

WINNING THE COVID WAR Auto industry speaks

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Mr Neeraj Mahajan
Group President, Mktg, Spark Minda

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PRODUCTION LEVELS We are witnessing month-on-month improvement in production level at which we are operating. In June'20 we reached close to 60 per cent of our production as compares to last year and July is much better than that. We are hopeful that in Q2 FY21 we should achieve revenue closer to what we did last year in similar period. This will be possible due to our aftermarket and export.

HOPES ON RECOVERY Preference for personal transport, pent-up demand and inventory filling at dealership of BS-VI is resulting in good ramp-up on production especially for two-wheeler and passenger vehicles. Tractor sales are showing growth post opening of lockdown as rural economy looks to be doing well. Three-wheeler and commercial vehicle are lagging. Though there might be a spike in demand in the run-up to the festive season, steady growth depends on economic recovery, consumer sentiment, finance availability and how the situation related to COVID-19 evolves. There are so many moving pieces at this moment and thus it becomes difficult to forecast but, for sure, the pre-COVID

level will not be reached in FY21 for most of the segments, other than tractors.

MORALE-BOOSTERS The role of HR has expanded in recent times as now they have to take into account the challenges of mental well-being of employees, and physical well-being. This is in addition to regular employee communication to minimise panic, creation of employee engagement calendar to uplift the spirits, and continuous assurance of job security. It also has an established mechanism that fosters a positive work environment that is free from harassment of any nature.

SAFETY MEASURES The Response Team which was created worked relentlessly to ensure seamless start of the operations. They also ensured the safety of our employees and adherence to the Government directions. We also created a Standard Operating Process (SOP) which will help us to be efficient and consistent across the Group. Some of the measures taken by us include: thermal screening of employees at the Entry Gate; no physical meeting – encouraging use of MS team and VC; bus transport is being

used with 50 pc capacity; social distancing at all times; regular sanitising and availability of hand sanitiser/wash soap solutions in common area and wearing of mask all the time. None of the measures taken by us has impacted the revenue but it only gave confidence to our employees to work without being worried about safety and health thus enhancing their productivity at work place.

SECTORAL GROWTH If we talk about Minda Corporation, we rank No. 2 in the two-wheeler segment globally due to our strong associations with leading two-wheeler OEMs. The recovery of the two-wheeler segment will be faster as compared to commercial vehicles or any other sector due to two- major reasons: the customer preference is shifting from aspirational to need-based and people are preferring personal transport over public transport. We feel luxury carmakers expect sales to remain subdued in FY21 due to lower discretionary spend.

CVs AND TRACTORS The commercial vehicle sales is totally linked to economic activity i.e. availability of freight. The GDP growth in FY20 which come at 11 year low of 4.2 pc indicates the business sentiment has been worsening. In FY21 due to COVID-19 pandemic, the GDP rate will be negative and thus the trajectory of commercial vehicle will further slide downward. But the possibility of recovery can be foreseen subject to introduction of vehicle scrapping policy. In case of tractors, it is dependent on agriculture. Agriculture is the only sector which will grow this year.

BS-VI AND EV PUSH We hope the Government gives some time before pushing for electric vehicles as the industry has invested good amount to transit from BS-IV to BS-VI in four years which most of the developing or developed nations have done in eight to ten years. Time is required so that the return on the investment can be generated which will allow the industry to invest back into other regulatory aspects like electric vehicles.

SUPPLY CHAIN CHALLENGES Making our supplier chain ready before the start of the production during lockdown was a major activity which our team worked on. Some of the action taken by us to have minimum impact on



our supply chain was: prioritising payments to MSMEs, handholding with them for following SOP regarding restart after COVID and providing them backend support in resolution of logistics issue.

ATMANIRBHAR BHARAT Our Prime minister's vision of 'Atmanirbhar Bharat' is both opportune and essential. It has struck an emotional chord among consumers and suppliers alike. The recent pandemic has seen a huge shift in the business dynamics with global companies shifting their base from China to nearby countries that offer the same kind of infrastructure, human skillset and ecosystem to make it a viable business proposition. The Government is proactive and offering special packages that will help various global companies shift their manufacturing from China to India thus benefitting the manufacturing sector.

ANTI-CHINA RANT In the post-COVID world there will be a huge opportunity for OEMs and auto component manufacturing companies in Europe and the US to shift some of the production from China to India. This will help us in increasing our export options. The recent shift of policies will also benefit the manufactures that are present in India to strengthen their presence more. They can invest more in R&D in order to establish new technology locally and become more self-reliant in developing products which are high in electronic content. Let us not forget that India is likely to become the fourth largest producer and consumer of automobiles in the world. Global companies are observing this and they will certainly venture in coming time in India.

Spark Minda strengthens senior leadership team



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Group President, Mktg,
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LEADING auto ancillary manufacturer Spark Minda has announced the appointment of Mr. Neeraj Mahajan as Group President - Marketing and Mr. Arvind Chandra as the CEO - Business Vertical 1 (Mechatronics).

Mr. Ashok Minda, Chairman & Group CEO, Minda Corporation Limited, said, "I am very excited to have on board such accomplished business leaders having rich industry experience of 25 to 30 years and strong relationships with eminent Indian and global customers. I am very sure, with their rich experience and customer-centric approach; they will strengthen our

relationships and continue to delight our customers with best of our offerings to be recognised as a leading innovative system solution provider. We have enhanced our focus on operational excellence, customer centricity and speedy market responsiveness."

A company press release said the Spark Minda senior leadership team is now geared up to enhance the trust, faith and confidence of its stakeholders. It will continue to create new benchmarks, innovative and technologically advanced products and be the supplier of choice in the auto industry, added the release.