



INDIA: Hindustan eyes foreign contract assembly deals

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Hindustan Motors, which still makes the Morris Oxford-based Ambassador and assembles Mitsubishi vehicles, is in talks with foreign automakers for more contract manufacturing at its Chennai plant, managing director Manoj Jha said.

A final decision would be taken in six months, he told Reuters. "During 2009-10, we manufactured 4,000 units [at] the plant, and we would ideally like to utilise the idle capacity," he added.

The Chennai facility, which assembles Mitsubishi Lancer sedans and Pajero SUVs, can build 25,000 units a year.

"We are now in discussions with Mitsubishi regarding on how much they intend to utilise so that the remaining could be utilised for contract manufacturing for some other firms," Jha said.

MMC had recently said it would not object if another company's products were made there.

Hindustan Motors has been reeling under losses which have wiped out more than half its net worth, Reuters noted. It has announced plans to launch new models and variants, revamp capacity and sell off properties.

Recently, it has raised INR400m through asset sales and would be spending INR250m- INR300m during fiscal 2011 to revamp its capacity across plants, he said.

The Kolkata [once Calcutta]-based company is planning to launch seven or eight new variants of its models over 12-15 months, he said.

"There would be four new variants of the iconic Ambassador only, based on a completely new engine platform. We would start rolling out these new variants from January 2011," Jha said.

The company has also roped in a "global leader" to develop the new engine, he added. The company currently sells 800 Ambassadors a month.

http://www.just-auto.com/news/hindustan-eyes-foreign-contract-assembly-deals_id106128.aspx