Hindustan Motors seeks new auto contract manufacturing business

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Hindustan Motors Ltd is in discussion overseas for contract manufacturing at its Chennai plant, which is presently operating at sub-optimal capacity. Managing Director, Manoj Jha said that during the period 2009-10, the company manufactured around 4,000 units from the plant. The company will like to use the idle capacity now. He further added that they are in talks with Mitsubishi as on how much they plan to use so that the remaining could be used for contract manufacturing with some of the other companies.

The Kolkata based company Hindustan Motors Ltd stated that in the next 6 months, a decision was expected to be taken. Hindustan Motors stated that the chief idea of taking on to other car-maker for contract manufacturing was for improving the capacity utilization at the installed capacity of 25,000 units every year. He further added that Mitsubishi has stated that it will not have any objections if Hindustan Motors ropes in another company. Hindustan Motors' factory in Chennai manufactures Pajero utility vehicles and Lancer sedans of Mitsubishi.

The maker of the Ambassador car, Hindustan Motors, is struggling with losses. The company intends to introduce some new variants and models along with the renovated capacity and also the sell off properties. Currently, the company has made Rs 40 crore through its sale of assets. Soon the company will be investing Rs 25-30 crore during the FY 2011 for restoring its capacity across the plants. Hindustan Motors intends to introduce 7-8 new variants of its present models in the coming 12-15 months. Jha also said that there will be new models of the Ambassador. Those models will be based on a totally new engine platform. The company will begin launching the new variants from the beginning of the year 2011. The company successfully sells around 800 Ambassadors a month.

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