



*Automotive Component Manufacturers Association of India*

**Minutes of 6<sup>th</sup> and Last Meeting of ACMA Executive Committee**

**Held on 26<sup>th</sup> July 2019; Gujarat University Convention and Exhibition Centre, Ahmedabad**

List of members present at the meeting is given at [Annexure-I](#).

Mr Ram Venkataramani, President, ACMA welcomed all members of the ACMA Executive Committee. And thanked them for joining the Last Executive Committee meeting (2019-20).

Mr Venkataramani then commenced the meeting.

Prior to taking up the formal agenda, President ACMA apprised the Committee of the overall Quality Certifications in ACMA Membership as:

<b>Quality Certifications</b>	<b>Total no. as on 26 July 2019</b>	<b>Total no. as on 20 July 2018</b>
ISO 9001	<b>746</b>	709
TS 16949	<b>579</b>	584
ISO 14001	<b>338</b>	350
OHSAS 18001	<b>233</b>	215
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

The formal agenda was thereafter taken up for discussion.

No.	Agenda Item	Action Point
1.	<p><b><u>Confirmation of last EC Meeting Minutes</u></b></p> <p>Committee approved the minutes of the last meeting of the Executive Committee held on 03<sup>rd</sup> May 2019 at New Delhi.</p>	
2.	<p><b>Briefing on discussions/decisions of STC Meeting</b></p> <p><b>A. Membership Survey: Finalisation of Consultant</b></p> <p>President briefed the EC that regarding the ACMA Membership Survey proposals were received from EY, GT, F&amp;S, Markit Excel and PwC, out of which EY and GT were shortlisted. Thereafter, both the agencies made a presentation to the President, ACMA. Presentation by EY was more strategic in nature while that of GT tactical.</p> <p>EY had quoted Rs 40 lakhs while GT had quoted Rs 30 lakhs.</p> <p>It being a downturn year, the STC had opined that the quotes appeared to be on a higher side. Committee members suggested to integrate into the scope inputs from the earlier ACT Survey as also re- negotiate with the consultants for a better quote.</p> <p><b>B. Study on Financial Ratios across ACMA Membership</b></p> <p>Considering the need for a better understanding of the financials of the industry, the STC has approved the shortlisting of Markit Excel for conducting such a study.</p> <p>The proposed cost for conducting the study would be Rs. 7 lakh.</p> <p>The agency would collect financial returns/records of ACMA Member companies from the Department of Company Affairs for analysis. Currently, PwC conducts a similar study for ACMA but only for listed companies, which is limited to around 70 companies.</p> <p><b>C. Appointment of Subject Matter Expert (SME) for Pillar 2 on Government Advocacy, Regulations &amp; Research.</b></p> <p>EC was briefed that based on the recommendations of the ACMA PPC, the STC had approved the appointment of Mr K K Jalan, Ex Secretary, Department of MSME as a Subject Matter Expert to assist the ACMA secretariat in</p>	

	<p>policy and regulatory matters.</p> <p>The assignment for a year would cost Rs. 1.5 lakhs per month.</p> <p><b>D. ACMA Automechanika India Agreement</b></p> <p>ACMA had engaged PwC to advise it on what could be the nature of ACMA's engagement/contract with Messe Frankfurt India (MFI) as it was due for a renewal. PwC has advised that AOP is not a good option as it has several legal bindings and significant compliance cost. The existing arrangement that allows ACMA a percentage of profit was most appropriate for organising the future editions of Automechanika New Delhi jointly with MFI.</p> <p>However, PwC would be suggesting modifications to the existing contact to make it more effective for ACMA.</p> <p>The revised agreement will be shared with MFI for their views, which would be effective for next five editions of ACMA Automechanika India Show i.e. for next 10 years.</p>	
<p><b>3.</b></p>	<p>To make a presentation on outcomes of Union Budget, ACMA Executive Committee welcomed Team from Ernst &amp; Young</p> <p>The consultants mentioned that the budget did not have any specific provision for the automotive sector.</p> <p>The budget announcement focused on development of rural as well as urban economy, manufacturing, infrastructure, education &amp; skilling, ease of doing business and life, attracting investments and encouraging innovation and digitization.</p> <p>To promote EVs, Govt. announced Reduction of GST from 12% to 5% and additional Income Tax deduction of Rs, 1.5 lakh on interest paid on loans for purchase of EVs.</p> <p>Import Duty on select Auto Components was also raised to 15%.</p> <p>The Budget also extended 25% corporate tax to companies with turnover of up to Rs. 400 crore, this would help a large number of Auto Component Manufacturers.</p> <p>The detailed presentation is attached as <a href="#">Annexure-II</a></p>	

#### 4. **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 in favour of a robust growth in FY20.
- Increasing penetration of credit bureau and competition among financiers to boost LTV ratios.
- Regulation timeline and Price Impact.
- Utilisation rates to rise in fiscal 2020.
- Two-Wheeler Exports:
  - Asia 40%
  - Africa 35%
  - South America 10%
  - North America 9%
  - Middle East 5%
  - European Union 1%
- HMSI / TVS expand their share, with Bajaj maintaining its clear lead.
- 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 sales in rural areas.
- Domestic Sales of Mopeds expected to de-grow in the range 10-12%.

##### **Passenger Cars:**

- Fuel prices have turned adverse as compared to last year
- Industry banking on new Model launches amidst increase in oil prices in the short term.
- Cost of ownership to rise; Rising fuel efficiency to reduce the effect.
- Better income prospects and paced road development expected to help better demand.
- Interest Rates, Loan-to-value to remain stable.
- Regulations shaping Passenger vehicle industry in India.
- Poor sales in H2 FY19 has dampened utilisation level.
- Passenger Vehicle Exports:

- North America 39%
- Africa 20%
- Middle East 12%
- South America 10%
- European Union 10%
- Asia 8%
- Oceanic 1%

- Global firms focused on exports while Maruti, Hyundai are eying domestic market.
- Domestic Sales of Car segment to witness a degrowth in fiscal 2020.
- Domestic Sales of UV and Vans to fall

**Commercial Vehicles:**

- Freight demand outlook negative in FY20
- Freight rates on a downward trend due to falling diesel price.
- Regulations shaping commercial vehicle industry in India.
- Higher Capacity Utilization to help improve margins.
- CV Financing industry hits road to recovery, to show robust growth in medium term.
- 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 6-8% 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 fiscal 2020 to be driven by schools. STU demand will see marginal growth and Tourism will support in fiscal 2020.

**Tractors:**

- Unfavourable demand indicators to lead to degrowth in FY20.
- Actual Agri credit disbursement higher than target in last five years.
- Higher irrigation intensity will boost usage of higher HP Tractors
- 41-50 HP segment continued to maintain dominant share.

	<ul style="list-style-type: none"> <li>• Capacity additions by players and moderate growth in tractor production will lead to decline in capacity utilisation to 70-72% levels in fiscal 2020.</li> <li>• Tractor Exports: <ul style="list-style-type: none"> <li>- Asia 30%</li> <li>- Africa 27%</li> <li>- North America 25%</li> <li>- European Union 15%</li> <li>- North America 3%</li> </ul> </li> <li>• Tractor exports to grow at a moderate 6-8% in fiscal 2020.</li> <li>• Deficient rainfall, low reservoir levels, high inventory levels and weak commercial demand to lower demand in FY20.</li> </ul> <p><b>Three Wheelers:</b></p> <ul style="list-style-type: none"> <li>• Private Consumption on an Uptrend</li> <li>• OEMs launching new products will be key driver for future demand</li> <li>• Growth in disbursements shows promising picture for three-wheeler industry.</li> <li>• Three-Wheeler Exports: <ul style="list-style-type: none"> <li>- Africa 59%</li> <li>- Asia 24%</li> <li>- Middle East 6%</li> <li>- South America 6%</li> <li>- North America 4%</li> </ul> </li> <li>• Export grown at a CAGR of ~10% from FY 14 to FY19</li> <li>• Domestic Sales of Three-Wheeler Passenger saw growth in FY 2018 &amp; FY 2019 due to opening of permits in newer states.</li> <li>• Domestic Sales in FY 2020 to witness a degrowth since no newer permits are expected.</li> <li>• Domestic Sales of Three-Wheeler Goods are preferred in rural areas to transport goods due to lack of infrastructure.</li> <li>• Domestic Sales of Three-Wheeler Goods shift to SCV is expected to slowdown.</li> </ul> <p>The detailed presentation is attached as <a href="#">Annexure-III</a></p>	
<p><b>5.</b></p>	<p>To make a presentation on SIAM study on Future of Mobility, ACMA Executive Committee welcomed Team from Deloitte</p> <p>The study covers the following broad heads:</p> <p><i>Trends and uncertainties shaping the Future of Mobility</i></p>	

	<ul style="list-style-type: none"> <li>- Society</li> <li>- Technology</li> <li>- Environment</li> <li>- Economics</li> <li>- Policy</li> </ul> <p><i>Building the scenarios: The two most critical uncertainties</i></p> <ul style="list-style-type: none"> <li>- Extent of Technological Advancement</li> <li>- Extent of Govt. Support to policy and Infra Development</li> </ul> <p><i>The four scenarios</i></p> <ul style="list-style-type: none"> <li>- Seamless Utopia</li> <li>- The Technological Revolution</li> <li>- Traffic Jam</li> <li>- Govt. led charge on Mobility</li> </ul> <p><i>Implications of scenarios: Future growth levers</i></p> <ul style="list-style-type: none"> <li>- Increase localisation and collaboration</li> <li>- Play an integral role in increasing content per vehicle</li> <li>- Cater to larger parc &amp; faster replacement market</li> <li>- Pick up in the share of exports</li> </ul> <p><i>Imperatives from the scenarios: Strategic plays for ACMs to succeed</i></p> <ul style="list-style-type: none"> <li>- Win on cost and scale</li> <li>- Find a niche</li> <li>- Go beyond the core of automotive supply</li> <li>- Lead performance innovation</li> <li>- Trail blaze into new offerings</li> </ul> <p><i>Facilitating the future of Mobility: Role of the regulator</i></p> <ul style="list-style-type: none"> <li>- Facilitate Economic Growth</li> <li>- Ensure clean and sustainable Future</li> <li>- Enable Indigenisation of Auto Ecosystem</li> <li>- Preserve and create Employment opportunities</li> </ul> <p>The detailed presentation is attached as <a href="#">Annexure-IV</a></p>	
<p><b>6.</b></p>	<p><b><u>Review of Pillar Activities</u></b></p> <p>Committee acknowledged the receipt of MIS report of each Pillar, which had been circulated earlier with Agenda.</p> <p>To share key events organised and those planned, Pillar and sub-pillar Coordinators made a brief presentation to the committee.</p>	

## **Pillar 1 on Business Development**

### **Key Highlights**

#### **Domestic**

- EV Localisation Conference and Exhibition was held on 15 May, 2019, New Delhi. 40 companies participated as exhibitors. The event was inaugurated by Secretary, DHI. and it witnessed interactions with 13 prominent OEMs and participation of 450 delegates.
- 1<sup>st</sup> Buyers Sellers Meet was held on 3-4 June, 2019, Chennai. The event witnessed participation from 50 companies in 47 stalls and over 200 visitors including leading 11 Global OEMs.
- 1<sup>st</sup> Automotive Raw Material Conclave & Exhibition was held on 2 July, 2019, New Delhi. 12 companies participated as exhibitors. And it witnessed interactions with 6 prominent OEMs and participation of 150 delegates.

#### **International**

- Automechanika Dubai from 10-12 June, 2019. The India pavilion was inaugurated by Shri Vipul, Consul General of India and a total of 45 Indian component manufacturers participated in the show.

## **Pillar 2 on Government Advocacy, Regulations and Research**

### **Public Policy**

- Presentation of on Pre-Budget Memorandum with MoF and DHI
- Meeting on Trade Agreement – RCEP, EU, Sri-Lanka, Bangladesh and Nepal with DoC and DHI
- Discussion on National Electronics Policy with Meity

### **CFT on Electric Mobility**

- Joint working group meeting on Indian Standards related to charging of EVs with BIS-DST

### **Regulations**

- 2<sup>nd</sup> Meeting of SIAM Clean Fuel Technology Forum at Cummins India, Pune was held on 6 May 2019 to redefine the Scope of Forum and to Promote contributions made by Indian Automotive Industry



- Meeting at Bureau of Energy Efficiency, Delhi was held on 4 June 2019 to review existing Fuel Efficiency Norms.
- 3<sup>rd</sup> Meeting of Joint Working Group on Road Safety was held on 4 June 19 having focus on Vehicle Technology and Transport Infrastructure

### **Pillar 3 on Skilling, Training & Mentoring**

**& Leadership Development:** The pillar includes cluster programs, ACMA Awards, ACoE, ASDC, YBLF and HR and Region-specific activities for the membership.

### **Clusters Programs**

- 23 Cluster programs currently running with 148 companies enrolled.
- ACMA (Short duration 3, 6, 9, 12 months) Cluster Programs introduced based on specific company requirements.
- ACMA Advance Cluster 14 was launched on 10 June 2019
- ACMA LMW Advance Supplier Excellence Program Cluster was launched on 14 June 2019
- ACMA 1st HR Cluster in coordination with HR & IR Sub Pillar was launched on 23 July 2019.

### **ACMA Centre of Excellence (ACoE)**

- State of the Art Mechatronics labs fully functions. Several training programs are being organized.

### **HR and IR**

- Launch of 5<sup>th</sup> ACMA Compensation and Benefits Benchmarking Survey
- ACMA HR Conclave: Preparing the Industry for Next Generation Mobility was held on 23 July, 2019

### **Regions**

ACMA Regions have been executing various training programs periodically for the membership.

The number of programs held in each region are as under:

North - 25, East - 6, West - 6, South – 8.

	<p><b>Pillar 4 on Overseas Investments and International Alliances</b></p> <p><b>Key Activities</b></p> <ul style="list-style-type: none"> <li>- India Automotive Industry Forum and Business Match Making Event held on 7-8 May'19 at Nagoya, Japan. The event witnessed a gathering of over 450 delegates from the Japanese Automotive Industry. President, Vice-President and DG ACMA addressed the gathering. 18 ACMA members participated in the Matchmaking event.</li> <li>- G7 Meeting “Global Suppliers Associations meeting”; 21-22 May 19 at Yokohama, Japan. Secretariat heads of Auto Component association - CLEPA (Europe), MEMA &amp; OESA (USA), APMA (Canada), Sindipeças (Brazil), INA (Mexico) and ACMA joined the meeting. Status of industry on Markets in each country, Political issues, trade issues as well as technology was shared. ACMA will be hosting the next G7 meeting in February 2020 coinciding with 15th Auto Expo 2020.</li> </ul> <p><b>Pillar 5 on Media Interface</b> continues to promote ACMA continued to be active on social, electronic and print media.</p> <p>The detailed presentations on each pillar – key activities held and forthcoming ones, is enclosed as <a href="#">Annexure-V</a></p>	
<p><b>7. Membership Matters:</b></p>	<p>The committee approved membership status of following companies.</p> <p><b>A. New Members:</b></p> <p><u>Ordinary Membership:</u></p> <ul style="list-style-type: none"> <li>(i) CG Power and Industrial Solutions Limited, Ahmednagar, (WR)</li> <li>(ii) Excel Controlinkage Private Limited, Nagpur, (WR)</li> <li>(iii) Rucha Engineers Pvt. Ltd., Aurangabad, (WR)</li> <li>(iv) Advance Cable Technologies (P) Ltd, Bengaluru, (SR)</li> <li>(v) Oswal Castings Private Limited, Faridabad, (NR)</li> </ul>	

<p>(vi) EL-Chico Clutch Pvt. Ltd., Faridabad, (NR)</p> <p>(vii) Celestial Industries Pvt. Ltd., Delhi, (NR)</p> <p>(viii) Nifco India Pvt. Ltd., Gurugram, (NR)</p> <p>(ix) Moonlight Auto Pvt. Ltd., Ludhiana, (NR)</p> <p>(x) S.M. International, Agra, (NR)</p> <p>(xi) Toyotsu Ambika Automotive Safety Comp. India Pvt. Ltd., Gurugram, (NR)</p> <p>(xii) Arun Associate, Uttar Pradesh, (NR)</p> <p>(xiii) Enco Engineering Combine P Ltd, Gurgaon, (NR)</p> <p>(xiv) National Piston Rings (India), Uttar Pradesh, (NR)</p> <p>(xv) ARN Sealing Components, Delhi, (NR)</p> <p>(xvi) Prospect Engineering Works, Vasai East, (WR)</p> <p>(xvii) Shantdeep Metals Pvt. Ltd., Aurangabad, (WR)</p> <p><u>Associate Membership:</u></p> <p>(xviii) Marshall Machines Limited, Ludhiana, (NR)</p> <p>(xix) SLR Metaliks Limited, Gurugram, (NR)</p> <p><b>B. Resignations:</b></p> <p>(i) Ashok Leyland Limited (Foundry Division), Kancheepuram District, (SR)</p> <p>(ii) Perfect Exports, Agra, (NR)</p> <p><b>C. Amalgamation / Merger:</b></p> <p>(i) INA bearings India Pvt Ltd, Pune, (WR) has merged with Schaeffler India Limited, Pune, (WR)</p> <p><b>D. Removal:</b></p> <p>(i) Autolite (India) Ltd, Rajasthan, (NR)</p> <p>(ii) Minda Silca Engineering Pvt. Ltd., Greater Noida, (NR)</p> <p>(iii) Prakash Auto Industries, New Delhi, (NR)</p>	
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<b>8.</b>	<p><b><u>Date of next meeting:</u></b></p> <p>Committee noted that the next meeting of Executive Committee would be the 1<sup>st</sup> meeting of re-constituted Executive Committee for 2019-20 and would take place immediately after the ACMA Annual General Meeting post the conclusion of 59th Annual Session on <b>Friday, 6<sup>th</sup> September, 2018</b> in New Delhi.</p> <p>The meeting will be held at 1630 hrs in Mumtaz Hall, Taj Palace, New Delhi.</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.

**Ram Venkataramani**  
**President**

**Vinnie Mehta**  
**Director General**