HM to introduce new passenger car brand soon

TIMES NEWS NETWORK

Kolkata: Hindustan Motors (HM), one of the oldest passenger car manufacturers in Asia, is planning to introduce its third passenger car brand after almost 26 years. The last passenger car brand from its fold was Contessa in 1984, which was later phased out. Before that, it introduced 'original' wheels of India, Ambassador in 1958.

The exercise is part of a strategy to revitalise HM, which was set to refer to BIFR following 90% networth erosion in the first quarter of this fiscal. Over 70 years old HM has also undergone a financial restructuring in the current quarter that resulted in infusion of ₹40 crore in the firm.

HM managing director Manoj Jha said that the company would launch 6-7 variants in next 15-20 months. All the variants will have distinctive look from all the sides. He indicated that four variants will be launched under umbrella brand of Ambassador and it would 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.

According to him, the new brand may be launched in 12-15 months. "The first new variant of Ambassador will hit the markets in the first quarter of 2011-12. We want to create products for different niche segments," he said. HM has been conducting a market study in all parts of the country. One observation of the study is that the Ambassador engine is outdated. "By August 2011 we will bring a new fuel efficient engine, which will come from a global leader in engine technology," he added.

Jha said it is also looking at better capacity utilisation in component business. It has 1000 tonne per month capacity for forging and casting each at Uttarpara. "Now, we are utilising only 25% of the capacity. It will go up to 75% by the end of Q4. In two years we will have a turnover of ₹150 crore from component business."

The HM MD said it has sold a prime property in Chennai and transferred some HM stake in Avtec to other group firms to bring in funds. Avtec is a JV between CK Birla group and Actis private equity. HM used to hold 49% in Avtec and Actis holds 30%. The remaining 21% was with other CK Birla group firms. Avtec has three facilities in Pitampur, Hosur and Kharagpur.

COMING SOON: 6 new variants

Plans contract manufacturing

Hindustan Motors has initiated discussions with global auto giants for contract manufacturing at its Chennai plant. Now, HM manufactures Mitsubishi vehicles at Chennai plant. Jha said that the unit has a capacity of 25,000 vehicles per year. Presently, it is utilising only 25% of the capacity. "We do not have any binding agreement with Mitsubishi. So, HM can use the unutilised capacity for contract manufacturing for other car makers. By end of Q4 we will have a clarity on that," he added. TNN