



Automotive Component Manufacturers Association of India

**Minutes of 4<sup>th</sup> Meeting of ACMA Executive Committee (Virtual)**

May 29, 2020

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 ACMA Past Presidents for joining the meeting.

The formal agenda was thereafter taken up for discussion.

Sl. No.	Agenda Item	Action Point
1.	<b><u>Confirmation of last EC Meeting Minutes</u></b>  Committee approved the minutes of the last meeting of the Executive Committee held on January 20, 2020 at Pune.	
2.	<b><u>Brief by President on Action taken to Support the Membership</u></b>  President, ACMA began by thanking the Vice President, ACMA, Regional Chairpersons and the Secretariat for the unstinted support to the Association and the industry during this time of crisis.  He mentioned that the association had taken several initiatives to the support the industry. ACMA continued follow the RICE (Responsible / Responsive, Inclusive, Engaging and Communicating) strategy to serve its members. Various WhatsApp groups, an outcome of the mentioned strategy, were very effective in communicating with the ACMA membership.	

	<p>Some of the key meetings, and Pillar activities held during the lockdown period included:</p> <ul style="list-style-type: none"> <li>- Ten Meetings of the ACMA Past Presidents Council to give direction to ACMA and the industry-</li> <li>- Three meetings of the ACMA Steering Committee</li> <li>- An Emergency meeting of the ACMA EC</li> <li>- Interactive Session with eminent OEMs: Nine meetings had been held with eminent OEMs to understand the dynamics of the automotive industry and their resumption plans.</li> </ul> <p>These included interactions with Mr. Rajan Wadhera, President, SIAM; twice with Mr. Thomas Flack, CPO, TML, with Mr. Hemant Sikka, President &amp; CPO, M&amp;M; with Mr Vikram Kasbekar, ED &amp; CTO &amp; Mr Neeraj Mathur, VP of HMCL; with Mr. Sunil Kakkar, ED &amp; Mr. Toshiya Miki, Advisor, MSIL; with Mr. Anuj Kathuria, COO, AL and with Mr. SangHwa Lee, CPO, KIA Motors.</p> <p>Another interaction with Mr K N Radhakrishnan, President &amp; EO of TVS Motors was planned for June 09, 2020.</p> <p>In all the above interactions, it was strongly stressed upon the fact that OEMs should clear the dues of their suppliers, as also give them long term support and not use short-term opportunistic measures, especially in light of the fact that there would be significant excess capacity in the system. OEMs were also requested to not ask for Annual Discounts / Periodic Discounts as the suppliers are very stressed at this juncture.</p> <p>ACMA also sent a communication to all its members requesting the Tier 1s to pay all dues to their Tier 2s and likewise the Tier 2s should clear the dues of their Tier 3s.</p> <p><b>- Interaction with Government:</b></p> <p>ACMA aligned itself with CII and SIAM to take up the cause of the Component Industry with the Government.</p> <p>Apart from representations to the Hon'ble Prime Minister and the PMO, several rounds of detailed virtual meetings were held with various government ministers &amp;</p>	
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	<p>functionaries including Mr Piyush Goyal, Union Minister for Commerce &amp; Industry, Mr Prakash Javadekar, Union Minister for Heavy Industries &amp; Public Enterprises, Mr Amitabh Kant, CEO NITI Aayog to mention a few.</p> <p>ACMA took up the following for key issues with the Government:</p> <ul style="list-style-type: none"> <li>- Allowing for the entire automotive value to recommence operations &amp; function uninterrupted</li> <li>- Addressing the challenges of working capital through relaxation in compliances involving statutory payments and providing moratoriums on payment of Principal amount and loans</li> <li>- Requesting the government to support the industry to take care of the payment of employees.</li> <li>- Support the industry on demand generation through an incentive based scrappage policy and reduction in GST on auto and components to 18%</li> </ul> <p>In the Fiscal Package announced by the Finance Minister and the RBI, some of ACMA's recommendations especially on change in definition of MSMEs, allowing for liquidity have been addressed to an extent.</p> <p>That apart, ACMA together with SIAM continues to be dialogue with the Government – the Department of Commerce, the Niti Aayog and the DHI, for an exports scheme.</p> <p>The ACMA Regional Chairpersons have also supported us well by taking up the state issues in the respective states especially on electricity charges and allowing to recommence operations in the entire value chain in unison.</p> <p><b>- Interaction with Media:</b></p> <p>Several rounds of interviews and media Round tables were organised to project the state of affairs and to carry ACMA's voice to the Government and other stakeholders.</p> <p>Notable interviews appeared in the mainlines and business papers included those in the Times of India, The Economic Times, Hindu Business Line, Mint, Financial Express,</p>	
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	<p>Business Standard, among others. Electronic Media was also used effectively. ACMA interviews/Round Table appeared in CNBC -18, ET Now Live, NDTV, AutoCar Professional etc.</p> <p>That apart, social media was also effectively used to redouble and reinforce ACMA’s media efforts.</p> <p><b>- ACMA Webinars</b></p> <p>Virtual Conferences have become a new norm of the day and ACMA was quick to adopt to this. In total, a 35 of Webinars were organised during the lock down period. Of these 15 were focused on Business Development and managing Business in the changed Business environment organised by Pillar 1 &amp; 4, while another 20 were technical in nature organised by Pillar 3.</p> <p><b>- ACMA Website</b></p> <p>For ease of access to authentic information by our members and non-members alike, the ACMA website is being updated on a real-time basis with information on validated government notifications – both centre and states, information on best practices/restart manuals by ACMA and OEMs. Earlier all latest information on OEM plant closures was also being put on the website, prior to the lock-down, so that the component fraternity could remain up to date on status of OEMs.</p>	
<p><b>3.</b></p>	<p><b><u>State of Industry &amp; Emerging Scenario - Discussion</u></b></p> <p>A report on the vehicle industry trends and quarterly projections by CRISIL was sent across to the ACMA Executive Committee.</p> <p>The key trends observed in various vehicle segments are as under:</p> <p><b>Passenger Cars:</b></p> <ul style="list-style-type: none"> <li>• Consumption of discretionary product like PVs to take a hit in FY21</li> <li>• Domestic – Quarterly Forecast <ul style="list-style-type: none"> <li>- Due to slowdown in economy, pay cuts, expected increase in unemployment there</li> </ul> </li> </ul>	

	<p>would be slowdown in discretionary consumption impacting sales of passenger vehicles</p> <ul style="list-style-type: none"> <li>- Top metro and Tier-I cities are the major PV consumers. Currently such cities are the -19 hotspots. This is expected to lead to a major decrease in footfalls of the costumers at the dealership. Hence, Q1 and Q2 of FY21 will be severely hit.</li> <li>- However, we expect UVs to perform relatively better than cars because of the better financial stability of such customers and ability to spend on discretionary items</li> </ul> <p><b>Two-Wheelers:</b></p> <ul style="list-style-type: none"> <li>• Tough times ahead for two-Wheeler industry</li> <li>• Domestic – Quarterly Forecast <ul style="list-style-type: none"> <li>- Lockdown to have impact on domestic consumption. Once the manufacturing resumes, it will take time for two-wheeler OEMs to operate its plant at full utilisation level. Road blocks such as availability and transport of components and labour will lead to some level of supply disruption.</li> <li>- Normalcy in domestic consumption is expected to largely resume from Q3 FY21 on account of festivals (Diwali and Dussehra) and improvement in sentiments.</li> <li>- Scooter being used mainly in urban region is expected to take a larger hit due to cities being -19 epicentres. Plus, due to slowdown in economy, higher job losses and pay cuts are expected.</li> <li>- Motorcycle is expected to do relatively better because of better cash flows from Rabi output and Government support is expected to lead to some cash flow for discretionary buying.</li> <li>- Moped is expected to do relatively better despite of higher price increase due to BS VI, on account of low inventory built up and double-digit negative growth in fiscal 2020.</li> </ul> </li> </ul>	
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	<p><b>Commercial Vehicles:</b></p> <ul style="list-style-type: none"> <li>• Demand to remain muted across segments in FY21</li> <li>• Domestic – Quarterly Forecast <ul style="list-style-type: none"> <li>- Slow growth in private consumption on account of -19 to significantly impact LCV sales in fiscal 2020-21.</li> <li>- Increase in vehicle price, lower replacement and financiers concern over rising NPAs to also negatively impact LCV sales.</li> <li>- Slowdown in manufacturing especially in Q1 FY21 to significantly impact demand. Negative growth across key end use segments including cement, steel and automobile sales to result in decline in demand for IMHCVs</li> <li>- Slowdown in economic activities and lower awarding of construction projects to further impact demand in first half of fiscal 21.</li> <li>- Slowdown in government orders to impact demand for MHCV buses in fiscal 2021. Enquiries for ambulances expected to go up as authorities shift focus towards healthcare.</li> <li>- Significant fall in tourism and unavailability of products on account of lockdown during the school season to further impact demand</li> </ul> </li> </ul> <p><b>Three-Wheelers:</b></p> <ul style="list-style-type: none"> <li>• Domestic – Quarterly Forecast <ul style="list-style-type: none"> <li>- Three-Wheeler industry had grown at a double-digit growth in fiscal 2018 and 2019 due to open permits declared by major states like Maharashtra, Gujarat, Karnataka.</li> <li>- Due to slowdown in economy and no major permits being opened in fiscal 2020, industry recorded a de-growth of ~9%. The performance of three-wheeler industry compared to other automobile segments have fared well in fiscal 2020.</li> <li>- BS IV stock was billed to the dealers only till mid of Feb 2020.</li> <li>- We do not foresee major permits to be released in fiscal 2021 due to sluggishness in the economy and unavailability of cash with auto-rickshaw drivers due to lockdown situation.</li> </ul> </li> </ul>	
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	<ul style="list-style-type: none"> <li>- Freight availability will also be a key hurdle for cargo operators to earn profitability.</li> <li>- Industry is expected to post a positive growth in Q4 of FY21 on a low base.</li> </ul> <p><b>Tractors:</b></p> <ul style="list-style-type: none"> <li>• Tractor sales to decline in fiscal 2021 due to negative impact of -19.</li> <li>• Domestic – Annual &amp; Quarterly Forecast <ul style="list-style-type: none"> <li>- Tractor industry to see a de-growth for second consecutive year.</li> <li>- Rabi output is expected to be a key monitorable during this quarter to assess damage of Rabi crop output due to a delay in harvesting period.</li> <li>- Q2 FY21 to witness better momentum on the back of normal monsoon expectation and a good kharif season.</li> </ul> </li> </ul>																															
<p><b>4.</b></p>	<p><b><u>Membership Matters &amp; Any other issues</u></b></p> <p><b>Quality Certifications</b></p> <p>President ACMA apprised the Committee of the overall Quality Certifications in ACMA Membership as:</p> <table border="1" data-bbox="327 1243 1082 2027"> <thead> <tr> <th>Quality Certifications</th> <th>Total no. as on May 29, 2020</th> <th>Total no. as on March 15, 2019</th> </tr> </thead> <tbody> <tr> <td>ISO 9001</td> <td><b>740</b></td> <td>644</td> </tr> <tr> <td>IATF 16949</td> <td><b>582</b></td> <td>484</td> </tr> <tr> <td>ISO 14001</td> <td><b>355</b></td> <td>338</td> </tr> <tr> <td>OHSAS 18001</td> <td><b>239</b></td> <td>229</td> </tr> <tr> <td>JIPM</td> <td><b>4</b></td> <td>4</td> </tr> <tr> <td>TPM</td> <td><b>15</b></td> <td>15</td> </tr> <tr> <td>Deming Prize</td> <td><b>18</b></td> <td>16</td> </tr> <tr> <td>Japan Quality Medal</td> <td><b>5</b></td> <td>5</td> </tr> <tr> <td>Shingo Silver Medallion</td> <td><b>2</b></td> <td>2</td> </tr> </tbody> </table>	Quality Certifications	Total no. as on May 29, 2020	Total no. as on March 15, 2019	ISO 9001	<b>740</b>	644	IATF 16949	<b>582</b>	484	ISO 14001	<b>355</b>	338	OHSAS 18001	<b>239</b>	229	JIPM	<b>4</b>	4	TPM	<b>15</b>	15	Deming Prize	<b>18</b>	16	Japan Quality Medal	<b>5</b>	5	Shingo Silver Medallion	<b>2</b>	2	
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<p><b>A.</b></p>	<p><b><u>Membership Matters:</u></b></p> <p>The committee approved membership of following companies.</p> <p><b>New Members:</b></p> <p><b>Ordinary Membership:</b></p> <ol style="list-style-type: none"> <li>1. Bhunit Engineering Company Pvt. Ltd., Palwal, (NR)</li> <li>2. Deepak Industries Ltd. (Prop. Of New Allenberry Works), Faridabad, (NR)</li> <li>3. Pavna Industries Ltd., Aligarh, (NR)</li> <li>4. Industrias Del Recambio India Pvt Ltd, Kanchipuram Dist, (SR)</li> <li>5. B - Catma, Nashik, (WR)</li> <li>6. Lumax Ancillary Limited, Pune, (WR)</li> <li>7. Shrinivas Engineering Auto Components Pvt Ltd, Pune, (WR)</li> <li>8. Industrial Forge &amp; Engineering Company Limited, Jamshedpur, (ER)</li> </ol> <p><b><u>Affiliate Membership:</u></b></p> <ol style="list-style-type: none"> <li>9. NATRIP Implementation Society, Gurugram, (NR)</li> <li>10. Hindustan Engineering Training Centre, Chennai, (SR)</li> </ol> <p><b><u>Associate Membership:</u></b></p> <ol style="list-style-type: none"> <li>11. Swastik Engitech Pvt. Ltd., Gujarat, (WR)</li> <li>12. Autosys Industrial Solutions Private Limited, Mumbai, (WR)</li> </ol>	
<p><b>B.</b></p>	<p><b>Resignations:</b></p> <ol style="list-style-type: none"> <li>1. Transvahan Technologies India Pvt. Ltd., Bangalore, (SR)</li> <li>2. Duroshox Pvt. Ltd., Pune, (WR)</li> <li>3. Hirschvogel Components India Pvt. Ltd., Pune, (WR)</li> <li>4. Menon and Menon Ltd., Kolhapur, (WR)</li> <li>5. UMC Auto Industries Pvt. Ltd., Mumbai, (WR)</li> <li>6. Fairfield Atlas Ltd., Belgaum, (WR)</li> <li>7. Mahratta Chamber of Commerce, Ind. &amp; Agri., Pune, (WR)</li> <li>8. Nikam Iron Sintered Products Pvt Ltd, Kolhapur, (WR)</li> <li>9. Sati Auto Components Pvt. Ltd., Jamshedpur, (ER)</li> </ol>	



	<p>10. Aristocraft International Pvt. Ltd., New Delhi, (NR)  11. Milestone Gears Pvt. Ltd., Panchkula, (NR)  12. Pavana Auto Engineering Pvt. Ltd., Aligarh, (NR)  13. Allied JB Friction Pvt. Ltd., Dist Alwar, (NR)  14. DCM Engineering Products, Chandigarh, (NR)</p> <p><b>C. Amalgamation / Merger / Removal:</b></p> <p>1. Sunbeam Auto Private Limited, Gurugram, (NR), has merged with Sunbeam Lightweighting Solutions Pvt. Ltd., a non-member. Hence its membership ceases.</p>	
<p>5.</p>	<p><b><u>Appointment of Scrutineers for Election of ACMA Executive Committee for 2020-21</u></b></p> <p>Committee noted that the process for election of members to the Executive Committee for the year 2020-21 was scheduled to commence from June 22, 2020 by issuance of notice to all members inviting nominations. The last date of receiving nominations was mentioned as July 6, 2020.</p> <p>As per the rules governing the election, the committee requires to appoint Scrutineers for the ACMA’s Executive Committee Election 2020-21.</p> <p>The committee consented to appoint M/s K.K. Khanna &amp; Co., Chartered Accountants as Scrutineers for the ACMA’s Executive Committee Election 2020-21 and passed the following Resolution was adopted.</p> <p><b><i>“Resolved that M/S K.K. Khanna &amp; Co., Chartered Accountants, be and is hereby appointed as Scrutineers for the Election of ACMA Executive Committee and Regional Chairmen-2020-21.”</i></b></p>	
<p>6.</p>	<p><b><u>Interactive Session with Mr. Ashish Kale, President, FADA</u></b></p> <p>President, ACMA welcomed Mr. Ashish Kale, President, FADA and invited him to share his insights with the Executive Committee Members on the Demand outlook (from dealership perspective) and the dynamics of the automotive business.</p>	

	<p>Mr. Kale thanked President ACMA for the opportunity and expressed his delight in interacting with the ACMA EC.</p> <p>Following are the Salient Points of Interaction with President FADA:</p> <ul style="list-style-type: none"> <li>- Degrowth would be witnessed across all segments of the vehicle industry due to: <ul style="list-style-type: none"> <li>- Overall Economic Slowdown</li> <li>- Lack of availability of Consumer Finance options</li> <li>- Lack of Customer confidence</li> </ul> </li> <li>- According to FADA, almost 80% of dealerships have opened across India post the lockdown.</li> <li>- The Tractor business was doing considerably good due to a good crop harvest and prospects of a normal monsoon. The confidence of farmer community is high resulting in good demand.</li> <li>- The Two-wheeler segment is expected to pick up post lockdown especially in rural areas. Social Distancing will give traction to increase in sale of Two-Wheelers and entry level PVs.</li> <li>- In the Passenger Vehicles segment, SUVs will take time to recover.</li> <li>- The average customer for PVs, not being very confident wants to opt for brands that have strong presence in the market rather than buying vehicle(s) of newer brands.</li> <li>- It was noted that the worst hit segments were the Luxury Car &amp; CV (Heavy) segments. However, in SCV segment demand uptick was being observed.</li> <li>- No uptick was being witnessed in the Construction Equipment segment as no Construction activities were taking place.</li> <li>- Poor construction activity was also leading to fleet owners not investing in new vehicles (CVs).</li> </ul>	
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	<ul style="list-style-type: none"> <li>- Dealers have been eagerly awaiting resumption in operations of NBFCs / Finance outlets which will help in closure of leads. Banks have started coming back for retail finance which is a good sign.</li> <li>- The dealer community is facing shortage of spare parts primarily due to logistics issue.</li> </ul> <p>President, ACMA thanked Mr Ashish Kale for the interactive session and stated that ACMA looks forward to continuing engagement with FADA. Mr Jain also mentioned that ACMA was committed to support and collaborate with FADA in the larger interest of growth and development of the automotive industry in India.</p>	
<p><b>7.</b></p>	<p><b><u>Date of next meeting:</u></b></p> <p>President mentioned that the next meeting i.e. the 5<sup>th</sup> meeting of the Executive Committee 2019-20 is scheduled to be held on <b>Friday, July 24, 2020.</b></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**