

REPORT OF THE ACMA EXECUTIVE COMMITTEE TO MEMBERS

The ACMA Executive Committee is pleased to present its Annual Report together with the Audited Accounts for the year ended 31st March 2022.

FINANCIAL RESULTS

Particulars	(₹ In Lakh)	
	2021 - 22	2020 - 21
Revenue from Operations and Other Income	2549.38	2013.94
Profit before Depreciation and Tax	360.86	267.85
Less : Depreciation	135.62	198.13
Profit before Tax	225.24	69.72
Less : Tax Expenses (Net)	66.00	57.87
Profit after Tax	159.24	11.85
Balance Carried to General Fund	159.24	11.85

OPERATIONAL RESULTS

During the year ended 31st March, 2022 Association recorded a turnover of **₹ 2,549 lakh** as against ₹ 2,014 lakh in the corresponding year.

THE INDUSTRY BACKDROP

The Automotive industry in India is at a point of inflection, preparing and transforming itself for the next phase of growth and development. In this transformational journey, ACMA has been playing a pivotal role in supporting its membership across the highly complex yet integrated value chain, to overcome the present difficulties and emerge stronger to cater to the demands of an industry in transition – in terms of meeting its customer expectations, technology adoption, skilling its people and regulatory compliance, among others.

Whilst the automotive value-chain faced significant disruptions over the last two years in wake of the pandemic, vehicle sales, especially in the PV, CV and tractor segments now seem to have reached the pre-pandemic levels. Of late, there has been some moderation in the supply-side issues of availability of semiconductors, input raw-material costs and availability of containers. Increased value-addition to meet regulatory compliance, fast recovery in external markets and traction in the domestic market contributed to a remarkable growth of the auto components sector in FY 2021-22.



Significant growth was witnessed across all segments including supply to OEMs, Exports as also the Aftermarket. In this backdrop the component industry sized-up to Rs.4.20 lakh crore (USD 56.5 billion) registering 23 per cent growth, thus outpacing its highest ever turnover of Rs.3.95 lakh crore in FY18-19. Exports grew by 43 per cent to Rs.1.41 lakh crore (USD 19.0 billion) while imports grew by 33 percent to Rs.1.36 lakh crore (USD 18.3 billion) leading to trade surplus of USD 700 million. The Aftermarket, estimated at Rs. 74,203 crore also witnessed a steady growth of 15 per cent.

Going forward, with a slew of new launches, vehicle sales are expected to gain traction during the festive season. Further, increased focus by the auto industry on deep-localisation and the announcements of the of PLI schemes by the Government on Advanced Chemistry Cell (ACC) Batteries and Auto & Auto Components will facilitate the creation of a state-of-the-art automotive value chain and developing India into an attractive alternative source of high-end auto components. The component industry is also transforming itself as sales of two-wheeler and three-wheeler EVs gain traction. The buoyancy in the market is expected to continue through the year and it is hoped that FY22-23 will witness a healthy performance.

However, poor offtake of two-wheelers, increase in cost of insurance, high inflation, excessive fuel cost and extreme logistics costs are some of the issues of concern to the industry that need urgent Government attention.

The world is fast moving towards sustainable development driven by the need to reduce carbon footprint as also to meet the challenges of the environment and climate change. The situation in our country is not too different. Like most progressive

Governments, our government has also announced the goal of net-zero by 2070; and as responsible stakeholders, the auto and the auto component industry will need to shoulder their responsibility well by transitioning to zero-emission products such as EVs and business models that are sustainable, aligned to circular economy, and have minimal adverse impact on the environment.

KEY ACTIVITIES & INITIATIVES

With the advent of the pandemic, ACMA transformed itself into a digital organisation, with all its services being delivered online. However, as normalcy is fast returning to business, whilst we are reverting to physical mode however continue to leverage the advantages of digital technology for the benefit of our members.

An overall of 265 activities were organised during 2021-22. Highlighted below some of the key activities:

The 61st Annual Session with the theme "Living with Volatility - Survival, Revival & Growth" set the tone for ACMA initiatives and activities for the year. The session organized on a virtual platform, witnessed incisive sessions by the experts, industry



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and Government leaders on the future of mobility, next generation mobility solutions and new-age manufacturing technologies to stay ahead of the curve.

The 4th ACMA Aftermarket Expo – North East was organised as a two-day event under the aegis of Ministry of Commerce and Industry, Government of India in Guwahati. The event saw 50 leading auto component manufacturers showcasing genuine aftermarket and safety critical products. Many domestic and international buyers from neighbouring countries participated in the event.

After a hiatus of four years, the 18th edition of Automechanika Dubai 2021 was organised as a physical event amidst strong COVID protocols. The ACMA India pavilion witnessed participation of 20 exhibitors with significant footfall from international visitors from Europe, Middle-East and Africa.

In March 2022, the 7th edition of the ACMA Atmanirbhar Excellence Awards and Technology Summit was organised where ACMA recognized and felicitated members for excellence across parameters such as Exports, Product innovation, manufacturing, HR, and environmental safety. The ACMA Technology Summit successfully brought together experts and industry leaders to deliberate on building a robust, Atmanirbhar

Automotive value-chain for advanced automotive technologies. The prestigious 'ACMA Lifetime Achievement Award' was bestowed upon Dr. Pawan Goenka, Chairman, Steering Committee for Advancing Local Value-Add & Exports (SCALE), for his unparalleled contribution to the automotive industry.

In March 2022 ACMA successfully organised three concurrent events in Noida - the ACMA EV Summit and Exhibition, the Auto Technology Partnership Summit and Expo (ATPSE) and i-Autoconnect, ACMA's flagship reverse buyers and sellers. Over 130 ACMA members, including 50 from the e-mobility segment, displayed their latest products and technologies. A sizeable number of international delegates from over 30 countries visited the event while business delegations from UK, Spain, Israel, Russia and Bangladesh evinced keen interest in India made auto components. That apart, several business leaders from OEMs also participated in the event.

ACMA continues to be well engaged with the Automotive Skills Development Council (ASDC) as a member of its governing council to develop and deliver appropriate skill development curriculum to support the changing needs of the industry.

We are now entering into a next phase of development for the automotive industry in India, and the key to success in this round will be transformation and co-creation for collaborative approach that not only offers necessary solutions to the business needs of our customers but also supports them well in adversities and disruptions. As the apex body for the sector, ACMA will continue to strive to play a pivotal role in this endeavour. Together with all stakeholders, we are preparing for the 'Future of Mobility- Transforming to be Ahead of the Opportunity'.

GOVERNMENT ADVOCACY, REGULATORY & RESEARCH

The dynamics of the automotive market in India is undergoing a tremendous change. To support the changing customer needs and to stay relevant, the auto component sector needs to be encouraged with supportive government policies.

In this context, we continued our dialogue across various ministries and departments of the Government. This included several rounds of meetings with key Ministers and functionaries at the Ministry of Heavy Industries and Public Enterprises, Ministry Road Transport & Highways, Ministry of Commerce & Industry, Ministry of Finance, the NITI Aayog and several State Governments.

PRESENCE IN MEDIA

The year also witnessed significant media presence of ACMA, with several interviews and opinion of ACMA leadership and articles in leading national dailies, electronic channels and trade magazines, carrying the voice of the industry to the government and relevant stakeholders. That apart, social media was also effectively used to redouble and reinforce ACMA's media efforts.

NUMBER OF MEETINGS OF THE EXECUTIVE COMMITTEE

The Executive committee met six times during the financial year i.e on 21st May 2021, 16th July 2021, 27th August 2021, 12th November 2021, 21st January 2022 and 15th March 2022.

CHANGES IN THE EXECUTIVE COMMITTEE

Detail in changes in the key management personnel in the Executive Committee are provided in the Annual Report.

Furthermore, it may be noted that the Company being a Section 8 Company under the Act, provisions pertaining to retirement of directors by rotation is not applicable.

ACMA elects, co-opts members of its Executive Committee comprising of President, Vice President and other members every year as per Memorandum & Articles of Association.

DEPOSIT

The company has not accepted any deposits from the public during the year under record.

AUDITORS AND AUDITOR'S REPORT

Auditors

M/s K.K. Khanna & Co. (Firm Registration No.- 002221N) New Delhi, Chartered Accountants, is proposed to be reappointed as the Statutory Auditors of the Association for the ensuing year 2022-23. Necessary consent from the proposed Auditors' confirming their eligibility for appointment as Auditors of the Association has

been received from them. A proposal for the same will be placed before the members at the ensuing Annual General Meeting.

Auditor's Report

The Executive Committee has taken note of the Auditor's Report.

The qualifications made by the Auditors in their report are noted by your Executive Committee and shall take the requisite steps to set them right in due course.

EXTRACT OF ANNUAL REPORT

In accordance with the provisions of the Companies Act, 2013, the extract of Annual Return in Form MGT-9 is enclosed as **Annexure - A** and forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY AND INITIATIVE

Association believes that corporate social responsibility programs reflect the human side of corporates, and the management's personal commitments to contribute to the community and society of which they are a part. A well-managed CSR program creates social and environmental value, while supporting a company's key stakeholders.

Association's Corporate Social Responsibility (CSR) programs has been planned with focused approach of building skilled manpower for the industry.

The Association's focus area is largely covered under Schedule VII of the Companies Act, 2013.

In F.Y. 2021-22, ACMA is not qualify for CSR under the Companies Act, 2013 as the Association is not satisfying any of the following criteria during the immediately preceding financial year is required to comply with CSR provisions specified under section 135(1) of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 made thereunder:

- (i) net worth of rupees five hundred crore or more, or
- (ii) turnover of rupees one thousand crore or more, or
- (iii) net profit of rupees five crore or more.

In F.Y. 2021-22, ACMA's net profit is ₹1.59 crore.

The Association has constituted a CSR committee of the Board and also developed & implemented a CSR Policy in accordance with the provisions of Companies Act, 2013. The Committee monitors and oversees various CSR initiatives and activities of the Association. A detailed Report on Corporate Social Responsibility is annexed herewith as **Annexure-B**.

EXECUTIVE COMMITTEE'S RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Executive Committee, to the best of its knowledge and ability, confirm that:

- i. in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Association at the end of the financial year and of the profit of the Association for that period;
- iii. they have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Association and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Association and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROL

The Executive Committee has adopted the policies and procedures for ensuring the orderly and efficient conduct of its activities, including adherence to the Association's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Association has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace and has in place an Internal Complaint Committee to redress the complaints and circumstances regarding the behaviour of sexual harassment at workplace. The Policy for the same is placed on the internet for the benefit of its employees. There were no complaints received from any employee during the year under review.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is conscious of the imperative to protect the environment and the natural resources for achieving sustainable economic growth and have started several initiatives in this regard such as conservation of energy and water and eco-friendly waste management system.

In view of the nature of activities of the Company, disclosure relating to technology absorption is not applicable.

The disclosure of foreign exchange earnings and outgo, in terms of provisions of Section 134(3)(m) read with Rule 8 of the Companies (Accounts) Rules, 2014 are given hereunder:

Foreign Exchange earnings and outgo

	(₹ in Lakh)	
Foreign Exchange	2021-22	2020-21
Earnings	7.33	2.63
Outgo	1.92	6.84

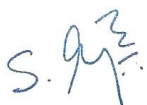
ACKNOWLEDGEMENTS

We, sincerely acknowledge the support of the Governments at the Centre and States, who have been extremely receptive to ACMA's suggestions and inputs. We are grateful to the Ministry of Heavy Industries, our nodal ministry, for its unstinted support and guidance. This would be also be the opportune time to place on record our appreciation for the support extended to us by CII, SIAM, IMTMA and other industry bodies.

In conclusion, the year gone by has been one of the most challenging. The auto component industry has however displayed remarkable camaraderie and resilience in making a strong comeback.

At ACMA, we will continue to strive to service our members with aplomb and adapt to their changing needs. We place on record our sincere appreciation for guidance and encouragement by the ACMA Past Presidents and my colleagues at the ACMA Executive Committee. To all the members and stakeholders including the government, we would like to extend our gratitude for their support. Last but not least, we thank the ACMA secretariat for their tireless efforts, especially in these challenging times.

By order of the Executive Committee



Sunjay Kapur