

HM investing Rs 295 cr for Uttarapara unit upgrade

Readying Ambassador cars for 2009 safety norms

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Bangalore, Oct 4

Hindustan Motors isn't giving up on its Ambassador yet.

The car manufacturer is investing over Rs 295 crore in upgrading its Uttarapara plant which makes Ambassador cars. "We want to make the car ready for 2009 safety norms as well as for new emission norms," the Hindustan Motors' spokesperson, Ms Soni Srivastav, told *Business Line*.

Ambassador, which was launched 50 years ago, and a few other older cars were expected to be phased out in another couple of years as they would not have been able to meet the new safety or emission norms.

However, Hindustan Motors does not want to phase out Ambassador as it believes it still has a market especially in the north and the east. It is also hired in large numbers by tourists from the US and Europe, Ms Srivastav said.

MARGINAL RISE IN SALES

Hence, it is planning to

Amby charm

The company has no plans to phase out Ambassador as it believes it still has a market especially in the north and the east. It is planning to launch new models of the car which can be sold even after 2009.

launch new models of the car which can be sold even after 2009. Surprisingly, sales of Ambassador has not seen a dip despite stiff competition, it has in fact seen some marginal increase every year. During 2006, it sold about 14,000 cars and is expected to sell 15,000 units this year.

The new investments, according to Ms Srivastav, will go into setting up of new auto forging, stamping, and foundry for the car as well as for production of auto components.

FACT WITH SRIRAM PROPERTIES

Ms Srivastav said the funds

for the investment will come from an agreement signed with the Bangalore-based Sriram Properties which will set up a Rs 5,500-crore integrated township and an auto park on 314 acres of land out of a total of about 700 acres where the Uttarapara plant is located.

Sriram in turn has roped in Starwood and Walton Street Capital for funding the township development.

For development of the township, a special purpose vehicle, Bengal Sriram Hightech City Pvt Ltd, has been formed, in which Sriram, Starwood and Walton Street will have 33 per cent stake each. Hindustan Motors will be a minority partner in the venture. Hindustan Motors will also receive four per cent from the sale of space in the township. The construction will start in nine months and is expected to be completed in six years.

Ambassador has engine capacities ranging from 1.5 lt to 2 lt and is priced between Rs 3.5 lakh and Rs 5.5 lakh.