



Hindustan Motors to Launch New Cars after 26 Long Years

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The original wheels of India began their drive on the Indian roads in 1958 and around 800 units of the car are sold every month even now. Yes, we are speaking about the Hindustan Motors Ambassador. However, after the launch of the Ambassador, it seemed like the car maker was driven into a long sleep. The Contessa, of course, was launched sometime in between in 1984. It failed to impress the finicky Indian though.

The Contessa was a status symbol back then, but just for a while. Sadly, the car was phased out. For the last few quarters, HM has been suffering losses of around Rs 20 Crore a quarter. Now, after 26 long years, one of Asia's oldest passenger car makers has finally opened its eyes to the changes around.

We hear the buzz too. Hindustan Motors is thinking of launching a third passenger car brand after more or less 26 years. The car maker is finally working out a strategy to revive the brand. Hindustan Motors' net worth was Rs 164 crore as on June 30, 2010, while accumulated loss was around Rs 152 crore, representing an erosion of around 92.5 per cent. Following that, the brand was set to refer to Board for Industrial and Financial Reconstruction.

The over 70-year-old Hindustan Motors had also been subjected to financial restructuring very recently that resulted in infusion of Rs 40 Crore in the company. Hindustan Motors MD Manoj Jha said that the company would launch 6-7 variants in next 15-20 months. That will be quite a good comeback. Surprisingly, HM also states that all the variants will carry completely different looks.

Manoj Jha indicated that 4 variants would be introduced under the umbrella brand of Ambassador while the car maker is planning to introduce a new brand for two variants. "We may

introduce a new brand as well. We will use Ambassador brand for other variants,” he said. Manoj Jha indicated that the new brand may be launched in 12-15 months.

The CK Birla company said that it would consider launching variants of the Ambassador while exploring options to use idle capacity for contract manufacturing. A new variant of the Ambassador will be launched in India by end of this year, and the engine will be supplied by a global leader in engine technology.

Jha said HM would increase the number of dealers to 200 from 75 as well as the number of service centres. “We want more people to use the Ambassador for personal use rather than for commercial purposes (taxi),” he said.

Manoj Jha said the string of measures would make the company operationally profitable by the end of this fiscal. It hasn't won a lottery. When a company's net worth is fully eroded, it is referred to the BIFR, and to prevent itself from slipping into the charges of the Board for Industrial and Financial Reconstruction (BIFR), Hindustan Motors (HM) had raised Rs 40 Crore.

Ambassador



It had sold a property in Chennai and shares of auto component maker Avtec to other CK Birla group companies. This money will hopefully assist the car maker tide itself over the crisis till December. The promoters are also expected to chip in with funds.

Jha said he expected HM's all three plants, Uttarpara in Bengal, Chennai in Tamil Nadu and Indore in Madhya Pradesh to become self sufficient by the last quarter. “We have reached the inflexion point.” HM is indeed seeing a revival. The Uttarpara plant and the Ambassador which were of late being treated as a liability will no longer be looked at in that manner. Way to go Hindustan Motors!

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