

HM hopes to turn around next fiscal

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Hindustan Motors — makers of the iconic Ambassador car — has expressed hope that if market condition favours, it will come out of the woods in the next financial year.

"We hope that the next financial year will be positive for us. If market condition favours, we expect to come back to profit in the next fiscal. However, the size of our debt is very small and it is nothing to worry about, any company with huge working capital will have such debts," said Manoj Jha, managing director of Hindustan Motors, on the sidelines of an auto show organised by Society of Indian Automobile Manufacturers (SIAM) and Confederation of Indian Industry (CII) in Kolkata on Friday.

The company was hit badly by accumulated losses over the past four fiscals eroding more than 50 per cent of its net worth and was even referred to the Board for Industrial and Financial Reconstruction (BIFR). Hindustan Motors' current debt is at Rs 70 crore, including working capital and was on incurring losses for the past four fiscals.

To boost its cause of coming back on profit track, the company is planning to launch new variants of its iconic Ambassador car.

"The prototype of new Ambassador will be out by the end of December, while we will launch the car by the first quarter of the next financial year. It will be of better value proposition based on our target customers," Jha said.

The firm also expects the sales of Ambassador to almost double this year, from 8,000 during the last fiscal.

"Based on the response from the market, we might even go for producing a hatchback of our own. Moreover, our priority will be to make use of our present capacities. However, we have no plans of going for contract manufacturing now," he said.

It has facilities at Uttarpara in West Bengal, Chennai and Indore and is using only 40 per cent of the capacity of the Chennai plant.

"Mitsubishi will also be adding some volumes of Cedia and Pajero. With this, we would like to make the maximum use of our Chennai facility," Jha added. Hindustan Motors has a technical tie up with Japanese auto major Mitsubishi. HM-Mitsubishi offers Outlander, Pajero, Lancer, Cedia and Montero in India.

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