

Hind Motors charts strategy for turnaround

Co In Talks With Foreign Carmakers To Take Up Contract Manufacturing

Our Bureau

KOLKATA

HINDUSTAN Motors, makers of iconic Ambassador cars, has chalked out a multi-pronged turnaround strategy. The company, struggling with losses which has wiped out more than half its net worth, is in talks with overseas carmakers to take up contract manufacturing at its Chennai plant. It is also looking to launch new variants of the existing models and is scaling up capacity of its car and components business.

Hindustan Motors MD Manoj Jha told journalists in Kolkata on Thursday: "We are in talks with global automakers to take up contract manufacturing at the Chennai plant. We are also in discussions with Japanese major Mitsubishi to explore the possibility of increasing the number of units rolling out of the plant."

The Japanese auto major had recently said it will not have any objections if another company is roped in. The Chennai plant, which makes Mitsubishi's Lancer & Cedia sedans, Pajero and Outlander utility vehicles, manufactured only 4,000 units in 2009-10. It currently uses only one-fourth of the total installed capacity of 25,000 units per annum.

Elaborating further, Mr Jha said that much would depend on Mitsubishi's plan for India and the number of CKDs the latter is able to ship to India. In case, Mitsubishi decides to augment the number of cars being manufactured in India which will use roughly 75% of the

Chennai plant's capacity, Hindustan Motors may not look at contract manufacturing at all. "We will have a clarity on how to use Chennai plant's idle capacity by the end of the fourth-quarter," he added.

Unveiling the company's future plans, Mr Jha said Hindustan Motors intends to launch a new variant based on the existing platform of Ambassador with significant changes. Additionally, it will also unveil at least five variants of all the vehicles in its portfolio over the next 12-15 months. He, however,

refused to give any more details.

"There would be four new variants of the iconic Ambassador of which two would be based on a completely

new engine platform. We would start rolling out these new variants from April 2011," he said. Presently, the company sells 800 Ambassadors a month.

"The move is in sync with the company's plans to increase its presence in the personal car segment contributing only 25% to the company's total turnover. If the plans fructify, the passenger car businesses' contribution to the total turnover will nearly double to 50% over the next 12-15 months," Mr Jha pointed out.

Clearly, Hindustan Motors' newly appointed MD Manoj Jha and his team is all set to transform the company. The company's units at Uttarpara, Chennai and Indore would break even by the end of this fiscal. "All our verticals would be cash positive by fourth quarter," Mr Jha said.

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