

Hindustan Motors to contract manufacture Isuzu vehicles in India, The Economic Times, June 28

KOLKATA: Japanese automobile manufacturer Isuzu Motors' Indian subsidiary Isuzu Motors India entered into an agreement with Hindustan Motors (HM) on Friday for contract manufacturing of Isuzu sports utility vehicles (SUVs) and pickup trucks in India.



As per the agreement, the components for producing these vehicles will be imported by Isuzu Motors from Thailand and assembled in HM's factory at Thiruvallur, near Chennai in Tamil Nadu. The move is expected to help the Japanese auto major to increase sales of its recently launched MU-7 SUV and D-MAX pick up truck, even before its proposed plant in Andhra Pradesh becomes operational, an Isuzu official pointed out.

"The collaboration with Hindustan Motors will support us by carrying out assembly of our products at Thiruvallur which is about 70 kms from Sri City, Andhra Pradesh, where our own local manufacturing facility is planned to come up," said Takashi Kikuchi, president, Isuzu Motors India.

He said that the company is very confident about the growth prospects of the SUV and LCV market in India, notwithstanding the current slowdown and is also very happy with the positive feedback of the market to its MU7 SUV and DMAX pickup trucks. These products were launched in Coimbatore and Hyderabad in March, this year, by importing them as CBUs from Thailand.

"With this agreement, we can advance the scope of our sales operations and increase the scale of supply volumes without waiting for our local manufacturing facility to be ready," he added.

HM managing director Uttam Bose said that the contract manufacturing agreement will enable HM to optimally utilise its 'spare capacity' at the company's Thiruvallur plant in Chennai which rolls out Mitsubishi Motors SUVs. "The move makes business sense especially at a time when the Indian economy and the automobile industry, in particular, are passing through testing times. The agreement with Isuzu is a strategic move to keep HM on the growth path," Mr Bose added.

Incidentally HM has decided to demerge and transfer its Chennai car plant (CCP) manufacturing premium Mitsubishi passenger vehicles as a going concern to its fully owned subsidiary, Hindustan Motor Finance Corporation (HMFC). When asked whether, HM will induct Isuzu as partner for the demerged entity, Mr Bose refused to comment on the issue.

It may be noted that the media statement was silent on the volumes that HM would assemble for Isuzu Motors India or the duration of the agreement.

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