

Ambassador maker HML to launch small car

Our Bureau

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It is best known for its giant Ambassador cars. Now, Hindustan Motors Ltd (HML) plans to enter the small-car segment, said Uttam Bose, MD of the company, speaking to *Business Line*. The C.K. Birla Group has drawn up plans to rope in a new partner, to this end.

In addition, it will bring in a new strategic partner, possibly a foreign carmaker, for its SUV and luxury car-making entity in Chennai, which will be carved out of HML.

Bose said that after the proposed business restructuring scheme — approved by HML shareholders on Monday at a court-convened meeting — the two manufacturing entities would add new partners, products and capital bases, and change their names. "We intend to complete the exercise by the end of this financial year," he added.

The financially-troubled HML, which has been trying to return to profitable ways, needs both technology and capital expenditure support.

SMALL-CAR PLANS

"It has been proposed that HML be rechristened Hindustan Motors Bengal Ltd. It will get into the small passenger car segment. It will also continue to produce Ambassador-branded four wheelers and LCVs from the West Bengal and Madhya Pradesh plants," said Bose. According to the broad plan, the company will have a new minority partner, who could be a financial investor, Bose indicated.

The restructuring scheme will also see the transfer of IML's plant in Thiruvallur (Chennai) to Hindustan Motors Finance Corporation Ltd, wholly owned subsidiary, with (retrospective) effect from April 1, 2012. The plant assembles Mitsubishi vehicles and HML markets them in India. In the case of the Chennai entity, the new automotive player will be a strategic collaborator. "The existing collaborator, Mitsubishi, will remain. A new overseas carmaker has also offered to join it," said Bose.

The Chennai entity will also get a new name, which is yet to be decided. It will become a listed entity in the course of the transformation.

The Thiruvallur facility now runs at around 50 per cent of idle capacity. Recently, Isuzu signed a five-year agreement for contract manufacturing from this facility.

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