



Automotive Component Manufacturers Association of India

**Minutes of 2nd Meeting of ACMA Executive Committee
Held on November 14, 2019; Taj Airport, Bangalore**

List of members present at the meeting 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 and also to Mr Sri Karumbati, CIO, SSS Group, who was invited to join as a special invitee for this EC meeting. Mr Karumbati is the Chairman of the ACMA Digital ‘Sub-Pillar’.

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 September 6, 2019 at New Delhi.	
2.	<u>Workshop seeking inputs for RICE</u> (Responsive, Inclusive, Communicative & Engaging) Facilitated by Mr. Kavan Mukhtyar, Partner, PwC and Mr Amit Dakshini, Director, PwC, a workshop of the EC members was conducted to gauge their expectations from ACMA and the key challenges that needed to be addressed in the short term and medium to long term. The workshop was conducted, by dividing the EC members under 4 groups, each group representing an element of RICE - Responsive, Inclusive, Communicative and Engaging	

	<p>The key inputs/suggestions for issues to be addressed that emerged from each of the groups are as under:</p> <p>‘R’ – Responsive</p> <ul style="list-style-type: none"> • Proactive Govt. Interaction • Innovative & Competitive • Tier 2 & Tier 3 Engagement • Focus on Business Development Initiatives <p>‘I’ - Inclusive</p> <ul style="list-style-type: none"> • Addressing negative perception about the auto component industry • Communication platform for the end customer of component industry • Better communication & alignment with the OEMs • Engaging Gen. Next. <p>‘C’ - Communicative</p> <ul style="list-style-type: none"> • Building a credible ACMA Brand • Offering Value to Membership • Reliable Database - Real Time & Accurate • Benchmark with Global Organisations <p>‘E’ – Engaging</p> <ul style="list-style-type: none"> • Addressing the challenges of Downturn • Proactive Management of emerging HR Issues • Promoting ACMA & Make in India Export worthy <p>Based on the inputs collated, the ACMA secretariat requested to present an action plan.</p> <p>The detailed worksheet of inputs is attached as Annexure-II</p>	
<p>3.</p>	<p><u>State of Industry:</u></p> <p>To make a presentation on the vehicle industry trends and quarterly projections, ACMA Executive Committee welcomed Mr. Hemal Thakkar, Associate Director, CRISIL.</p> <p>The key trends observed in various vehicle segments are as under:</p>	

Two Wheelers:

- Near term drivers not in favour of a robust growth in FY20.
- LTV 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 25%
 - Africa 23%
 - European Union 18%
 - Middle East 11%
 - North America 10%
 - South America 10%
 - Oceanic 4%
- Scooter share help HMSI / TVS gain market share.
- Domestic Sales of Motorcycles recorded a growth of 8% in fiscal 2019 despite higher insurance cost, liquidity constraints and fuel price hike.
- Domestic Sales of Scooters registered a degrowth in fiscal 2019 by 0.27% due to lower consumer sentiments in urban areas.
- Domestic Sales of Mopeds expected to de-grow in the range 25-27% on account of lower rural sentiments.

Passenger Cars:

- Demand side variable have turned adverse as compared to previous fiscal.
- Higher fuel process to have negative impact.
- Higher increase in TCO in fiscal 2021 on account of BS VI.
- Better income prospects going forward along with paced road development expected to aid 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.
- Subdued demand and production cuts to impact utilisation levels in fiscal 2020.
- Passenger Vehicle Exports:
 - North America 39%
 - Africa 20%
 - Middle East 12%
 - South America 10%
 - European Union 10%
 - Asia 7%

- Oceanic 1%
- Amid domestic slowdown, OEM's are increasingly focus on exports.
- Domestic Sales of Car segment to witness a degrowth of 25-27% in fiscal 2020 owing to the slowdown.
- Domestic Sales of UV and Vans to fall by 6-8%.

Commercial Vehicles:

- Demand to remain muted across CV segments in FY20.
- Freight rate decreases in September, diesel price rises marginally.
- Regulations shaping commercial vehicle industry in India.
- Capacity Utilization on a downward trend.
- CV Financing to remain key monitorable as repo rate decreases
- Improving credit bureau penetration is expected to keep LTVs high, penetration to improve marginally for LCVs.
- Commercial Vehicle Exports:
 - Asia 69%
 - Africa 17%
 - Europe 4%
 - Middle East 3%
 - North America 3%
 - South America 3%
 - Others 1%
- Domestic Sales of LCV <3.5T is expected to degrow on a high base of last three years.
- Domestic Sales of LCV 3.5 to 7.5T expects growth to decline in fiscal 2020 by 20-22% on account of lower cash availability with transporter leading to postponement of purchase.
- Domestic Sales of MHCV >7.5T Demand to improve in H2 from bulk commodity.
- Domestic Sales of Buses in H1 fiscal 2020 was flat. STU demand will see marginal growth and Tourism will support in fiscal 2020.

Tractors:

- Uneven rainfall, high base and slowdown in commercial demand to decelerate tractor sales growth in fiscal 2020.
- Banks reduced interest rates for purchasing tractors in fiscal 2019.
- Irrigation investments to increase two times in next 5 years as compared to last 5 years.
- South & East region to be laggards in driving in growth for fiscal 2020.

- Utilisation expected to decline in fiscal 2020.
- Tractor Exports:
 - Asia 30%
 - Africa 27%
 - North America 25%
 - European Union 15%
 - North America 3%
- Regulatory norms in Europe and slowdown in demand sentiments in Asian countries to cause decline in exports in 2020.
- Trem IV norms applicable only on 50 HP & above tractor segments forming 10% of domestic sales.
- Tractor Domestic Sales to de-grow by 9-11% in fiscal 2020 after 3 years of robust growth.

Three Wheelers:

- Sluggish growth in private consumption.
- Rural population to rise 2.3% until fiscal 2020.
- Future demand drivers – Electric Three Wheelers.
- Deepening NBFC penetration into rural markets to drive three-wheeler financing growth.
- Financing penetration to increase marginally on increasing rural penetration of NBFCs.
- Three-Wheeler Exports:
 - Africa 59%
 - Asia 24%
 - Middle East 6%
 - South America 6%
 - North America 4%
- Bajaj's share in overall exports decreases, TVS Motor's share increases.
- Domestic Sales of Three-Wheeler Passenger to de-grow by 5-7% in Fiscal 2020
- Domestic Sales of Three-Wheeler Goods to de-grow by 9-11% in Fiscal 2020.

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

4. Key updates on activities

Auto Expo 2020

The committee given an update on Auto Expo 2020.

Following were some takeaways:

- **Total Area Booked = 27271 sq. mt.**
(Domestic 24771 sq. mt. & Overseas 2500 sq. mt.)
- **Total no of companies confirmed - 534 Nos.**
Components Show: Over the Years (Area in Sq. mt.)

Year	Gross Area	Net Area
2014	36,000	18,253
2016	54,000	27,948
2018	36,000	19,607
2020	50,000	27,000
- **Facilities of New Halls at Pragati Maidan**
 - *Entry Foyer at both Levels,*
 - *Mezzanine Level Food Court,*
 - *Escalators & Lifts for people movement,*
 - *Cargo Lifts for material movement to First Floor,*
 - *Underground Pipelines for Power Cable,*
 - *Water Connection, Compressed Air, etc.,*
 - *Rear side Service Entry and Access for Goods Vehicles,*
 - *Air-conditioned halls*
- **Key Pavilions**
 - *Garage Equipment Pavilion,*
 - *Bearing Pavilion,*
 - *International Exhibitors & International Pavilions*
 - *Japan, China, German, Taiwan, Korea, UK, Canada, Turkey, Italy, USA, Poland, Thailand, etc.,*
 - *ACMA EV, Start-up & Innovation Pavilion*
 - *ACMA Safer Drives Pavilion*

5. Interactive Session with Mr. Raju B. Ketkale, Senior Vice President & Director, Toyota Kirloskar Motors Pvt. Ltd.

President, ACMA welcomed Mr. Raju B. Ketkale, Senior Vice President & Director, Toyota Kirloskar Motors Pvt. Ltd. and invited him to share his insights with the Executive Committee Members.

Some takeaways from the Interactive Session:

- Hybrids Electric Vehicle Technology is electrification of IC Engines

- Need to protect current strength of India's IC Engine eco system.
- Need for bringing new skills, knowledge & investment in future technologies like xEV – BEV, PHEV & FCEV.
- Self-charging Hybrid vehicles runs >50% time in city on EV mode, this dramatically helps in reducing pollution without providing infrastructure of charging.
- Reduction in cost by creating sustainable local manufacturing of core components by aggregation of demand by fiscal & policy support to XEV (Make in India initiative for Battery, PCU & Motor)
- Government support required for Technology costs, it needs to be viable for customers. (Appropriate GST rates for ecofriendly vehicles. This should be popularized to further scale up)
- India needs an auto policy to support existing strong IC engine eco system and further needs to build additional investment on newer technologies and create employment in order achieve national objective.
- Toyota believes in safety of passenger & society. Hence, it's very important keep developing safe, reliable and highly Durable electrified vehicles.

President thanked Mr Ketkale for the interactive session and wished TKM abundant success.

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

Quality Certifications	Total no. as on November 14, 2019	Total no. as on November 15, 2018
ISO 9001	720	687
IATF 16949	520	541
ISO 14001	357	347
OHSAS 18001	242	224
JIPM	4	4
TPM	15	15
Deming Prize	18	14
Japan Quality Medal	5	5
Shingo Silver Medallion	2	2

<p>6.</p> <p>A.</p> <p>B.</p> <p>C.</p>	<p><u>Membership Matters:</u></p> <p>The committee approved membership status of following companies.</p> <p>New Members:</p> <p>Ordinary Membership:</p> <p>(i) Global Automotive Components, Bahadurgarh, (NR)</p> <p>(ii) Paradise Industrial Corporation, Agra, (NR)</p> <p>(iii) Trac Auto Transmission, Gurgaon, (NR)</p> <p>(iv) Shiv Gorakh Engineering Works LLP, Rajasthan, (NR)</p> <p>(v) Nitesh Auto Engineering Pvt. Ltd., Nashik, (WR)</p> <p>(vi) Sun Mobility Private Limited, Bangalore, (SR)</p> <p>(vii) Plastometal Engg. (I) Pvt. Ltd., Noida, (NR)</p> <p>(viii) Seinsa Autofren India Pvt. Ltd., Chennai, (SR)</p> <p>(ix) Jaycee Castalloys Pvt. Ltd., Bahadurgarh, (NR)</p> <p>Associate Membership:</p> <p>(x) Powermax Rubber Factory, Chennai, (SR)</p> <p>Resignations:</p> <p>(i) ASL Industries Limited, Jamshedpur, (ER)</p> <p>(ii) Ambica Steels Limited, New Delhi, (NR)</p> <p>(iii) Anita Enterprises, Haryana, (NR)</p> <p>(iv) Nitto Denko India Pvt. Ltd., Gurgaon, (NR)</p> <p>(v) Sekisui DLJM Molding Pvt. Ltd., Greater Noida, (NR)</p> <p>(vi) Talbros Engineering Ltd., Haryana, (NR)</p> <p>Amalgamation / Merger:</p> <p>(i) Minda SAI Limited, Greater Noida-U.P. (NR) has merged with Minda Corporation Ltd. Noida-U.P. (NR)</p>	
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7.	<p><u>Date of next meeting:</u></p> <p>President mentioned that the next meeting i.e. the 3rd meeting of the Executive Committee 2019-20 is scheduled to be held on Monday - January 20, 2020 in Pune. This will be preceded by Annual Golf Tournament (WR) on Sunday January 19, 2020.</p> <p>He advised secretariat to communicate the exact details of meeting, in due course.</p>	
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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