castings Pvt. Ltd., Bengaluru, (SR) 4. ALP Overseas Pvt. Ltd., Alwar, (NR) 5. Murakami Manufacturing India Pvt. Ltd., Gujarat, (WR) <p>Associate Membership:</p> <ol style="list-style-type: none"> 6. LambdaBlocks Pvt. Ltd., Hyderabad, (SR) 7. Aarti Steels Limited, Odisha, (ER) 8. Domino Printech India LLP, Gurgaon, (NR) <p>Affiliate Membership:</p> <ol style="list-style-type: none"> 9. Loyola College Society, Chennai, (SR) <p>Resignations:</p> <ol style="list-style-type: none"> 1. Ashutosh Rubber Pvt. Ltd., Rajkot, (WR) <i>They don't want to continue with ACMA Membership.</i> 2. GKN Sinter Metals Pvt. Ltd., Pune, (WR) <i>Due to current market situation they want to take a pause, will consider next year.</i>

	<p>3. Sandeep Metalcraft Pvt. Ltd., Nagpur, (WR) <i>Due to current situation they do not want to renew the membership.</i></p> <p>4. Minda Vast Access Systems Pvt. Ltd., Dist. Pune, (WR) <i>Due to pandemic.</i></p> <p>5. Wings Automobile Products Pvt. Ltd., Faridabad (NR) <i>Unable to avail ACMA Services</i></p> <p>6. Muvtons Castors Pvt. Ltd., Noida, (NR) <i>Due to pandemic.</i></p> <p>7. Graziano Trasmissioni India Pvt. Ltd., Greater Noida, (NR) <i>They have membership from another company.</i></p> <p>8. Chopra Autotech Pvt. Ltd., Haridwar, (NR):- <i>Management decided to discountinue.</i></p> <p>9. Chopra Industries Pvt. Ltd., Ludhiana, (NR):- <i>Management decided to discountinue.</i></p> <p>With the above additions and deletions, the ACMA Membership stands at 805.</p>
<p>7.</p>	<p>Date of next meeting: President mentioned that the next meeting i.e. the 5th meeting of the Executive Committee 2020-21 is scheduled to be held on Friday, May 21, 2021.</p> <p>The meeting could be held in a hybrid mode, should the situation permit,</p> <p>He advised the secretariat to communicate the exact details of meeting, in due course.</p>

There being no other matter, the President called the meeting to a close.

The meeting ended with a vote of thanks to the Chair.

Deepak Jain
President

Vinnie Mehta
Director General