



Automotive Component Manufacturers Association of India

Minutes of 3rd Meeting of ACMA Executive Committee

January 20, 2020; Pune

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

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

President ACMA extended a hearty welcome to Mr. Rattan Kapur, Past President, ACMA for joining the meeting.

Mr Jain then commenced the meeting.

The formal agenda was thereafter taken up for discussion.

No.	Agenda Item	Action Point
1.	<u>Confirmation of last EC Meeting Minutes</u> Committee approved the minutes of the last meeting of the Executive Committee held on November 14, 2019 at Bangalore.	
2.	<u>RICE action Plan</u> (Responsive, Inclusive, Communicative & Engaging) Mr. Vinnie Mehta, Director General, ACMA briefed the committee on the key challenges that needed to be addressed in the short, medium and long term which were identified in the workshop conducted for the EC members in the previous meeting. i) Key Challenges <ul style="list-style-type: none">• Building a Credible Industry / ACMA Image• Proactive Government Engagement• Skilling / HR	

	<ul style="list-style-type: none"> • Industry / Market Issues <p>ii) Key Inputs for Short Term (100 Days)</p> <ul style="list-style-type: none"> • Focus on ACMA Brand Building & External Communication • Digital ACMA: Better Membership Connect / Communication • Uberise resources with members • Structured Communication with Raw Material Suppliers <p>iii) Key Inputs for Medium Term (1-2 Years)</p> <ul style="list-style-type: none"> • ACMA / Industry Brand Building • Industry Competitiveness / Roadmap • Membership Engagement <p>Action has been initiated by the various Pillars to address the challenges. The detailed presentation along with action plan is attached as Annexure-II</p>	
<p>3.</p>	<p><u>A. Profile of ACMA Membership</u></p> <p>To make a presentation on the Profile of ACMA Membership, ACMA Executive Committee welcomed team from Market Xcel.</p> <p>The objective of the study:</p> <ul style="list-style-type: none"> • Undertake financial analysis of member companies. • Benchmark performance of each product segment with overall industry. • Measure turnover and profitability performance. • Understand financial position of member companies grouped under various head such as by size, by line of business etc. • Compare the financial performance of different companies over a span of four years (FY 2015 to 2018) • Benchmark performance of each product segment with overall industry. 	

Out of 782 'ordinary' ACMA members, data for 698 could be profiled. The rest had not filed their financial results with the Department of Company Affairs.

The detailed presentation along with analysis is attached as [Annexure-III](#).

B. State of Industry:

To make a presentation on the vehicle industry trends and quarterly projections, ACMA Executive Committee welcomed Mr. Hemal Thakkar, Associate Director, CRISIL.

The key trends observed in various vehicle segments are as under:

Two Wheelers:

- Near term drivers not looking optimistic in FY20.
- Cost of acquisition impacting customer purchase decisions.
- LTV (Loan to Value) to improve amidst heavy competition for market share, NBFC's to provide financing penetration.
- Rising insurance costs, fuel prices along with liquidity crunch affected financing growth in fiscal 2019.
- Regulation timeline and Price Impact.
- Utilisation rates to decline in next two fiscals in comparison to FY19.
- Two-Wheeler Exports:
 - Asia 42%
 - Africa 27%
 - Latin America 15%
 - North America 9%
 - European Union 5%
 - Middle East 3%
 - Oceanic 0.4%
- Scooter sales help HMSI / TVS gain market share.

Passenger Cars:

- Near term drivers not looking optimistic in FY20.
- Cost of acquisition impacting customer purchase decisions.
- Industry to witness more UV launches.
- Better income prospects and paced road development expected to help better demand.

- Interest Rates decrease by 10-12 bps in Q2, Loan-to-value to remain stable in fiscal 2020.
- Regulations on Safety & Emission norms to bring India at par with developed economies.
- Industry Utilisation rates to decline in fiscals 2020
- Passenger Vehicle Exports:
 - Latin America 30%
 - North America 22%
 - Africa 17%
 - Middle East 12%
 - European Union 12%
 - Asia 6%
 - Oceanic 1%
- Newer geographies and increasing traction of models to lead to growth of exports in FY 20.
- Slowdown in retail sales impacting wholesome volumes.

Commercial Vehicles:

- Demand to remain muted across CV segments in FY20.
- Freight rates declined post uptick in festival season.
- Regulations shaping commercial vehicle industry in India.
- Lower LTVs to transporters and higher interest rates reducing finance availability for SFOs.
- Capacity Utilization on a downward trend.
- Commercial Vehicle Exports:
 - Asia 65%
 - Africa 19%
 - Middle East 8%
 - South America 6%
 - Europe 4%
 - Others 1%
- Wholesale in sync with retail sale.

Tractors:

- Tractor sales to decline in fiscal 2020 after three years of strong growth amid high inventory and low demand.
- Increasing cost of fund for financing companies to hamper demand for tractors in FY20.
- Irrigation investments to increase at a rate of 5-7% in FY 21 aiding higher HP Tractor sales.
- Segment wise tractor sales show a shift towards higher horsepower.

	<ul style="list-style-type: none"> • Utilisation to fall in fiscal 2020 before improving in fiscal 2021. • Tractor Exports: <ul style="list-style-type: none"> - Asia 30% - Africa 27% - North America 25% - European Union 15% - Latin America 3% • Regulatory norms in Europe and slowdown in demand sentiments in African countries is leading to decline in exports in 2020. • Trem IV norms applicable only on 50 HP & above. <p>Three Wheelers:</p> <ul style="list-style-type: none"> • PFCE grew at a slower pace compared to last two fiscals • Deepening NBFC penetration into rural markets to drive three-wheeler financing growth. • Financing penetration to increase marginally on increasing rural penetration of NBFCs. • Retail in sync with off take. • Three-Wheeler Exports: <ul style="list-style-type: none"> - Africa 54% - Asia 27% - Middle East 6% - South America 12% <p>The detailed presentation is attached as Annexure-IV</p>	
<p>4.</p>	<p><u>Interactive Session with Mr. Thomas Flack, President & Chief Procurement Officer, Tata Motors Ltd.</u></p> <p>President, ACMA welcomed Mr. Thomas Flack, President & Chief Procurement Officer, Tata Motors Ltd. and invited him to share his insights with the Executive Committee Members.</p> <p>Mr. Flack thanked President ACMA for the opportunity and mentioned that TATA Motors is appreciative of the fact that ACMA continues to be a singular, strong, and collective voice of the Component industry, especially in advocating industry issues with the Government.</p> <p>Mr. Flack stated that during his travels to various automotive hubs in the country, he has witnessed significant transformation of the supply chain, especially in the Auto-</p>	

	<p>Component Sector. The value proposition from the component industry has grown significantly over the years with several state-of-the-art operations for production, labs, engineering facilities and software development, some of the facilities had today attained global excellence.</p> <p>Mr Flack also expressed confidence and assured the ACMA EC that Tata Motors was well prepared for a smooth transition from BSIV to BSVI, across all its product categories.</p> <p>Speaking about the heightened competition in the PV segment, Mr Flack mentioned that TATA Motors would try to create a niche for itself through creativity and innovation in its products. The company was preparing to launch exciting products in the forthcoming Auto Expo.</p> <p>President thanked Mr Thomas Flack for the interactive session and wished TML abundant success.</p>	
<p>5.</p>	<p><u>Other points for discussion</u></p> <p>i) Update on ASDC</p> <p>To make a brief presentation on ASDC activities, committee welcomed Mr. Arindam Lahiri, CEO ASDC.</p> <p>The detailed presentation is attached as Annexure-V</p> <p>ii) Auto Expo 2020 Update</p> <p>Committee requested Mr. Vinnie Mehta, Director General, ACMA to make a brief presentation on Auto Expo 2020.</p> <p>The detailed presentation is attached as Annexure-VI</p> <p>iii) Update on ACMA Centre of Excellence</p> <p>Committee requested Mr. Dinesh Vedpathak, CEO – Skilling & Mentoring ACMA to make a brief presentation on ACoE.</p>	

President requested ACMA EC members to visit the ACOE and make good use of the infrastructure created.

The detailed presentation is attached as [Annexure-VII](#)

iv) Quality Certifications

President ACMA apprised the Committee of the overall Quality Certifications in ACMA Membership as:

Quality Certifications	Total no. as on 20 January 2020	Total no. as on 22 January 2019
ISO 9001	746	644
IATF 16949	586	484
ISO 14001	358	338
OHSAS 18001	241	229
JIPM	4	4
TPM	15	15
Deming Prize	18	16
Japan Quality Medal	5	5
Shingo Silver Medallion	2	2

<p>6.</p>	<p><u>Membership Matters:</u></p> <p>The committee approved membership status of following companies.</p> <p>A. New Members: Ordinary Membership: (i) CLH Gaseous Fuel Applications Pvt. Ltd., Gurugram, (NR) Affiliate Membership: (ii) Audyogik Shikshan Mandal, Pune, (WR)</p> <p>B. Resignations:</p> <p>(i) Kay Jay Forgings Pvt. Ltd., Ludhiana, (NR): (ii) MT Autocraft, Himachal Pradesh, (NR):</p> <p>C. Amalgamation / Merger:</p> <p>(i) Bill Forge Pvt. Ltd., Bangalore, (SR), has merged with Mahindra CIE Automotive Ltd., Pune, (WR) (ii) Lumax DK Auto Industries Ltd., Gurgaon, (NR) has merged with Lumax Auto Technologies Ltd., Pune, (WR)</p>	
<p>7.</p>	<p><u>Date of next meeting:</u></p> <p>President mentioned that the next meeting i.e. the 4th meeting of the Executive Committee 2019-20 is scheduled to be held on Friday, March 20, 2020 in New Delhi. As practise this meeting will be a closed-door interaction with SIAM office bearers along with networking lunch. <i>(Subject to SIAM's confirmation)</i></p> <p>He advised 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