

Mint

Page No: 1
Page Name: Front Page
Size: 304 sq. cm
AVE: INR 748,346

Type: Newspaper
Language: English
Circulation: 365,000
Frequency: Daily

National - Aug 07, 2018

News monitored for: ACMA

Automotive component makers report highest turnover since FY12
Automotive component manufacturers reported a robust 18% growth—the highest since FY12—in their cumulative turnover to ₹3.45 trillion, according to a presentation by ACMA. **See Page 7**

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Auto parts makers report highest sales in 6 years on robust demand

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Auto parts makers in India posted the highest sales in six years buoyed by robust demand for cars, trucks and motorcycles in the world's fourth-largest automobile market.

Cumulative sales rose 18% to more than ₹3.45 trillion in the financial year ended 31 March, the Automotive Component Manufacturers Association of India (ACMA) said on Monday.

It is the highest growth in industry sales as well as percentage growth since 2012-13.

The parts makers recorded sales of ₹2.92 trillion in the previous year, ACMA said in a presentation to reporters.

Automobile sales weakened after the government banned high-value currency notes in November 2016.

Sales began to revive as companies launched new models and banks offered easier financing.

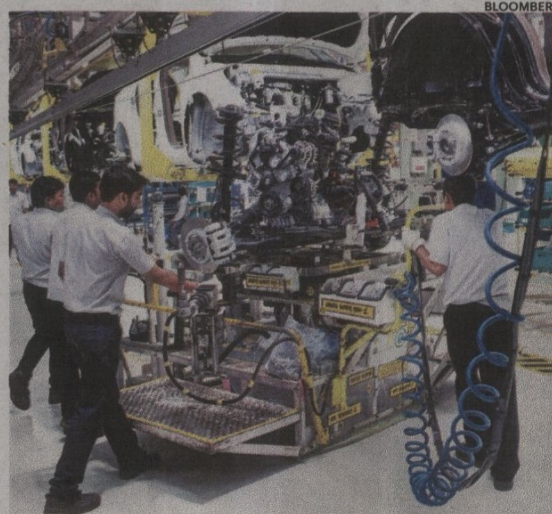
Passenger vehicle sales touched the three-million mark for the first time last year.

Truck and bus sales surged 20% to 856,453 vehicles, while two-wheeler sales touched a record 20.19 million units, according to data issued by the Society of Indian Automobile Manufacturers (SIAM).

Exports of auto parts from India also carried on the growth path amid a recovery in global economy and auto makers' drive to cut costs and boost profitability by sourcing from low-cost regions such as India.

Exports surged 24% in the last financial year to ₹90,571 crore—the highest in five years, the industry body said.

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Cumulative sales rose 18% to more than ₹3.45 tn in FY18, the Automotive Component Manufacturers Association said.

Imports, however, jumped 18% to ₹1.06 trillion, rebounding from a flat growth in the previous year, due to a surge in imports of Chinese parts.

Chinese parts comprised almost 27% of total imports last year.

Nirmal K. Minda, president of ACMA, said higher sales helped the auto parts industry improve its average capacity utilization rate to 95% last year, boosting profitability.

"The performance of the tier-II and tier-III component manufacturers has also improved a lot and that gives us a lot of strength since they operate on very thin margins," Minda said.

He said the industry body is concerned with the increasing imports of Chinese parts "especially in the aftermarket since there are no specified standards".

"Just like the domestic tyre industry, the Union govern-

ment should also try to protect the domestic component industry from imports of low-quality components," said Vinnie Mehta, director general of ACMA.

Meanwhile, domestic companies are seeking an across-the-board a lower 18% goods and services tax on auto parts.

Currently, almost 40% of components especially for two-wheelers and tractors, attract a 28% GST, and customers in both these segments are the most price sensitive, according to ACMA.

Higher tax rates have made it difficult to eradicate grey market operations in the aftermarket, and a lower tax rate would also encourage compliance and grow tax collection, the industry body said.

ACMA also wants incentives for its members for research, development and manufacturing of electric vehicle components in the second phase of the Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles (FAME) scheme which is expected to be implemented by October.