



Automotive Component Manufacturers Association of India

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

Friday, March 8, 2024

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

Ms. Shradha Suri Marwah, President, ACMA welcomed all members to the 4th ACMA Executive Committee meeting for the year 2023-24.

President then apprised the Committee about the discussions in the Steering Committee Meeting held prior to the EC meeting.

1. **ACMA Finances:** President mentioned that ACMA revenue continued to be healthy on the back of several domestic and international activities. The expenditure was also well within the budgetary limits. Further, the collection on the outstanding front, both for membership fees and events remained satisfactory.
2. **Bharat Mobility Global Expo 2025 - Components:** President briefed the EC that considering the huge success of Bharat Mobility Global Expo 2024, the Govt of India would like to organise the show annually and in accordance, it has been decided that the Motor show will be held in Pragati Maidan, New Delhi while the components display would be held at the Yashobhoomi, Dwarka, New Delhi.

Reflecting the transformation in the industry, the Steering Committee proposed that ACMA plans and executes Bharat Mobility Global Expo – Components as also manages the books of accounts. The profit of the event would continue to be shared amongst ACMA, CII and SIAM as per the agreement signed in 2013-14. Earlier the books of accounts of the event were managed by CII.

3. Formation of New Entity to cater to Non-Members and larger activities:

President briefed the EC that as per directions of the committee in the meeting held on 20th July, 2023, ACMA has started to file its Income Tax Return as a Charitable Organisation and has stopped dealing with Non-Members.

However, the current status of ACMA as a charitable organization restricts ACMA to extend its paid services to Non-ACMA Members. ACMA is facing hardship as earlier several Non-ACMA Members used to participate in Domestic and Overseas Exhibitions/Events as also in Cluster programs.

ACMA has therefore sought legal opinions from its Statutory Auditor M/s KK Khanna & Co. as well as from M/s Vaish Associates, a reputed law firm, on how ACMA could deal with non-members.

Whilst the final opinion of both the above were awaited, both had indicated that formation of a separate/new legal entity could be a feasible solution.

The Steering Committee gave its consent and authorised President, Vice President and DG ACMA, under the guidance of Chairman, Finance Committee to take appropriate decision/action based on the counsel of ACMA's Statutory Auditor and M/s Vaish Associates.

President ACMA, thereafter congratulated Mr Vikrampati Singhania, Vice President and Chairperson of ACMA Pillar-III, Mr Sunil Arora, Co-Chairperson of ACMA Pillar-III and the ACMA secretariat for a highly successful 58th ACMA Excellence Awards and 9th Technology Summit which witnessed the highest ever participation of 725 delegates. This edition of ACMA Awards received 340 applications, the highest ever, of which 112 were awarded. That apart 37 ACMA Cluster star performers were recognised while HR Awards were bestowed upon 4 companies. Several veterans from the Government and the OEMs such as MSIL, TVS Motors, BMW Motorrad, M&M, Cummins, HMSI to name a few, addressed the audience.

The formal agenda was subsequently taken up for discussion

Sl. No.	Agenda Item
1.	<p data-bbox="380 235 1268 268"><u>Minutes and Matters: Confirmation of last EC Meeting Minutes</u></p> <p data-bbox="380 338 1328 422">The ACMA Executive Committee unanimously approved the minutes of the last meeting of the Executive Committee held on January 24, 2024.</p>
2.	<p data-bbox="380 543 1344 632"><u>ICRA's Outlook on Auto & Auto Components Industry' Presentation by ICRA</u></p> <p data-bbox="380 699 1320 888">To make presentation on the Outlook on Auto & Auto Components Industry, President, ACMA invited and welcomed members from ICRA, Mr. Shamsheer Dewan, Senior Vice-President and Group Head & Ms. Vinutaa S, Vice-President and Sector Head.</p> <p data-bbox="380 957 1073 991">The key points covered in the presentation included:</p> <p data-bbox="380 1060 662 1094"><u>Macro Environment</u></p> <ul data-bbox="427 1165 1300 1308" style="list-style-type: none"> • GDP growth projected at 7.5% in FY2024 and 6.4% in FY2025 • Tepid rural demand likely to spill over into early-FY2025 • CPI inflation to soften but persist above MPC's 4.0% target <p data-bbox="380 1375 1044 1409"><u>Indian Automobile Industry – Demand Outlook</u></p> <ul data-bbox="410 1480 1179 1881" style="list-style-type: none"> - Passenger Vehicle <ul style="list-style-type: none"> • Alternate powertrain contribution gradually increasing • Inventory levels across dealerships at all-time high • Luxury car segment poised for robust growth • Key demand drivers remain favourable - Two-Wheelers <ul style="list-style-type: none"> • Significant rise in cost of ownership constrained demand

- Premiumisation trend gathering pace
- Moderate penetration provides scope for growth
- Gradual recovery to pre-pandemic high to continue

- **Commercial Vehicle**

- Replacement demand to support M&HCV sales
- Increasing preference for heavier trucks
- Road construction progress remains healthy
- Delinquency trends steady
- Key demand drivers continue to be supportive
- Sales exposed to impact of model code of conduct

Alternate Fuel Technologies And Electric Vehicles

- Multiple alternate powertrain options available for lowering emission
- Confluence of factors to support EV adoption over the medium term
- Penetration across segments to increase exponentially
- Electric Vehicle I Profitability for EV OEMs expected to take time
- CNG vehicles will continue to gain traction
- Meaningful adoption of flex fuel vehicles still some time away
- Hydrogen fuel adoption is still at a nascent stage

Indian Auto Component Industry

- **Demand for Auto Components from Exports and Replacements**

- Europe vehicle registrations expected to report muted growth in CY2024
- Weak consumer sentiments remain a headwind in the US as well
- Several factors to drive growth for Indian auto component exports

	<ul style="list-style-type: none"> • Multiple favourable factors point to healthy replacement demand • Moderate revenue growth expectations for FY2025 • Emerging trends to drive growth for ancillaries over the medium term <p>- Opportunities for Auto Component Industry from Electrification</p> <ul style="list-style-type: none"> • Only 30-40% of the EV supply chain is currently localised • Several factors to aid increase in revenues from EV components • E-2W and e-PV components to lead electrification for ancillaries • Alternative revenue streams to compensate for the potential revenue loss <p>The detailed presentation by ICRA is given at Annexure II.</p>
<p>3.</p>	<p><u>Update on Major Forthcoming Activities – Pillars & Regions</u></p> <p>To make a brief presentation on forthcoming key activities, President then invited each Pillar Chairperson and the Regional Chairperson.</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>4.</p>	<p><u>A. Membership Status / New Membership etc.</u></p> <p>The committee approved membership of the following companies.</p> <p>New Members:</p> <p>28 Members were added:</p> <p><i>Ordinary Membership:</i></p>

1. Steel Strips Wheels Limited, Chandigarh (NR)
2. Karan Motors Private Limited, Bhiwadi (NR)
3. P.A.R.K Industries Private Limited, Gurugram (NR)
4. MT Autocraft, Parwanoo (NR)
5. Northstar Autocomp Private Limited, Ludhiana (NR)
6. Fine Turn, Faridabad (NR)
7. Prius Auto Industries, Sonipat (NR)
8. Naresh Rubber Udyog, Faridabad (NR)
9. Geara International, Agra (NR) *
10. Bar International, Haryana (NR)
11. Balaji Springs Private Limited, Uttar Pradesh (NR)
12. Aeroflex Sealing Material Manufacturing Co., Delhi (NR)
13. Panasonic Life Solutions India Private Limited, Haryana (NR)
14. Roko Linings (India) Private Limited, Delhi (NR)
15. DPS Bearings Private Limited, Gandhinagar (WR) *
16. Masstrans Technologies Private Limited, Pune (WR)
17. Technovision Auto Components Private Limited, Jaysingpur, (WR)
18. PTI Engineering Technologies Private Limited, Mumbai (WR)
19. Godi India Private Limited, Hyderabad (SR)

Associate Membership:

20. Naresh Industries, Punjab (NR)
21. Uniparts India Limited, Noida (NR)
22. Graziano Trasmissioni India Private Limited, Greater Noida (NR)
23. Pravat Fabricators Private Limited, Jamshedpur, (ER)
24. Fitwel Tools & Forgings Private Limited, Tumakuru (SR)
25. Narasipur Auto Components Private Limited, Karnataka (SR)
26. Futuresense Ventures Private Limited, Surat (WR)
27. Trinity India Forgetech Private Limited, Maharashtra (W)
28. Tech Powertrain, Ahmedabad (WR)

Removals:

- EC consented to removal of 9 Members:

1. Shekhar Brothers

(limited participation in ACMA activities)

2. Agrasen Engineering Industries Pvt Ltd

(Not Interested in renewing ACMA Membership)

3. S.G. Industries

(Not Interested in ACMA Services)

4. Roop Koepp Foam Technologies Pvt Ltd

(Not Interested in ACMA Services)

5. Hindustan Engineering Training Centre (SR)

(Not Interested in ACMA Services)

6. JJG Machining Pvt Ltd. (SR)

(Not Interested in ACMA Services)

7. Johnson Electric Private Limited (SR)

(Not Interested in ACMA Services)

8. KLN Engineering Products Pvt Ltd (SR)

(Not Interested in ACMA Services)

9. Protectron Electromech Pvt. Ltd. (SR)

(Not Interested in ACMA Services)

With the above additions and deletions, the ACMA Membership stands at **908**.

5. **Interactive Session with Mr. Ram Kuppuswamy, Chief Procurement Officer and Head Transformation – Strategic Sourcing & Supply Chain Management, Hero Motocorp**

President, ACMA welcomed Mr. Ram Kuppuswamy to the interaction with ACMA EC. She requested Mr. Kuppuswamy to share his insights on the dynamics of the two-Wheeler industry in India and how he sees the industry performing in short to medium term future, with focus on Hero MotoCorp. She requested him to also share his perspective on any challenges that are foreseen which in the industry needed to safe guard against. Last but not the least, what are his expectations from the components sector as the two-wheeler industry is fast transforming itself.

Mr. Ram Kuppuswamy expressed his gratitude for President ACMA for the opportunity and expressed his delight at interacting with the ACMA EC.

Following are the salient points of Mr Ram Kuppuswamy's address:

- Mr. Kuppuswamy thanked the ACMA Executive Committee for having invited him and placed on records his appreciation for the support extended by the ACMA members to Hero MotoCorp.
- He mentioned that Hero MotoCorp has been built on partnerships and continues to build on newer partnerships while strengthening the existing ones. Partnerships are critical for a company's survival and creating a strong legacy.
- HMCL primarily being a Motorcycle Company produces both Motorcycles and Scooters.
- Hero Motorcorp aims to become a global company and has a strong presence worldwide in close to 50 Countries.
- The company boasts a total of 8 manufacturing facilities of which 6 are in India and 2 overseas (Bangladesh & Colombia).

- In terms of sales this fiscal, the company has surpassed its sales figures from last fiscal, however it aims to beat the figures of Pre-Covid era soon.
- In tune with the customer demand and product preferences, Hero Motorcorp has been transforming itself and is primarily focussing on three domains in its quest to maintain its leadership position:

1. Growing the Core

(Commuter Motorcycles & Scooters)

Doing exceptionally well in the segment, having more the 50% of the overall market. This portfolio includes products in 100cc & 110cc motorcycles & scooters. (HF, Splendor & Passion). HMC aims to cater to households that still lack a form of commute by offering more economical and value for money products through easy retail finance.

2. Winning in Premium

(Harley X440, Maverick 440, Xpulse, Xtreme & the Karizma)

HMC admits that this is an area which is untapped by them as an OEM but now are aiming to venture into it through concerted efforts. The company has plans to cater to such customers differently through newer and premium dealerships.

3. Establish Leadership in EV Space

(Largest Shareholder in Ather, VIDA sub brand of Hero)

Hero has invested significantly in the last two years in the EV segment, by ramping up distribution from 150 to 1,000 across India especially in smaller towns and cities. Hero aims to be among the top three OEMs in the near future in EV.

- Mr. Kuppuswamy stated that he is very bullish on the market in India especially in light of the sales volumes HMC has achieved in the past 12 months.
- He also applauded the Govt. for its focus on infrastructure development across the country which is facilitating consumption of

vehicles. Further, considering this is an election year, there is a likelihood of positive impact on sales of two-wheelers.

- In terms of opportunities, the following trends in the industry lend themselves to opportunities that could be explored by auto components manufacturers:
 - *Technology*: Pervasiveness of technology is a key product differentiator today. Be it connectivity, or entertainment or navigation or AI solutions among others that is creating value of the customer.
 - *Hybrid supply-chain*: post pandemic, to risk mitigate, manufacturers are shifting from globalisation to localisation. This is opening doors for newer opportunities for suppliers.
 - *Hyper-scalar*: With vehicular connectivity and AI, a significant amount of data on consumer behaviour will be created leading to opportunities for data analytics and hyper-scalars
 - *App*: With commoditisation of hardware and software, the IP will eventually be relegated to apps with consumer facing controls.

- Lastly, Mr. Kuppuswamy consented to the request of Mr Vivek Jindal, Chairperson ACMA Northern Region of hosting a visit of ACMA CEOs delegation to the Hero Garden Factory at Neemrana. Mr. Kuppuswamy said he would be glad to welcome the ACMA delegation and that his team would offer full support to make the visit beneficial.

Mr Vinnie Mehta, Director General, ACMA thanked Mr. Ram Kuppuswamy for joining the ACMA EC Meeting and for sharing his thoughts which were very refreshing. He assured Mr. Kuppuswamy that ACMA would seriously reflect on the direction given by him to the industry and would focus on opportunities that he had delineated in his talk.

The interaction ended with a round of applause for Mr. Ram Kuppuswamy.

6.	<p><u>Date of next meeting:</u></p> <p>President requested EC members to block their diary for Friday, May 17, 2024 as the date for 5th Meeting of the ACMA Executive Committee for 2023-24. The Location for the EC Meeting is under deliberation and would be shared with the members in advance.</p> <p>President advised the secretariat to communicate the exact details of meeting, in due course.</p> <p>The meeting ended with a Vote of Thanks to the Chair.</p>
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There being no other matter, the Director General, ACMA called the meeting to a close.

Shradha S Marwah
President

Vinnie Mehta
Director General