



## **Hindustan Motors says no need for contract manufacturing**

Automaker Hindustan Motors Ltd does not see the need to enter into contract manufacturing agreements at the moment as it plans to utilise idle capacity at existing plants by launching new variants and ramping up volumes, a company official said.

"We are coming up with a lot of variants for our models and we don't see the need for contract manufacturing right now," managing director Manoj Jha told reporters on the sidelines of Autocar Performance Show 2010' on Thursday.

In September, Jha had said the auto maker was in talks with overseas firms for contract manufacturing at its Chennai plant.

The firm is using only one-fourth of a total capacity of 24,000 units at the Chennai plant.

Hindustan Motors' factory in Chennai makes Mitsubishi's Lancer sedans and Pajero utility vehicles.

The company has plans to introduce four variants of its iconic Amabassador' car and double sales of the vehicle to about 24,000 units over the next 18 months, he said.

Hindustan Motors posted a net loss in 2009-10 and accumulated losses over the previous four fiscals, wiping out over half its net worth.

Jha said the firm's current debt is at Rs700 million, including working capital.

He had earlier said the firm expects to turn profitable by end FY11.

The company is planning to increase sales of the Ambassador -- used largely by government departments -- in the Indian retail segment, reducing its dependance on the government sector.

"Our focus is now to grow more on the retail side in India. That's the segment where we can ramp up our volumes."

The country's oldest car maker is also seeing an improvement in auto components business and plans to hike output, he said.

"Our auto components business is improving. We have enough capacity, about 1,000 tonnes each for forgings and castings."

"We are ramping up our volumes to reach that capacity. By March, we should be doing close to that."

Hindustan Motors makes both the Ambassador and auto components at its plant in Uttarpara, West Bengal.

Another plant near Indore in Madhya Pradesh, which had been dormant for the last 3-4 years, has recently become operational again and is expected to produce around 1,000 units after six months, Jha added.

At 3.18 pm, shares of the company were down 1.32 percent at 26.10 rupees in the Mumbai market.