

HM ready to change gear with new car

OUR SPECIAL CORRESPONDENT

Calcutta, Sept. 30: Hindustan Motors, the maker of the iconic Ambassador, is developing a new car after a gap of 26 years.

The CK Birla company said it would also come out with variants of the Ambassador, while exploring options to use idle capacity for contract manufacturing.

Managing director Manoj Jha said the string of measures would make the company operationally profitable by the end of this fiscal.

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.

Jha said Hindustan Motors (HM) had raised Rs 40 crore by selling a property in Chennai and shares of auto component maker Avtec to other CK Birla group companies to prevent the company from slipping into the clutches of the Board for Industrial and Financial Reconstruction (BIFR).

This money will help HM to tide itself over the crisis till December. A company is referred to the BIFR if its net worth is fully eroded. HM has been suffering a loss of Rs 20 crore a quarter for the last few quarters. The promoters are also expected to chip in with funds.

Jha said he expected all the three plants of HM — 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."

During the October-December quarter, a variant of the Ambassador will be introduced. The engine will be sup-



Jha: Looking forward

plied by a global leader in engine technology

HM had last introduced a car — the Contessa — almost 26 years ago. The Ambassador was launched in 1948. While the Contessa has been phased out, the Ambassador still sells 800 units a month.

Jha said the company 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)."

Jha seemed to have changed the way HM has functioned over the years, which is treating the Uttarpara plant and the Ambassador as a liability, while clinging on to the Chennai plant and the contract manufacturing deal with Mitsubishi as pills for recovery.

"The Uttarpara unit is a great asset which we must utilise," he said.

Mitsubishi clearance

HM uses only a quarter of 24,000-units-a-year capacity in Chennai.

The company has recently managed to get a no objection from Mitsubishi to utilise the idle capacity for other companies.