



Automotive Component Manufacturers Association of India

Minutes of 5th & Last Meeting of ACMA Executive Committee (Virtual)

July 24, 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 Past Presidents and members of the ACMA Executive Committee.

The formal agenda was thereafter taken up for discussion.

Sl. No.	Agenda Item	Action Point
1.	<p><u>Confirmation of last EC Meeting Minutes</u></p> <p>Committee approved the minutes of the last meeting of the Executive Committee held on May 29, 2020 (Virtual).</p> <p><u>Brief on STC Decisions</u></p> <p>Annual Accounts for FY 2019-20</p> <p>President, ACMA briefed the EC members of the ACMA's Annual Audited Accounts for year 2019-20 and mentioned that the secretariat had done an impressive job in terms of controlling costs. The turnover of the association for FY 19-20 stood at Rs. 38.65 crore against Rs 41.95 crore in FY 18-19 declining 8% while the expenses were Rs.33.02 and Rs. 36.31 crore in FY 19-20 and FY 18-19 respectively. The expenses declined by 9%. The gross profit stood at Rs. 563 crore, same as in the previous year.</p> <p>Steering Committee had approved and adopted ACMA's Annual Accounts for FY 2019-20.</p>	
2.	<p><u>State of Industry</u></p> <p>Projections for 2020-21</p> <p>A detailed report on the vehicle industry projections was presented by PwC to the ACMA Executive Committee.</p> <p>The key trends observed in various vehicle segments are as under:</p>	

	<ul style="list-style-type: none"> - With COVID-19, we continue to see three possible scenarios going forward <ul style="list-style-type: none"> I. Optimistic - Rapid Economic Recovery by Q3 FY21 II. Realistic - Delayed Economic Recovery by Q4 FY21 III. Pessimistic - Prolonged Economic Recovery by end of Q1 FY22 - Passenger & Commercial vehicle sales declined in Q1 due to lockdowns, stoppage of production & low economic activity. - Tractor Sales exceeded in June FY20, expected to do better going forward and Two-Wheeler showing early green shoots of recovery. - Rural & Semi-urban markets to drive demand in FY21, urban markets to remain subdued. - Passenger vehicle sales to remain subdued due to poor demand in large urban markets – Metros, Tier I cities. - Commercial vehicle sales to be hardest hit due to fleet overcapacity and subdued economic activity in FY 21. - Two-Wheeler segment expected to recover faster although still in negative growth zone in FY21 - Tractor market to show strong performance in FY 21 based on rural resurgence, good monsoons & and agriculture production. - Auto Component companies to focus on 7 critical areas going forward: <ul style="list-style-type: none"> I. Manage Liquidity II. Monitor Supplier/Sub-supplier Ecosystem III. Continue Operations IV. Develop plan for re-emergence of COVID V. Restart program management VI. Accelerate Non-OEM Revenue Streams VII. Prepare for Rebound <p>The detailed presentation by PwC is attached as Annexure II</p>	

<p>3.</p>	<p><u>Niti Aayog / DHI Proposal on Exports Promotion</u></p> <p>PwC presented to ACMA Executive Committee a summary of the Global Champion (Export Promotion) Scheme as proposed by Niti Aayog and DHI.</p> <p>The key highlights observed are as under:</p> <p>Supporting Automotive Industry growth</p> <ul style="list-style-type: none"> - Govt. of India has announced its strategy of Identifying global champion that can drive rapid growth in industrial output & exports in select sectors. - ‘Empowered group of Secretaries’ has been setup for promoting investment in India to boost growth in key sectors of the Economy - Automotive Industry being selected as one of the sectors of strength to support Indian lobar Champions to grow Industrial Outputs & Export. - Current share of India’s Automotive Component Export is less than 2% of global automotive component trade. - Next phase of growth focus should target a substantially higher share of the global automotive demand. - Global Automotive industry is centred on economies of scale, with larger scale leading to higher cost competitiveness. - Change in strategy is need to focus on supporting companies that have scale, competitiveness, market access & management capabilities to be a global champion. - A scheme that can get Indian global champions to invest and grow exports rapidly will benefit the entire automotive industry. - Due to automotive value chain structure, a growth in scale of either the OEMs or the Auto Component 	
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	<p>makers has a cascading effect on the value chain and upstream supplier including Medium, Small & Micro enterprises.</p> <ul style="list-style-type: none"> - In effect the guiding principal of this approach is ‘Incentive to a few but benefit to many. <p>A robust incentive scheme can be one of the enablers to drive export and globalisation of the automotive industry.</p> <ol style="list-style-type: none"> I. Globalisation II. Economic Benefit III. WTO Complaisance <p>Eligibility Criteria for global champion on basis of:</p> <ol style="list-style-type: none"> I. Revenue II. Global Presence III. Profitability IV. Investment V. Revenue from Outside India VI. Research & Development <p>Four Schemes for Industry Growth & Export Expansion</p> <ol style="list-style-type: none"> I. ‘Global Sourcing’ Incentive Scheme II. ‘Champion OEM Model’ Incentive Scheme III. ‘Production linked’ Incentive Scheme IV. ‘Component Champion’ Incentive Scheme <p>The detailed presentation by PwC is attached as Annexure III</p>	
<p>4.</p>	<p><u>Interaction with Shri Arun Goel, Secretary, Department of Heavy Industry</u></p> <p>President, ACMA welcomed Shri Arun Goel, Secretary, DHI and invited him to share his insights with the Executive Committee Members on his vision for Indian Automotive Industry and in particular with the thrust being given to be ‘Atma-Nirbhar’.</p> <p>Mr. Arun Goel thanked President ACMA for the opportunity and expressed his delight in interacting with the ACMA EC.</p> <p>Following are the key highlights of Mr Goel’s address:</p>	

	<ul style="list-style-type: none"> - Attitude, personality and the thought process are important aspects for bringing change and these qualities are well demonstrated by the Indian auto components industry. - Today the industry faces a severe disruption and also huge opportunity to become self-reliant i.e. Atma-Nirbhar. It's a great responsibility on the auto component industry and the sector holds the promise to deliver. - The world has more faith on Indian Auto Component Industry today and it is time for a quantum jump by the industry. - All major global hubs for Defence & Aero Space manufacturing are centred around the Auto hubs. The Indian auto components industry therefore must consider diversifying to these sectors. - To help generate demand in the vehicle industry, a Scrapage Policy will be announced and rolled out soon. <p>President, ACMA thanked Shri Arun Goel for the interactive session and stated that ACMA looks forward to the guidance and support from the parent ministry for future.</p>	
<p>5.</p>	<p><u>A) ACMA Annual Session 2020 – Brief</u></p> <p>President ACMA briefed the committee members that the forthcoming 60th ACMA Annual Session is now set for Saturday, September 5, 2020 on a Virtual platform.</p> <p>The Theme for Annual Session has been decided as: <i>'Shaping the New Normal'</i> with McKinsey & Co as the Knowledge Partners.</p> <p>Union Ministers of Heavy Industry, Road Transport & Highways and Commerce & Industry have been invited to grace the occasion, while several eminent leaders from the Automotive industry have been invited as speakers and panellists.</p> <p>He further updated that the Annual General Meeting (AGM) and the 1st Meeting of ACMA Executive Committee 2020-21 will be held on Monday, September 7, 2020 through a virtual platform. (and not on September 05, 2020)</p>	

President mentioned that the finalised program would be shared with members in due course once confirmations from speakers & panellists had been received.

He also mentioned that several attractive sponsorship options had been worked out so that the members could support the event as also derive mileage out of it. He requested that each EC member should generously support the event by opting for one of the sponsorship options or contribute at least Rs. 50,000/-, as had been the earlier practice.

B) Membership Status / New Membership etc.

Quality Certifications

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

Quality Certifications	Total no. as on July 24, 2020	Total no. as on July 26, 2019
ISO 9001	732	746
IATF 16949	575	579
ISO 14001	354	338
OHSAS 18001	237	233
JIPM	4	4
TPM	15	15
Deming Prize	18	18
Japan Quality Medal	5	5
Shingo Silver Medallion	2	2

The committee approved membership of following companies.

New Members:

Ordinary Membership:

1. Novoflex Industries Private Limited, Kolkata, (ER)

<p>2. Power Source Engine Parts Pvt. Ltd., Rajkot, (WR)</p> <p>3. Sunbeam Lightweighting Solutions Pvt. Ltd., Gurgaon, (NR)</p> <p><u>Affiliate Membership:</u></p> <p>4. Thiagarajar College of Engineering, Madurai, (SR)</p> <p>Resignations:</p> <p>1. Carlisle Trading & Manufacturing India Pvt. Ltd., Chennai, (SR): Management decided to discontinue.</p> <p>2. Lear Automotive India Pvt. Ltd., Pune, (WR): Due to automobile Industry recession.</p> <p>3. Bharat Enterprises, Gurgaon, (NR):- Due to financial crisis.</p> <p><u>C) Enhancing scope of ACMA membership</u></p> <p>Mr. Vinnie Mehta, Director General of ACMA made a presentation on enhancing Scope of ACMA Membership to the committee members.</p> <p>Mr. Mehta explained that the concept of mobility was undergoing a rapid change. That apart,</p> <ul style="list-style-type: none"> ➤ Connected, Automated, Shared and Electric Vehicles are making presence in India ➤ Emergence of Start-ups ➤ Enhanced usage for electronics and telematics in vehicles due to new regulations ➤ Shop floors are also getting digitized ➤ Business models are changing rapidly including partnerships with competitors <p>Considering the above, there was a need to bring other relevant component manufacturers and stakeholders into ACMA's fold. Mr. Mehta proposed that scope of ACMA's Membership Criteria be enhanced.</p> <p>The proposed membership criteria is as under:</p> <p><u>(I). ORDINARY MEMBER</u></p> <p>The Company/Firm, operating in India and owning a factory, should be a MANUFACTURER OF AUTO</p>	
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	<p>COMPONENTS/AUTO ACCESSORIES for ICE/xEV/New Technology Vehicles AND The Company/Firm should HAVE COMPLETED COMMERCIAL PRODUCTION OF AUTO COMPONENTS/AUTO ACCESSORIES FOR A MINIMUM PERIOD OF 1 YEAR. AND The Company/Firm should satisfy ANY ONE of the following conditions:</p> <ol style="list-style-type: none"> 1. Should be a direct supplier to one or more vehicle manufacturers in the country, including vehicle ordnance factories for vehicles produced by them (i.e.: Should be a Tier-1supplier). 2. Should be a direct supplier of auto components to one or more Tier-1 suppliers in the country [as per Tier-1 defined above] (i.e.: Should be a Tier-2 supplier of components or sub-assemblies to Tier-1 suppliers). <p>Should have exported auto components/auto accessories, directly, to the extent of a minimum of 20 per cent of its total production each year, for the last 3 consecutive years.</p> <p><i>Membership fee based on Turnover (as existing)</i></p> <p><u>(II). ASSOCIATE MEMBER</u></p> <p>a. The Company/Firm should HAVE COMPLETED ONE YEAR OF OPERATIONS IN INDIA but do not fulfil the basic criteria of Ordinary Membership AND Companies/Firms based in India, who are connected to the Automotive Industry as (fulfilling at least one of the below criteria):</p> <ul style="list-style-type: none"> - Manufacturer/ Job work of auto accessories, - Manufacturer of spare parts for the aftermarket - Manufacturer of Tools & Dies and Capital Goods, with at least 30% of the business derived from the automotive Industry - Company providing Logistics, Consultancy or Technical and Advisory Services, etc, - Distributor of Aftermarket products/components with sales turnover exceeding Rs 250 Crs. - IT/IoT/Industry 4.0/Digitization solution providers for automotive industry - Manufacturer/Supplier of Raw material 	
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	<p><i>Membership fee of Rs. 1 lakh per annum (as existing)</i></p> <p>b. Start-ups, with the following eligibility criteria:</p> <ul style="list-style-type: none"> - A Company should be registered in India - A company should be less than 3 years old while applying for membership - A Company's turnover should be less than 25 Cr - Provide solutions in the areas of Digital Technologies (example: IoT, AR/VR, RPA, 3D Printing & Additive Manufacturing, Blockchain, RFID, Sensors, Fin-Tech, Big Data Analysis, Artificial Intelligence, Advance Robotics) and/or Electric Mobility (example: Battery, Charging infrastructure, e-Mobility, Vehicle Transformation, EV Components - electricals, electronics, motors, controller). <p>c. Vehicle/Engine manufacturers, traders and companies having only liaison/representative offices in India are not eligible</p> <p><i>Membership fee of Rs. 10,000 per annum (as existing)</i></p> <p>Mr. Mehta, further briefed the committee that there is no change in the criteria of Affiliate Members Category and proposed to remove the category of Individual Member.</p> <p>Committee members acknowledged and approved the revised scope of membership.</p> <p>Further the committee also gave their consent to amend the Article 4, 5, 6 and 7 of the Articles of Association and passed the following resolution:</p> <p>“RESOLVED THAT approval is hereby accorded by the Members of the Executive Committee to amend Article 4,5 and 6 of Articles of Association dealing with Members and Article 7 of Articles of Association dealing with Entrance Fee, Subscription and Voting Power”.</p> <p>“FURTHER RESOLVED THAT the Executive Committee hereafter would place the resolution before the General Body for its approval in the ensuing Annual General Meeting”.</p> <p><u>D) ROC Compliance</u></p> <p>Committee was briefed that for the sake of ease of compliance under the Companies Act, out of the Executive Committee, only the Secretary / Director General, the President, the Vice President and the Regional Chairmen for</p>	
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	<p>the time being shall be representing themselves as appointed directors of the Company.</p> <p>To Complete all ROC formalities, apart from Secretary / Director General, any one of the above-mentioned Executive Committee Member is authorised to sign and or complete the ROC formalities with regard to filing of all documents required to be filed under the Companies Act.</p> <p>To make the above-mentioned amendment in the Article 15 of the Articles of Association, the Executive Committee passed the following Resolution:</p> <p>“RESOLVED THAT approval is hereby accorded by the Members of the Executive Committee to amend Article 15 of Articles of Association dealing with the Administration and Management of the affairs and concerns of the Association”.</p> <p>“FURTHER RESOLVED THAT the Executive Committee hereafter would place the resolution before the General Body for its approval in the ensuing Annual General Meeting”.</p>	
<p>6.</p>	<p><u>Date of next meeting:</u></p> <p>Members noted that the next meeting of Executive Committee would be the 1st meeting of re-constituted Executive Committee for 2020-21 and would take place on Monday, September 7, 2020 (Virtual).</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