

Isuzu to Assemble SUV, Truck at HM Plant

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Japanese automobile manufacturer Isuzu Motors' local 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.

According to the agreement, the components for producing these vehicles will be imported by Isuzu Motors from Thailand and assembled in HM factory at Thiruvallur, near Chennai. The move is expected to help the Japanese major increase sales of its recently launched MU-7 SUV and D-MAX pickup truck even before its proposed plant in Andhra Pradesh becomes operational, an Isuzu official said. "The collaboration with Hindustan Motors will support us by carrying out assembly of our products at Thiruvallur, which is about 70 km from Sri City, Andhra Pradesh, where our own local manufacturing facility is planned to come up," said Takashi Kikuchi, president of Isuzu Motors India.

He said the company is confident about the growth prospects of the SUV and LCV markets 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 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 the contract manufacturing agreement will enable HM to optimally utilise its spare capacity at its Thiruvallur plant, 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 trying times. The agreement with Isuzu is a strategic move to keep HM on the growth path," he added.

Incidentally, HM has decided to demerge and transfer its Chennai car plant manufacturing premium Mitsubishi passenger vehicles as a going concern to its fully owned subsidiary, Hindustan Motor Finance Corporation (HMFC). Asked if HM would induct Isuzu as a partner for the demerged entity, 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.