



Automotive Component Manufacturers Association of India

**Minutes of 5<sup>th</sup> Meeting of ACMA Executive Committee (Virtual)**

May 21, 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.

The formal agenda was thereafter taken up for discussion.

Sl. No.	Agenda Item
1.	<p><b>Minutes and Matters: Confirmation of last EC Meeting Minutes</b></p> <p>The ACMA Executive Committee unanimously approved the minutes of the last meeting of the Executive Committee held on March 19, 2021 (Virtual).</p>
2.	<p><b><u>Opening Remarks by President, ACMA</u></b></p> <p>- <b>Homage to the Departed</b></p> <p>Mr. Deepak Jain, President ACMA started the meeting on a sombre note. He mentioned that the second wave of the Pandemic was the most challenging humanitarian crises ever encountered, several people had lost their lives.</p> <p>On behalf of ACMA, President paid rich tributes to <b>Mr. Ramesh Suri, Past President ACMA and Chairman, Subros Ltd.</b> He mentioned that Mr Suri's contribution to the automotive industry and to ACMA had been unparalleled and will be well remembered by future generations.</p> <p>President on behalf of ACMA also expressed heartfelt condolences on the passing away of</p>

- **Mr Jagdish Khattar**, MD, MSIL (1999-2007)
- **Mr. Siddharth Shriram**, Founding Chairman, Honda Cars India (1995)
- **Mr S Seetharamiah**, Founder Susira Industries (now USUI Susira), Chairman ACMA Southern Region (2004-2007)

Mr. Jain, also informed the Committee that the ACMA secretariat had also lost one of the its longest serving employee - **Mr. Chandu Choudhary**. That apart, several of the ACMA staff had also lost their Immediate relatives in the pandemic.

The ACMA Executive Committee observed a minute of silence in memory of the departed souls and prayed for their eternal peace.

- **Gratitude for COVID relief initiatives by its members:**

President ACMA thereafter placed on record his appreciation for ACMA members who had undertaken relief measures by setting up of hospitals/oxygen camps, donating of ventilators and concentrators or contributing fund towards such relief measures.

President, ACMA particularly acknowledged the ACMA YBLF initiative of setting up a 100-bed hospital in Gurgaon in collaboration with the CII Foundation. Mr. Jain thanked and congratulated Mr. Yuvraj Kapuria, Chairperson, ACMA YBLF and his team for this humanitarian initiative. He also thanked members who had contributed generously to help the hospital become functional.

President, ACMA briefed the committee that a short questionnaire was sent to all ACMA members requesting them to inform ACMA about their CSR initiatives towards COVID Relief.

He also apprised the Committee that President, SIAM had suggested that ACMA and SIAM should make a joint Press Statement with regards to the relief measures, highlighting Auto Industry's contribution to help mitigate the disastrous impact of the pandemic.

- **Brief on meeting with SIAM Sourcing Group (May 20, 2021)**

ACMA CFT for Interfacing with the SIAM Sourcing Group had a meeting with the SIAM Sourcing Group on May 20, 2021. The primary agenda of the meeting was to get an understanding on the front of:

- Availability of oxygen
- Outlook for the industry
- Discuss other Supply Chain issues

From SIAM, the meeting was attended by:

Mr Sunil Kakkar, Chairman, Sourcing Group and Executive Director (Supply Chain), Maruti Suzuki

Mr Jagadish Hegde, Co-Chairman, Sourcing Group and Director and Sr. VP, Isuzu

Mr Veeraraghavan R, Co-Chairman Sourcing Group and Head - Strategic Sourcing, Mahindra

Mr Sachin Kulkarni, Co-Chairman, Sourcing Group and CGM – Sourcing, Skoda Auto Volkswagen  
and several other eminent OEM leaders.

Oxygen suppliers such as Air Liquide and Inox briefed the house on the oxygen supply issues.

The key points that emerged in the meeting were:

**On Oxygen Supply:**

- Manufacturing Capacity in the country for Liquid Oxygen is 8500 MT per day and demand is 7000 MT per day.
- Total production of oxygen in Northern Region is 1100 MT.
- Currently, DPIIT controls the supply of oxygen, and it is allowed only for medical purposes, however there was no restriction on supply of Nitrogen, Argon and Co2.
- Containers for other gases were converted to carry Liquid Medical Oxygen.
- It was expected that with improvement in supply and reduction in demand due to lessening of Covid cases, the situation will improve in next 10-15 days.
- More industries were expected to be included in the list of industries permitted for supply of oxygen other than Medical / Health Sector by DPIIT

- it was suggested that ACMA and SIAM jointly approach the DPIIT to have automotive industry included in the list of industries permitted for supply of oxygen

**On Industry Outlook:**

- Vehicular demand continued to be strong, however OEMs were unable to supply as 80-90% of dealerships were closed due to lockdown
- Demand to stay strong in the short-run, however, it could get adversely impacted if rural India gets badly impacted by the pandemic.
- It's expected that FY22 will be better than FY 21

**On Supply Chain issues/concerns:**

- Component industry should ensure that it meets the schedules and supports the vehicle industry well as the latter ramps up production in the coming months
- Raw material prices, especially steel expected to continue to be high/increase as in-house consumption in China had gone up, with exports coming down.
- No relief expected in short to mid-term.
- OEMs and Component industry advised to focus on productivity/process improvements to mitigate the increasing cost of raw materials.
- ACMA & SIAM should jointly take up the issue of steel prices and capacity in India with the domestic steel manufacturers.
- Health and safety of employees and workers, especially in the component industry
- Shortage in availability of labour (about 30%), could adversely impact ramping up.
- Other concerns – availability of Chips, logistics challenges etc.
- ACMA strongly urged the OEMs to include their suppliers in their vaccination programs.

**- Direction from ACMA PPC on utilization of ACMA Corpus (May 15, 2021)**

President, ACMA thereafter briefed the EC members of discussions / decisions taken in the last PPC meeting held on May 15, 2021.

- ACMA corpus can only and only be spent in case of a NATIONAL DISASTER - it should be a pan - India disaster and not a state(s) - level one

	<ul style="list-style-type: none"> <li>• PPC to be consulted in taking the final call on when the amount can be spent</li> <li>• ACMA corpus to remain intact, an amount not exceeding the avg. interest income accrued for last 3 years can be spent</li> <li>• The purpose of spending to be decided with expert opinion - A committee of President, Chairman Finance, a Past President, an EC member &amp; DG together was set with subject matter expert (s) to take the decision on the purpose/details of spending.</li> <li>• Once decided, President can formulate the execution plan.</li> <li>• ACMA could consider setting up an 'ACMA Foundation' (not-for-profit) to channelize CSR initiatives; ACMA members can also make contribution to it (members will get taxation benefit)</li> </ul>
<p><b>3.</b></p>	<p><b><u>Survey on State of Economy and Industry</u></b></p> <p>To gauge the sentiments and to get a feel of Industrialists perception on the current State of Economy and State of Industry, a survey was conducted with a set of questions exclusively for the Executive Committee members.</p> <p>The result of survey is attached as <a href="#">Annexure II</a></p>
<p><b>4.</b></p>	<p><b><u>State of Industry - Presentation by CRISIL</u></b></p> <p>To make presentation on State of Industry, 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"> <li>- <b>Macro-Economic Outlook &amp; High frequency Indicators</b> <ul style="list-style-type: none"> <li>➤ Major states remained under lockdown for significant part of May; 55-60% sales in jeopardy</li> <li>➤ State wise extent of vaccination <ul style="list-style-type: none"> <li>- 10% population given 1st dose</li> <li>- 3% population fully vaccinated</li> </ul> </li> <li>➤ Daily new cases quadrupled during the second wave, severely impacting mobility</li> <li>➤ E-waybill showing downward trajectory</li> </ul> </li> </ul>

- **Rural scenario**

➤ Second pandemic wave led to radical change in rural sentiments

- Agricultural sentiments

- Agricultural field activities did not witness any obstruction/problems on account of the second wave
- Government supported the farmers to assure timely harvest of rabi crops.
- However, government procurement has been impacted as process slowed down due to social distancing and safety norms. Majority of India's produce is sold in mandi's which were not operational in most of the states on account of state-wise lockdowns.
- Cash-flow was impacted on account of slow procurement. Further, payments are expected to be delayed due to limited fund availability with central & state government.

- Farmer sentiments

- Sense of fear/panic has been witnessed in rural India as farmers and their families have been impacted by the second pandemic wave and some have also faced a personal loss.
- Everyone wants to save up as there could be a medical emergency at any time and finding a bed in any hospital has become very difficult due to poor medical infrastructure.
- Lack of education and awareness about the virus has resulted in many people avoiding to get a test done to detect the virus which is a negative factor as the virus could spread more.
- Movement is limited for essential needs and farming activities.

Overall, the second pandemic wave has impacted rural India significantly. Recovery is expected to be gradual as fear persists amongst people.

- **Passenger Vehicles**

➤ Covid resurgence to moderate industry revival in FY22, still industry expected to cross FY20 levels

	<ul style="list-style-type: none"> <li>- <b>Two Wheelers</b> <ul style="list-style-type: none"> <li>➤ Improvement expected in FY22 on a low base, second wave to put brakes on industry recovery</li> </ul> </li> <li>- <b>Commercial Vehicle and Three-Wheeler</b> <ul style="list-style-type: none"> <li>➤ After 4 years of lower freight demand growth than supply growth, situation to reverse in FY22 as demand grows at double digits</li> <li>➤ Second half of April sees sharp fall in Freight rates as most large states impose movement restrictions and lockdowns</li> <li>➤ After two consecutive sharp declines, CV Industry to see growth in FY22, however first half to be relatively slow due to second wave of COVID</li> <li>➤ Three Wheelers: Revival to be restricted amidst the re-emergence of Covid</li> </ul> </li> <li>- <b>Tractors</b> <ul style="list-style-type: none"> <li>➤ After a sharp pick up in FY21, demand to contract in FY22 amidst the second wave impact on rural economy</li> </ul> </li> </ul> <p>The detailed presentation by CRISIL is attached as <a href="#">Annexure III</a></p>
<p>5.</p>	<p><b><u>Interactive Session with Mr T V Narendran, President Designate, CII and CEO &amp; Managing Director, Tata Steel Limited</u></b></p> <p>President, ACMA welcomed Mr. T V Narendran and congratulated him for his exemplary leadership at ASCON as also for leading well the Vaccination Taskforce at CII. Mr. Jain then invited him to share his perspective with the Executive Committee Members to understand how the industry at large is dealing with the current challenges of the pandemic, especially on the front of availability of raw materials such as steel, oxygen and vaccination among others.</p> <p>Mr. T V Narendran thanked President ACMA for the opportunity and expressed his delight in interacting with the ACMA EC.</p>

Following are the key highlights of the interaction:

- Mr. Narendran started his address by mentioning that the second wave of the Pandemic had caught everybody unawares. Its impact was significant more devastating compared to the first one.
- Rural India had also been adversely impacted by the second wave unlike in the first wave.
- He stressed on the need for preparing better for the future, especially for the imminent third wave.

Mr. Narendran highlighted the following indicators that point to challenges in the economy:

- Drop in fresh Vehicle Registrations
- Domestic Rail and Air passengers have declined due to travel restrictions
- Rise in Unemployment rate
- Muted Bank growth
- Capacity utilization is below 70% causing issues in kickstarting the Investment Cycle.
- Regional Lockdowns affecting supply chains
- Rise in the Medical expenses for the middle-income group
- Scarcity of Healthcare and testing facilities in rural India, adversely impact rural economy.

#### **On Vaccination**

- The initiative is a relief but a lot of work is still required
- 180 million people have been vaccinated out of which 43 million have taken both doses. This will definitely help in softening the impact of a next wave but its high time to formulate a strategy to vaccinate the remaining population at a quicker pace.
- CII has taken up the initiative with the Central and State Governments of getting people vaccinated. In this regard, CII has launched a drive of 'Project Vaccine Nation' where it will map the requirement of vaccine by member companies and be the interface between Vaccine Manufacturers and the



members. An aggregate of 4 million people, from over 100 member companies, have registered with CII for vaccination.

### **On Oxygen Supply**

- The Oxygen supply currently catering the Hospitals is coming directly from Steel Plants.
- The bottleneck was fundamentally about Liquid Oxygen. The production of oxygen is in abundance in the country but only a fraction of this production is liquified, which led to the scarcity.
- Another issue was getting the liquid oxygen to hospitals due to unavailability of Tankers/ logistics issues.
- Typical requirement of Liquid Oxygen in hospitals is around 1,000 Tonnes per day but it went up to 6,000 to 7,000 Tonnes per day.
- Many hospitals are now setting up oxygen plants to ensure supply of piped oxygen as there is scarcity of Oxygen Cylinders.

### **On Steel Prices**

Fundamental issues impacting the Steel Industry

- Last Decade (2000-2010) witnessed dominance of China in manufacturing of Steel while production in Europe and US shrunk. Chinese production and exports peaked in the period.
- However, with consumption of steel peaking in China as growth returns, and with Chinese Government disincentivising exports, the shortage of steel is expected to continue in short to medium term.

Mr. Sunjay J Kapur, Vice President, ACMA thanked Mr. T V Narendran for a very informative and candid interactive session and stated that ACMA looks forward to the continued guidance and support of CII and its leadership.

<p><b>6.</b></p>	<p><b><u>Update on Major Forthcoming Activities – Pillars &amp; Regions</u></b></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 <b>Annexure IV</b></p> <p>President thanked all Pillar and Regional Chairperson for their support and continued momentum on the activities front.</p>
<p><b>7.</b></p>	<p><b>A. Membership Status / New Membership etc.</b></p> <p>The committee approved membership of following companies.</p> <p><b>New Members:</b></p> <p><i>Ordinary Membership:</i></p> <ol style="list-style-type: none"> <li>1. Pioneer Industries, Vadodara, (WR)</li> <li>2. Toughla Automotive Pvt. Ltd., Ghaziabad, (NR)</li> <li>3. Hyco Enterprises, Gurgaon, (NR)</li> </ol> <p><i>Associate Membership:</i></p> <ol style="list-style-type: none"> <li>4. Hi Tech International, Gurgaon, (NR)</li> <li>5. Century Metal Recycling Ltd., Faridabad, (NR)</li> </ol> <p><i>Affiliate Membership:</i></p> <ol style="list-style-type: none"> <li>6. Valliammai Society, Chennai, (SR)</li> </ol> <p><b>Resignations:</b></p> <ol style="list-style-type: none"> <li>1. Nachi Technology India Pvt Ltd. Gurugram, (NR) <i>They don't want to continue with ACMA Membership.</i></li> <li>2. Mukesh Kumar &amp; Sons, Ghaziabad, (NR) <i>They don't want to continue with ACMA Membership.</i></li> </ol>

**Amalgamation / Merger / Removal:**

1. Harita Seating Systems Ltd., has merged with Minda Industries Limited, a member. Hence membership of Harita Seating Systems Ltd. ceases.
2. Grace Infrastructure Pvt. Ltd, has merged with Fastenex Private Limited, a non-member. Hence membership of Grace Infrastructure Pvt. Ltd ceases.

**Transfer of Membership (Southern Region to Northern Region):**

1. JK Fenner India Ltd has requested for change in membership from Southern Region to Northern Region as the company management is based in New Delhi.

With the above additions, deletions and changes, the ACMA Membership stands at **807**.

**B. ACMA Finance – Resolution**

- Appointment of Scrutineers for Election of ACMA Executive Committee for 2021-22

Committee noted that the process for election of members to the Executive Committee for the year 2021-22 was scheduled to commence from 1<sup>st</sup> June by issuing notice to all members inviting nominations. The last date of receiving nominations was mentioned as 15<sup>th</sup> June 2021.

As per the rules governing the election, the committee requires to appoint Scrutineers for the ACMA's Executive Committee Election 2021-22.

The committee consented to appoint M/s K.K. Khanna & Co., Chartered Accountants as Scrutineers for the ACMA's Executive Committee Election 2021-22 and passed the following Resolution was adopted.

***“Resolved that M/S K.K. Khanna & Co., Chartered Accountants, be and is hereby appointed as Scrutineers for the Election of ACMA Executive Committee and Regional Chairmen-2021-22.”***

<b>8.</b>	<p><b>Date of next meeting:</b> President mentioned that the next meeting i.e. the 6<sup>th</sup> &amp; Last Meeting of the Executive Committee 2020-21 is scheduled to be held on Friday, July 16, 2021.</p> <p>He advised the secretariat to communicate the exact details of meeting, in due course.</p>
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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**