



Minutes of 6th Meeting of ACMA Executive Committee (Bangalore)

Friday, July 20, 2023

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 members to the 6th ACMA Executive Committee meeting for year 2022-23.

The formal agenda was thereafter taken up for discussion.

Sl. 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 May 19, 2023.</p>
2.	<p><u>Welcome Remarks by President, ACMA</u></p> <p>Mr. Sunjay J Kapur welcomed all members to the 6th Meeting of ACMA Executive Committee 2022-23 and thanked them for joining the meeting.</p> <p>President, thanked ACMA Southern Region for hosting the Fireside Chat Session with ACMA leadership as also the Cocktails and Dinner held a day before and for the EC meeting. He thanked the Chair & Co-Chair SR.</p> <p>Mr. Kapur mentioned that it was the last EC meeting for the ACMA year 2022-23 as also the last EC meeting of his two-year term as President ACMA. The past two years had indeed been very engaging, for ACMA and for him particularly. He wished to take a few minutes highlighting some of the important activities during the term.</p> <p>The two years gone by witnessed 10 STCs and 12 ECs meetings each with intense participation from all our EC members and Expert speakers & guests who had enriched these sessions.</p> <p>In the last two years, ACMA organised 355 profit generating events – 161 in the current year and 194 in the past year, with scale of events being much bigger this year. ACMA participated in a total of 25 exhibitions,</p>

domestic and international, with Auto Expo 2023 breaking all previous records in terms of spread and participation. A key highlight of the term was also the enhanced engagement with OEMs where ACMA organised highly successful tech-shows for ICE and EVs alike, with the likes of TML, VCEV, Ashok Leyland, Hyundai, Hero Motocorp, MG Motors, VW Skoda, Kinetic Green and many others. To promote the aftermarket, ACMA's latest offering was by conducting exhibitions in Tier-2 cities such as in Namakkal, Indore were a great hit. ACMA shall soon be launching at least 2 such shows in each region.

President, ACMA mentioned that he also led two delegations – one to the mid-lands, UK and another to Israel with focus on technology. Both the missions had resulted in some of our participating companies getting access to cutting edge technology. He was also pleased to mention that as an outcome of our mission to Israel, the Israeli embassy in India is mobilising participation of Israeli start-ups at ACMA Annual Session.

In the last two years ACMA had conducted over 70 cluster programs and projects making intervention in over 200 companies. ACMA introduced 6 new programs on sustainability that covered all applicable sustainable development goals (SDGs) for manufacturing as identified by the UN. This year's ACMA Awards and Technology Summit was also themed around Sustainability and was very well received. ACMA is also in the process of developing an ACMA Capability Maturity Model (ACMM) which will be an integrated assessment system with detailed checklist that will help the suppliers understand where they are in their evolutionary journey. This will also be a handy tool for OEMs to recruit appropriate suppliers.

On the front of Government Affairs and Regulatory matters, ACMA has been playing an active role and continues to be consulted on all forthcoming FTAs be it with the UK, EU or the FTAs that are being revised such as those with Japan and South Korea. Similarly on regulatory matters, ACMA team continues to push for favourable regulations, the latest one being the Bharat NCAP and ACs for cabins for commercial vehicles.

On the media front, ACMA continues to be active in print, electronic and Social media. Today it boasts of over 15k subscribers on LinkedIn; over 10k subscribers on Twitter and over 6k subscribers on Facebook. ACMA shall very shortly be activating its Instagram handle. He hoped all of the members are actively following these handles.

That apart, all Pillars and Regions have been very busy and engaged throughout the two years with numerous webinars and physical events.

Lastly, Mr. Sunjay J Kapur thanked Ms. Shradha Suri Marwah, for standing by him, all Pillar and Regional Chairpersons & Co-Chairpersons for their initiatives and EC members for their engagement; and last but not the least, ACMA Past Presidents for their guidance throughout the last two years.

	<p>President, ACMA also expressed his gratitude to the ACMA secretariat - the DG, the Pillar Heads, the Regional Heads and all staff for their tremendous support without which he couldn't have delivered ACMA's agenda.</p> <p>Further Mr. Kapur mentioned that Ashoka University, one of the leading universities in India wished to document the success story of ACMA through a case study, indeed a very proud achievement for all stakeholders of ACMA.</p> <p>He once again thanked everyone.</p> <p>President, ACMA then briefed the Committee about the discussions in the Steering Committee Meeting held prior to the EC meeting. He mentioned that ACMA revenue continued to be healthy on the back of several domestic and international activities. The cost also remained controlled well within the budgetary limits. Further, the collection of the out standings also remained satisfactory.</p> <p>Thereafter he took the formal Agenda.</p>
<p>3.</p>	<p><u>Digital trends defining the Auto Supply Chain - Presentation by Deloitte</u></p> <p>To give presentation on the Digital trends defining the Auto Supply Chain, President, ACMA invited and welcomed Mr. Akash Srivastava, Partner & Mr. Vimal Valsala, Director from Deloitte.</p> <p>The key highlights from the presentation are as under:</p> <p><u>The changing Automotive industry landscape</u></p> <ul style="list-style-type: none"> ➤ The automotive industry is going through a significant change ➤ The automotive ecosystem is becoming more complex ➤ Value architecture of automotive industry will change significantly in the coming decade ➤ Supply Chains will transform to Supply Network ➤ Factories to Connected Smart Factories

	<p>➤ Necessitating the journey from “Doing Digital” to ‘Being Digital”</p> <p><u>The technology forces shaping tomorrow</u></p> <p>Trend 1 Through the glass: Immersive internet for the enterprise</p> <p>Trend 2 Opening up to AI: Learning to trust our AI colleagues</p> <p>Trend 3 Above the clouds: Taming multicloud chaos</p> <p>Trend 4 Flexibility, the best ability: Reimagining the tech workforce</p> <p>Trend 5 Connect & extend: Mainframe modernization hits its stride</p> <p><u>Going forward</u></p> <ul style="list-style-type: none"> • Hardware to Software: A significant change is coming – reassess product portfolio strategies and partner ecosystem • Readiness for change: Deploy foundational process and technology capabilities • Current process and technology maturity: Develop a roadmap for capability building • People: Assess people capability and initiate Re-skilling/Upskilling of workforce • Accelerated deployment: Rely on expertise of other partners and solution providers <p>The detailed presentation by Deloitte is given at Annexure II.</p>
<p>4.</p>	<p>A. <u>Membership Status / New Membership etc.</u></p> <p>The committee approved membership of the following companies. New Members:</p> <p>18 Members, added: <i>Ordinary Membership:</i></p> <ol style="list-style-type: none"> 1. New Era Coatings LLP, Jamshedpur (ER) 2. ACME Udyog, Jalandhar (NR) 3. Kova Fasteners Private Limited, Ludhiana (NR)

	<p>4. Pee Aar Automotive Technologies Private Limited, Rajasthan (NR) 5. Sunren Automotive Private Limited, Uttarakhand, (NR) 6. KK Lighting India Private Limited, Haryana (NR) 7. Sekisui DLJM Molding Private Limited, Haryana (NR) 8. Eastman Cast And Forge Limited, Punjab (NR) 9. Novares India Automotive Private Limited, Tamil Nadu (SR) 10. Samkrp Pistons And Rings Limited, Telangana (SR) 11. United Industries Plastic Private Limited, Tamil Nadu (SR) 12. Reliable Mechatronics Private Limited, Maharashtra (WR) 13. HP Pelzer Automotive Private Limited, Maharashtra (WR) 14. MSKH Seating Systems India Private Limited, Maharashtra (WR) 15. Replus Engitech Private Limited, Maharashtra (WR) 16. Pooja Castings Private Limited, Maharashtra (WR)</p> <p><i>Associate Membership:</i> 17. Tsuyo Manufacturing Private Limited, Gautam Budh Nagar (NR) 18. Haveli Ram Bansi Lal, Gurgaon (NR)</p> <p>1 Member, resigned:</p> <p>19. Voith Turbo Pvt Ltd, Telangana (SR) (Operational Issues)</p> <p>With the above additions & deletion, the ACMA Membership stands at 845.</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 III.</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>Any other Matter</u></p> <p>A. Bank Resolution:</p> <p>Based on the advice from the Management to invest ACMA Funds with State Bank of India, the below Resolution needs to be approved by the Committee:</p>

“RESOLVED THAT The Executive Committee be and is hereby accord its approval to invest Association’s Funds in Fixed Deposits with State Bank of India, Delhi.

“FURTHER RESOLVED THAT all the documents for investment of Association’s Funds in Fixed Deposits with “State Bank of India, Delhi” shall be signed by any one of the following:

a) Mr. Vinnie Mehta, Director General & Secretary, ACMA

b) Mr. Anil Kumar Unni, Deputy Executive Director, ACMA

duly countersigned by any one of the following:

c) Ms. Shradha Suri Marwah, Vice President, ACMA

d) Mr. Sunil Arora, EC Member, ACMA

B. Update on ACMA Legal Status

Automotive Component Manufacturers’ Association of India (ACMA), being a commercial entity at present, had a very grave issue in obtaining renewal of 12A registration as it is available for charitable entities only. Question arises why 12A is important for ACMA.

Until 31st March, 2008 (i.e. FY 2007-08), ACMA had been filling its returns in the status as Charitable Association within the meaning of Section 2(15) of the Income-tax Act, and had accordingly claimed benefits of Section 11 of the Income Tax Act, but because of introduction of proviso to section 2(15) effective from 01.04.2008 (i.e. FY 2008-09) and in particular in view of **CBDT Circular No. 11/2008 dated 10.12.2008**, a Charitable Institution dealing with the non - members had to become a taxable entity.

Since, the circular was been issued close to the end of the year, ACMA could not disassociate itself from non-members and ACMA filed its return for FY 2008-09 as a taxable entity by not claiming the benefits of section 11 and paid tax on the income as computed under the Act.

From FY 2009-10, ACMA, regained the charitable status by passing a resolution in General Body Meeting that, with effect from 1st April, 2009, ACMA will deal with its Members only and accordingly filed its returns as charitable organization till FY 2012-13 and enjoyed the benefits of Section 11.

Benefits of Section 11:-

- a) An amount of surplus equal to 15% of the Total Gross Income of the Association is fully exempt from tax as per section 11 (1).
- b) Any surplus over and above 15% of the Total Gross Income will also not attract any Income Tax provided the excess amount of surplus is accumulated or set apart by creating a fund for a specific purpose of expense and the same is utilized **within next five years**, failing which the un-utilized amount will be taxed as per Section 11 (2). For accumulation of funds, Resolution needs to be approved by the Executive Committee and filed with the Income tax Return.

In FY 2013-14, ACMA got commercial suo-moto as it could not spend the funds accumulated under section 11(2) within the stipulated period of 5 years. At that time, Mr. L. Ganesh, the then, Chairman Finance Committee of ACMA, discussed the matter with ACMA Tax Consultant and Stat Auditor 'Mr. Khanna' and based on his inputs the ACMA Executive Committee decided that ACMA should not claim the benefits of section 11 just to save tax. Since then, ACMA is paying Tax on its surplus.

Further, section 115TD, was introduced in FY 16-17, which states that any entity earlier having charitable status (12A registration), if comes out of the charity net, then it will have to pay taxes separately on accreted income. Accreted income is calculated on the basis of market value of assets created till date, while being in the charity net. (For details, please refer an estimated draft calculation in the case of ACMA – as a consequence of applicability of this section, ACMA will have to bear around Rs. 50 crores of taxes, which is why registration under 12A is important in the case of ACMA).

It is to be noted that 12A registration is not permanent like earlier years and has to be renewed every 5 years. ACMA's recent 12A registration is valid till FY 24-25 only. After that, renewal is to be sought again and it would be very difficult to contest that ACMA is not a commercial entity with the current situation and filings. But we cannot take that risk, since 12A is not

provided, section 115TD will become applicable with crores of rupees in taxes may become due.

Since ACMA has a valid 12A, it should again go into charitable net. The department also has a similar informal view. ACMA again becoming charitable entity would mean taking the benefit of 12A Registration and Claiming exemption u/s 11, which we are not doing at present i.e. Filing the Tax Audit Report in Form 10B and Tax Return in ITR-7 instead of Form 3CD and ITR-6 respectively being filed at present.

After, detailed deliberations, the committee have given their consent to become a charitable organization with effect from 1.4.2022.

Creation of Temporary Membership Category

In view of the proposed change of ACMA's legal status from commercial to charitable institution, due to amendment in Income Tax law for companies registered u/s 12A of Income Tax Act, there is a need to create a Temporary Membership Category to cater to the non-members.

The proposal for creation of Temporary / Transitory Members category was discussed in detail and thereafter the committee unanimously gave their consent to create the Temporary Membership Category and accordingly to amend the Article 4, 5, 6 and 7 of the Articles of Association and passed the following resolution:

“RESOLVED THAT approval is hereby accorded by the Members of the Executive Committee to amend Articles 4, 5, 6 and 7 of Articles of Association dealing with the Membership of the Association”.

Details of the tenure of membership and relevant fee to be discussed by the Chairperson, Membership Committee along with President and the Director General, ACMA.

7.	<p><u>Date of next EC meeting:</u></p> <p>President requested EC members to block their diary for Wednesday, September 13, 2023 for the 63rd ACMA Annual Session to be held at Taj Palace, New Delhi and for ACMA AGM and 1st Meeting of the newly constituted Executive Committee for 2023-24.</p> <p>He advised the secretariat to communicate the exact details of meeting, in due course.</p> <p>Later, members from Executive Committee, praised and congratulated President, ACMA for an outstanding contribution during his tenure.</p> <p>The meeting ended with a Vote of Thanks to the Chair.</p>
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There being no other matter, the President thanked the members for joining and called the meeting to a close.

Sunjay J Kapur
President

Vinnie Mehta
Director General