



Automotive Component Manufacturers Association of India

Minutes of 2nd Meeting of ACMA Executive Committee (Virtual)

November 12, 2021

List of members present at the meeting as also attendance at Executive Committee Meetings held so far is given at **Annexure I**.

Mr Sunjay J Kapur, President, ACMA welcomed all Past Presidents and members to the 2nd ACMA Executive Committee for year 2021-22.

The formal agenda was thereafter taken up for discussion.

SI. No.	Agenda Item
1.	<p><u>Minutes and Matters: Confirmation of last EC Meeting Minutes</u></p> <p>The ACMA Executive Committee unanimously approved the minutes of the last meeting of the Executive Committee held on August 27, 2021.</p>
2.	<p><u>Welcome Remarks by President, ACMA</u></p> <p>Mr. Kapur, at the outset, on behalf of ACMA and the entire Auto Component fraternity congratulated both Mr. Anand Mahindra, Chairman, Mahindra Group and Mr. Venu Srinivasan, Chairman TVS Motor Company on being conferred the prestigious Padma Bhushan. President, ACMA mention the award was not only a recognition of their unparalleled service but also a recognition by the Government of the contribution of the Automotive sector to our economy. He wished both the gentlemen great success and many more such accolades.</p>

The entire ACMA Executive Committee passed a motion with a round of applause, congratulating Mr. Anand Mahindra, Chairman, Mahindra Group and Mr. Venu Srinivasan, Chairman TVS for this distinguished achievement.

Thereafter, President ACMA mentioned that a detailed list of 104 Advanced Technologies, categorised under 24 functions, to be incentivised under the Auto & Auto Components PLI was announced by the Government of India on November 10, 2021. He added that it was a challenging task to consolidate such a list, as both SIAM and ACMA had received recommendations for over 300 technologies each, by their respective members. Mr. Kapur thanked the Ministry of Heavy Industries, ARAI, iCAT, IFCI and the secretariats of ACMA and SIAM for working under the guidance of Dr Pawan Goenka to consolidate those inputs.

Prior to taking up the formal agenda President ACMA mentioned that he intends to continue to serve the ACMA membership on the ethos of RICES - Responsive, Inclusive, Communicating, Engaging, Stable & Sustainable, which were instituted by the Immediate Past President, Mr. Deepak Jain.

Mr. Kapur also expressed desire to conduct another workshop with all EC members to elicit their inputs and feedback so that ACMA could better its services to its members.

Mr. Kapur then briefed the members about the discussions / decisions taken in the STC meeting held prior to the EC meeting.

He highlighted the following:

- Despite challenges on the front of organizing events and activities due to the pandemic, ACMA had been able to achieve 54% of its targeted revenue for H1 FY22 and that the expenditure had also been controlled well to 51% of the budget.
- To support the organization on the revenue front, the Steering committee had sought proposals from the secretariat on:

	<ul style="list-style-type: none"> ○ Revising the membership fee, as it has not been done so since 2004. ○ ‘One time sponsorship fee option’ for members for the entire year. Companies that opt for it would not be approached again for sponsorship during the particular year. ○ Sponsorship options for ACMA Centre of Excellence Labs. ○ Organising Virtual Auto Expo considering Auto Expo 2022 has been cancelled. ○ Monetisation of ACMA Webinar recordings.
<p>3.</p>	<p><u>State of Industry</u></p> <p><u>EC Member’s Poll:</u></p> <p>A short online Poll of the EC members was conducted to gauge the industry’s mood as also its readiness for next generation mobility.</p> <p>The findings of the survey indicate optimism and strong belief in growth prospects of the economy and the automotive industry, in particular. Majority of the members indicated that they are considering investments/expansion and that they are ready to be part of the e-mobility value chain.</p> <p>The detailed results of Poll are captured in Annexure II</p> <p><u>State of Industry - Presentation by CRISIL</u></p> <p>To make presentation on State of Industry, President ACMA invited and welcomed Mr. Hemal Thakkar, Director, CRISIL and his team.</p>

The key points observed are as under:

Economic Overview

- CRISIL estimates FY22 real GDP growth at 9.5%.
- Overall mobility is improving month on month gradually
- Vaccination: the need for speed

Mobility Trends

- Overall mobility improving month on month gradually
- Power consumption poses flattish growth in Sep 2021; East and West region performs better than other regions in Apr–Sep FY22 period
- Intra state e-waybill trend & Inter state e-way bill trend show promise
- Debt to GDP ratio considerably below past highs in case of centre, while on slightly higher side in case of states
- Macroeconomic outlook - stable
- Future expectation index returned to optimistic territory

Rural Scenario

- Continued government support to keep rural demand resilient in FY22
- Positive outlook for kharif season and better cash flow in the market to aid Agri sector

Indian Automobile Industry

Assumptions

- Infrastructure activities to continue with its pace and improve gradually

- Normal and well distributed monsoon in 2021
- Crude oil prices are expected to average USD 65-70 per barrel in CY 2021. Retail fuel prices to remain above Rs.100, expected to constraint demand.
- Rising commodity prices to remain a key monitorable. Further hike in vehicle prices possible.
- Financing scenario to remain accommodative; barring MSME and commercial segment
- Model launches like XUV 700, Celerio facelift to have considerable impact, Tata Punch expected to create healthy traction.
- PV industry continues to grapple for stock

Passenger Vehicles

- Strong booking pipeline, new launches, continued need for personal vehicles to support industry revival in FY22
- SUV segment further expands its presence in Q2 FY22
- Move towards alternative fuel due to higher fuel prices; low interest rates have augured well for the industry
- LTV to reach pre Covid levels in fiscal 2022
- Some improvement in retail during Q2
- Utilization to improve in FY22, to remain a little shy of FY20 levels
- Production witnessed growth in Q2 FY 2022

PV Exports

- UVs continue their forward march, Maruti expands its presence further

Two Wheelers

- Gradual improvement expected in two-wheeler industry
- South West Monsoon is likely to be normal in fiscal 2022
- Improvement in economic conditions to support disbursements in two-wheeler auto finance segment
- Rising fuel prices continue to impact already sluggish two-wheeler sales
- Two-wheeler wholesale volumes show a decline in growth on year in August 2021
- Utilisation to improve in FY22, to reach little shy of FY20 levels
- Production revived post second Covid wave, y-o-y decline for motorcycles in Q2

Two Wheelers Exports

- Scooters regain some ground in Q2 FY22

Commercial Vehicles

- Freight and diesel on a continuous improvement
- Despite late pick-up in rains, agricultural GDP to grow 3% in the current fiscal
- Intra state and Interstate E-waybill trend - promising
- Future expectation index returned to optimistic territory
- PMAY(Urban): After a sluggish FY20 and a slow start to FY21, PMAY(U) gathering momentum as we head into FY22, however Q2 pace seems concerning
- PMAY-G: Construction pace seeing improvement sequentially after seeing a lull in FY20 and H1FY21
- After a record spending in FY21, MNREGA scheme expenditure tapering down in FY22

- State government borrowings similar to last year as partial lockdowns hurt state revenues
- Demand witness optical growth in first half; real rebound expected in second half of fiscal 2022
- Covid 19 shifts education sector online; gradual shift to offline modes started in few States; school bus demand might come in fiscal 2023
- Higher education in India characterised by poor but improving GERs, bus demand likely to materialize in Q4 FY22
- Employee base to expand in current fiscal, non-linearity to limit medium term employee additions; salary growth to be slightly better in fiscal 2022.
- While railways was losing share to road and air based modes earlier, with the advent of COVID-19 passenger movement across modes to suffer
- Domestic traffic in fiscal 2022 seen returning to fiscal 2015-16 levels
- Train & bus travel remains range bound; lately air travel has seen a slight pickup
- Capacity utilisation dropped in FY21, some improvement expected in FY22
- Cautious lending by banks; more focus on collections
- Retail & offtake showing recovery on sequential basis
- Production of MHCVs fared better than LCVs in Q2 FY22
- Bus demand is still subdued
- Share of LCV cargo on an uptrend

Commercial Vehicles Exports

- MHCV regain some ground in Q2 FY22

Three Wheelers

- Some recovery expected in disbursement during FY22, LTV to remain range bound
- Three-wheeler industry loses its growth tempo in Q1 FY22

Three Wheelers Export

- Cargo segment gains some share, Bajaj expands its lead further in Q2 FY22

Tractors

- Tractor industry to grow further in FY22, even from the high base of FY21
- South West Monsoon is likely to be normal in fiscal 2022
- Favourable crop mix to aid farm profitability in FY22
- Despite uneven spread, there is no indication of a major let down in Agri GVA this season
- Interest rates remains reduced. Credit availability and affordable rates of finance is further aiding tractor demand
- Irrigation investments expected to get back to Pre-Covid levels in FY22
- Capacity utilization is expected to stabilize
- Implementation of Trem IV norms in Oct 2021
- Production levels are high as the demand continues

Tractors Exports

- Growth in exports expected to continue in FY22

	<p>Auto Components</p> <ul style="list-style-type: none"> • Auto components demand expected to recover as demand from OEM, exports and replacement increase • Exports to revive in FY22 on the back of recovery in global automotive market and increase in realisations • Auto component imports to bounce back in FY22 with improving domestic production • Second wave drags down revenue levels in Q1FY22, margins saw significant contraction <p>The detailed presentation by CRISIL is attached as Annexure III</p>
<p>4.</p>	<p><u>Interactive Session with Mr. Rajeev Chaba, President & MD, MG Motor India</u></p> <p>President, ACMA welcomed Mr. Rajeev Chaba, and complimented him for his leadership in propelling MG Motors to be a leader in EV segment (PV) in India. He requested Mr. Chaba to share his insights with the Executive Committee Members on emerging opportunities in electric mobility and the future plans of MG Motors in India.</p> <p>Mr. Rajeev Chaba thanked President ACMA for the opportunity and expressed his delight in interacting with the ACMA EC.</p> <p>Following are the key highlights of the interaction:</p> <ul style="list-style-type: none"> • Mr Chaba shared that Howard University had conducted a study with 1000+ companies across industries to understand the Mantra of Success. The study indicated that <ul style="list-style-type: none"> - A company cannot fight its competitors on the basis of cost alone, it has to focus on product differentiation to create a niche for itself

- A company needs to also focus on growth rather than optimising its resources by cost cutting.

He attributed the success of MG Motors in India to the above two.

- Mr. Chaba stated that EVs are integral to Indian Government's strategy to tackle climate change. It is in this context that regulatory norms in India are becoming progressively stringent.
- He mentioned that the consumer today is significantly positive towards considering purchase of an electric vehicle.
- Two years back the entire EV (PV) industry had sold 2,000 vehicles while this year the MG Motors EV car variant 'ZS' had alone crossed 2000 booking in its very first month.
- He mentioned that the EV industry would reach a point of inflection when the vehicles would be priced below Rs.10 Lakhs.
- Further, the transition to EVs will get a big boost should some of the key PV OEMs also announce their plans for EVs.
- That apart, creation of a ubiquitous charging infrastructure, issues of life of battery and its secondary usage, challenges of battery disposal among others need to be addressed for supporting faster adoption of EVs in India.
- Speaking on the shortage of semi-conductor chips, Mr. Chaba opined that the industry has seen its worst and in the coming 6 to 12 months, the situation will stabilise.

Ms. Shradha Suri Marwah, Vice President, ACMA copiously thanked Mr. Rajeev Chaba for joining the ACMA EC and sharing his insights on

	<p>the dynamics of the EV industry in India. She requested him to consider donating an EV to the ACMA Centre of Excellence for purposes of training industry personnel in the domain of electric mobility, to which he readily agreed. She also requested Mr Chaba to allow ACMA to organise a Tech-show with MG Motors for the benefit of ACMA members.</p> <p>The interaction ended with a round of applause by the EC members.</p>
<p>5.</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 IV</p> <p>President thanked all Pillar and Regional Chairperson for their support and continued momentum on the activities front.</p>
<p>6.</p>	<p><u>Membership Status / New Membership etc.</u></p> <p>The committee approved membership of the following companies.</p> <p>New Members:</p> <p>Ordinary Membership:</p> <ol style="list-style-type: none"> 1. Marelli Motherson Automotive Lighting India Private Limited, Pune, (WR) 2. S. K. Industries, Gwalior, (WR) 3. Talco India, Nashik, (WR) 4. Samonia Autocomp Pvt. Ltd., Pune, (WR)

	<p>5. Ultra Wiring Connectivity System Limited, Faridabad, (NR) 6. Marelli Talbros Chassis Systems Pvt. Ltd., Faridabad, (NR) 7. The Premier Auto Corporation, Bhiwadi, (NR)</p> <p>Associate Membership:</p> <p>8. Synthesis Winding Technologies Pvt. Ltd., Bengaluru, (SR) Associate Membership: (Start-up Category)</p> <p>9. Jidoka Technologies Private Limited, Chennai, (SR)</p> <p>Resignations:</p> <p>1. Koyo Bearings India Pvt. Ltd., Gurgaon, (NR) <i>Company has merged with another company which is already a member of ACMA. Hence membership of Koyo Bearings India Pvt. Ltd. ceases.</i></p> <p>With the above additions and deletions, the ACMA Membership stands at 772.</p>
<p>7.</p>	<p><u>Date of next meeting:</u></p> <p>President requested EC members to block their diary for Friday, January 21, 2022 for 3rd Meeting of the Executive Committee for 2021-22.</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.

Sunjay J Kapur
President

Vinnie Mehta
Director General