



PRESS RELEASE

Hindustan Motors all for restructuring for revival

KOLKATA, December 26, 2013: Hindustan Motors Limited is putting in all efforts to strengthen the company through restructuring.

Speaking after the company's 71st annual general meeting, Mr. Uttam Bose, Managing Director and CEO, HM stated, "HM remains fully committed to its revival plan. Slowdown in the economy, especially in the auto sector has affected HM too. In addition, we have had operational challenges in terms of cash flow problems for the company. Under these circumstances, it is becoming extremely challenging to manage daily operations."

As decided earlier, HM needs to restructure its business by demerging its Uttarpara and Chennai plants as the product portfolio and customer segment of these two units are very different. The company is seeking potential strategic / financial investors for both the units. It is already in talks with some of them. However, the potential partners, too, have specific needs and are interested in either of the two units, not both, Mr. Bose explained.

The company is facing challenges in executing its revival strategy. In view of the delay in the demerger scheme awaiting the honourable High Court's sanction, the company is initiating divestment of the Chennai plant to meet the goal. In the interim period, the Company plans to have a working arrangement for the Chennai plant. HM is in discussions with different entities involved and hopes for strong support from the West Bengal government which is equally interested in reviving Hindustan Motors. "We have a common objective in reviving the organisation and bringing it back to black," he asserted.

During the 18-month period under review, beginning April 2012 and ending September 2013, HM incurred a loss of Rs. 71.20 crore as compared to a loss of Rs. 29.96 crore in FY 2011-12. The company's accumulated losses have exceeded its net worth at the completion of the financial year ended September 30, 2013. The company will take necessary steps to comply with the legal requirements.

In the meantime, the company has made some progress in the following areas.

HM entered into an agreement with Isuzu Motors India Private Limited in June 2013 for contract manufacturing of the Japanese company's SUVs and pickup trucks in India, at its Chennai car plant. The first SUV rolled out of the company's plant on December 10, 2013. This enhances the capacity utilization of the plant.

HM has finalized an agreement with its long-time collaborator Mitsubishi Motors Corporation, Japan, to launch an automatic version of the renowned SUV Pajero Sport whose manual version was launched in March 2012. It has also been decided to launch another model from the Mitsubishi stable. Notably, Pajero Sport was declared "Off-roader of the Year 2012" by auto magazine BBC Top Gear in December 2012.

By launching 1.5-litre BS IV-compliant Ambassador Encore on September 24, 2013, HM can now sell in BS IV emission-compliant cities as well. Significantly, Ambassador was adjudged the "World's best taxi" at the Beaulieu's World of Top Gear motorsport show conducted by BBC Top Gear in UK in July 2013.

About Hindustan Motors Limited

Hindustan Motors Limited, India's pioneering automobile company, was established during the pre-Independence era at Port Okha in Gujarat. Operations were moved in 1948 to Uttarpara in district Hooghly, West Bengal, where the company began the production of the iconic Ambassador.

The company currently manufactures Ambassador (1500 and 2000 cc diesel, 1800 cc petrol, CNG and LPG variants) in the passenger car segment and light commercial vehicle Winner 2.0-litre diesel and 1.8-litre (CNG), and auto components at its Uttarpara plant. The company also runs operations at Pithampur near Indore in Madhya Pradesh where it produces both variants of Winner. The company has recently launched BS IV-compliant 1.5-litre diesel-powered vehicle named Ambassador *Encore*.

HM entered into technical collaboration with Mitsubishi Motors Corporation of Japan in 1998. It manufactures/markets premium SUV Pajero Sport. Hindustan Motors does contract-manufacturing of SUV and pick-up trucks for ISUZU India Pvt. Ltd. at its Tiruvallur plant.

HM is committed to core values of quality, safety, environmental care and holistic customer orientation.

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