

## **REPORT OF THE ACMA EXECUTIVE COMMITTEE TO MEMBERS**

The ACMA Executive Committee is pleased to present its Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2023.

### **FINANCIAL RESULTS**

<b>Particulars</b>	<b>(₹ In Lakh)</b>	
	<b>2022 - 23</b>	<b>2021 - 22</b>
Revenue from Operations and Other Income	4502.87	2549.38
Profit before Depreciation / Appropriation & Tax	1133.72	360.86
Less : Depreciation	107.02	135.62
Less : Amount Transferred to Notified Funds U/s 11(2)	310.00	0.00
Profit before Tax	716.70	225.24
Less : Tax Expenses (Net)	223.09	66.00
Profit after Tax	493.61	159.24
Balance Carried to General Fund	493.61	159.24

### **OPERATIONAL RESULTS**

During the year ended 31<sup>st</sup> March, 2023 Association recorded a turnover of ₹ **4,503 lakh** as against ₹ 2,549 lakh in the corresponding year.

### **THE INDUSTRY BACKDROP**

The Automotive industry in India is at a point of inflection, preparing and transforming itself for the next phase of growth and development. In this transformational journey, ACMA has been playing a pivotal role in supporting its membership across the highly complex yet integrated value chain, to overcome the present difficulties and emerge stronger to cater to the demands of an industry in transition – in terms of meeting its customer expectations, technology adoption, skilling its people and regulatory compliance, among others.

It is pertinent to note that apart from growth in vehicle sales, significant higher value addition from the component sector has led to its noteworthy performance of the Auto Components Sector in FY23. On the front of trade, it is appreciable that there has been steady growth in exports despite recessionary trends in Europe and the US, which are key export destinations for the auto components industry. Strong rebound in vehicle sales in the domestic market also led to sharper rise in imports that has translated into trade deficit this year

Whilst the automotive value-chain faced significant disruptions in wake of the pandemic, vehicle sales, especially in the PV, CV and tractor segments have now reached pre-pandemic levels. Even the two-wheeler industry has recovered well. With significant mitigation in the supply-side issues of availability of semiconductors, input raw-material costs and logistics, the vehicle industry is expected to continue to perform well in FY24, which augurs well for the auto components sector. That apart, exports and growth in domestic aftermarket continue to be robust.

On back of Significant vehicle sales in the country, a robust aftermarket and steady exports, the auto component industry demonstrated its best ever performance in FY23. The component industry sized-up to Rs. 5.60 lakh crore (USD 69.7 billion) registering 32.8% growth, thus outpacing its highest ever turnover of Rs. 4.20 lakh crore in FY21-22. Exports grew by 5.2% to Rs. 1.61 lakh crore (USD 20.1 billion) while imports grew by 10.9% to Rs. 1.63 lakh crore (USD 20.3 billion). The Aftermarket, estimated at Rs. 85,333 crores also witnessed a steady growth of 15%. Component sales to OEMs in the domestic market grew by 39.5% to Rs. 4.76 lakh crore.

Going forward, with a slew of new launches, vehicle sales are expected to gain traction during the festive season. Further, increased focus by the auto industry on deep-localisation and the announcements of the of PLI schemes by the Government on Advanced Chemistry Cell (ACC) Batteries and Auto & Auto Components will facilitate the creation of a state-of-the-art automotive value chain and developing India into an attractive alternative source of high-end auto components. The component industry is also transforming itself as sales of two-wheeler and three-wheeler EVs gain traction. The buoyancy in the market is expected to continue through the year and it is hoped that FY23-24 will witness a healthy performance.

The world is fast moving towards sustainable development driven by the need to reduce carbon footprint as also to meet the challenges of the environment and climate change. The situation in our country is not too different. Like most progressive Governments, our government has also announced the goal of net-zero by 2070; and as responsible stakeholders, the auto and the auto component industry will need to shoulder their responsibility well by transitioning to zero-emission products such as EVs and business

models that are sustainable, aligned to circular economy, and have minimal adverse impact on the environment.

## **KEY ACTIVITIES & INITIATIVES**

With the advent of the pandemic, ACMA transformed itself into a digital organisation. However, as normalcy has returned to business, whilst we have reverting to physical mode, however we continue to leverage the advantages of digital technology for the benefit of our members.

An overall of 244 activities were organised during 2022-23. Highlighted below some of the key activities:

The 62<sup>nd</sup> Annual Session with the theme “Future of Mobility – Transforming to be ahead of the Opportunity” set the tone for ACMA initiatives and activities for the year. The event was a great success and provided a platform for industry leaders to discuss the future of Mobility and to share their thoughts on how the industry can transform to be ahead of the opportunity.

The industry leveraged the market sentiments both at domestic and globally and directed its efforts to enhance sourcing from India. The Government of India also supported the industry initiatives in the area of exports and electric mobility by way of subsidies under its various schemes.

Global markets were targeted for enhancing possible exports and included Turkey, Germany (EU), US, Dubai and Taiwan to name a few. The International Shows saw renewed vigour and interest in the India Pavilion organized by ACMA will good footfalls and new business leads besides strengthening of existing linkages.

Private Tech Shows for leading OEMs in the two-wheeler, passenger vehicles and commercial vehicles, both in traditional and EV space were organized by ACMA through the Regions, thus giving the customers a peek into how the supply chain was transforming itself in tune with the needs of the industry.

Exploring the future mobility space for market access and technologies, ACMA mounted delegations to UK and Israel. Meetings and interactions with various technology institutions and start-ups gave opportunity to members to look for suitable partners.

The ACMA start-up initiative, partnered together with PwC, in its 2nd year saw start-ups in mobility space get exposed to the auto component industry. 14 member companies, who joined this initiative were exposed to over 40 start-ups including 15 international ones from UK, Germany, Taiwan and Israel. Some companies have also advanced to next

level of engagements with the start-ups. This encouraging response would see ACMA roll out the 3rd edition of this edition with added features and customization.

The 16th Auto Expo Components Show held from 12-15 January 2023 in New Delhi was a huge draw. The display of cutting-edge technologies ranging from ICE to Hybrids to EV to Hydrogen, showcased the preparedness of the auto component manufacturers to address the changing landscape of mobility. Sourcing groups of all OEMs, tier-1s and IPOs in addition to various international delegations dotted the event, which was the largest in terms of space booked by the component industry.

ACMA continues to be well engaged with the Automotive Skills Development Council (ASDC) as a member of its governing council to develop and deliver appropriate skill development curriculum to support the changing needs of the industry.

### **GOVERNMENT ADVOCACY, REGULATORY & RESEARCH**

The dynamics of the automotive market in India is undergoing a tremendous change. To support the changing customer needs and to stay relevant, the auto component sector needs to be encouraged with supportive government policies. In this context, we continued our dialogue across various ministries and departments of the Government. This included several rounds of meetings with key Ministers and functionaries at the Ministry of Heavy Industries, Ministry Road Transport & Highways, Ministry of Commerce & Industry, Ministry of Finance, the NITI Aayog and several State Governments.

### **PRESENCE IN MEDIA**

The year also witnessed heightened media presence of ACMA, with several interviews and opinion of ACMA leadership and articles in leading national dailies, electronic channels and trade magazines, carrying the voice of the industry to the government and relevant stakeholders. That apart, social media was also effectively used to redouble and reinforce ACMA's media efforts.

### **NUMBER OF MEETINGS OF THE EXECUTIVE COMMITTEE**

The Executive committee met six times during the financial year i.e on 13<sup>th</sup> May 2022, 15<sup>th</sup> July 2022, 12<sup>th</sup> September 2022, 2<sup>nd</sup> December 2022, 3<sup>rd</sup> February 2023 and 10<sup>th</sup> March 2023.

### **CHANGES IN THE EXECUTIVE COMMITTEE**

Detail in changes in the key management personnel in the Executive Committee are provided in the Annual Report.

Furthermore, it may be noted that the Company being a Section 8 Company under the Act, provisions pertaining to retirement of directors by rotation is not applicable.

ACMA elects, co-opts members of its Executive Committee comprising of President, Vice President and other members every year as per Memorandum & Articles of Association.

## **DEPOSITS**

The company has not accepted any deposits from the public during the year under record.

## **AUDITORS AND AUDITOR'S REPORT**

### **Auditors**

M/s K.K. Khanna & Co. (Firm Registration No.- 002221N) New Delhi, Chartered Accountants, is proposed to be reappointed as the Statutory Auditors of the Association for the ensuing year 2023-24. Necessary consent from the proposed Auditors' confirming their eligibility for appointment as Auditors of the Association has been received from them. A proposal for the same will be placed before the members at the ensuing Annual General Meeting.

### **Auditor's Report**

The Executive Committee has taken note of the Auditor's Report.

The qualifications made by the Auditors in their report are noted by ACMA's Executive Committee and shall take the requisite steps to set them right in due course.

## **EXTRACT OF ANNUAL REPORT**

In accordance with the provisions of the Companies Act, 2013, the extract of Annual Return in Form MGT-9 is enclosed as **Annexure - A** and forms part of this report.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY AND INITIATIVE**

Association believes that corporate social responsibility programs reflect the human side of corporates, and the management's personal commitments to contribute to the community and society of which they are a part. A well-managed CSR program creates social and environmental value, while supporting a company's key stakeholders.

Association's Corporate Social Responsibility (CSR) programs has been planned with focused approach of building skilled manpower for the industry. The Association's focus area is largely covered under Schedule VII of the Companies Act, 2013.

In F.Y. 2022-23, ACMA is not qualify for CSR under the Companies Act, 2013 as the Association is not satisfying any of the following criteria during the immediately preceding financial year is required to comply with CSR provisions specified under section 135(1) of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 made thereunder:

- (i) net worth of rupees five hundred crore or more, or
- (ii) turnover of rupees one thousand crore or more, or
- (iii) net profit of rupees five crore or more.

In F.Y. 2022-23, ACMA's net profit stood at ₹7.16 crore.

The Association has constituted a CSR committee of the Board and also developed & implemented a CSR Policy in accordance with the provisions of Companies Act, 2013. The Committee monitors and oversees various CSR initiatives and activities of the Association. A detailed Report on Corporate Social Responsibility is annexed herewith as **Annexure-B**.

## **EXECUTIVE COMMITTEE'S RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Act, the Executive Committee, to the best of its knowledge and ability, confirm that:

- i. in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Association at the end of the financial year and of the profit of the Association for that period;
- iii. they have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Association and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;

- v. they have laid down internal financial controls to be followed by the Association and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **INTERNAL FINANCIAL CONTROL**

The Executive Committee has adopted the policies and procedures for ensuring the orderly and efficient conduct of its activities, including adherence to the Association's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

### **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The Association has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace and has in place an Internal Complaint Committee to redress the complaints and circumstances regarding the behaviour of sexual harassment at workplace. The Policy for the same is placed on the internet for the benefit of its employees. There were no complaints received from any employee during the year under review.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company is conscious of the imperative to protect the environment and the natural resources for achieving sustainable economic growth and have started several initiatives in this regard such as conservation of energy and water and eco-friendly waste management system. In view of the nature of activities of the Company, disclosure relating to technology absorption is not applicable.

The disclosure of foreign exchange earnings and outgo, in terms of provisions of Section 134(3)(m) read with Rule 8 of the Companies (Accounts) Rules, 2014 are given hereunder:

**Foreign Exchange earnings and outgo**

	(₹ in Lakh)	
<b>Foreign Exchange</b>	<b>2022-23</b>	<b>2021-22</b>
Earnings	7.33	7.33
Outgo	1.92	1.92

**ACKNOWLEDGEMENTS**

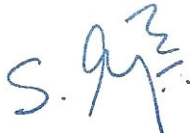
We, sincerely acknowledge the support of the Governments at the Centre and States, who have been extremely receptive to ACMA's suggestions and inputs. We are grateful to the Ministry of Heavy Industries, our nodal ministry, for its unstinted support and guidance. This would be also be the opportune time to place on record our appreciation for the support extended to us by CII, SIAM, IMTMA and other industry bodies.

In conclusion, while the year gone by has been challenging, however it was replete with opportunities as the industry made a strong comeback.

At ACMA, we will continue to strive to service our members with aplomb and adapt to their changing needs. We place on record our sincere appreciation for guidance and encouragement by the ACMA Past Presidents and my colleagues at the ACMA Executive Committee. To all the members and stakeholders including the government, we would like to extend our gratitude for their support.

Last but not least, we thank the ACMA secretariat for their tireless efforts in working for the cause of the industry.

**By order of the Executive Committee**



**Sunjay Kapur**  
**DIN: 000145529**