

Business Standard

Isuzu Motors signs contract manufacturing pact with Hindustan Motors, Business Standard, June 28

Isuzu Motors India Pvt Ltd, a subsidiary of Japanese automobile firm Isuzu Motors Limited, has signed an agreement with Hindustan Motors Limited (HML) for contract manufacturing of Isuzu Sports Utility Vehicles (SUVs) and pickup trucks in India.

As per the agreement, Isuzu Motors will import the components for producing the SUVs and pick up trucks from Thailand and assemble in HML's factory at Thiruvallur, near Chennai, 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 Sri City, Andhra Pradesh become operational, according to Isuzu officials.

"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 Pvt Ltd. "We can thereby 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.

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.

"We would now like to accelerate and carry forward this positive momentum and expand our sales operations in other parts of India, starting with the Southern region," said Kikuchi.

Isuzu Motors had collaboration with Hindustan Motors in the late 1980's for manufacture of Isuzu 1.8 and 2.0-L engines in India.

Commenting on the tie up, Uttam Bose, managing director & CEO, Hindustan Motors Ltd, said, "The operations will enable HML to optimally utilize its spare capacity at Thiruvallur and make eminent business sense at a time when the Indian economy and the automobile industry, in particular, are passing through testing times. Today's agreement with Isuzu is a strategic move to keep Hindustan Motors on the growth path." HML is the flagship venture of the multi-billion dollar CK Birla Group.

Isuzu, which started its operations in India in 2012-13, has set up two dealerships, in Hyderabad and Coimbatore, so far. It is expecting a dealership to be open in Chennai soon. It has plans to expand the dealer network with another 9-10 dealership by end of the year.

According to earlier reports, Isuzu Motors' manufacturing facility, in a 100 acre site in Sri City, is coming up with an investment of around Rs 1,500 crore and is expected to commence commercial operation by the end of 2015 or early 2016.

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