

## ISUZU INDIA CONTRACTS OUT CKD ASSEMBLY OF D-MAX AND MU-7 TO HINDUSTAN MOTORS, Indian Cars Bikes, July 1

Isuzu India has appointed Indian car maker Hindustan Motors to contract manufacture the D-Max pick up truck range and the MU-7 SUV for the Indian car market. Hindustan Motors will assemble the Isuzu vehicles from its Thiruvallur manufacturing facility, off Chennai. The assembly will happen though the CKD route with the kits being imported from another right-hand-drive market, Thailand. Isuzu has a significant presence in Thailand with the Japanese automaker selling a range of SUVs and pick up trucks in that country.



Why is Isuzu contracting out CKD assembly of the D-Max and MU-7 to Hindustan Motors?

Isuzu's own factory will come up at a Sri City, Andhra Pradesh. However, Isuzu's factory won't be ready until 2015. To tide over the interim period, Isuzu has contracted out Hindustan Motors to build its SUVs and pick up trucks. These products will be sold only in the Indian market for now.

Once Isuzu gets its factory on stream, the automaker might begin exporting these products to other countries. Also, when Isuzu begins producing cars from its new factory at Sri City, it will stop contracting out CKD assembly to Hindustan Motors.

Isuzu D-Max Multipurpose pickup

How does this move benefit Isuzu?

Isuzu will save a bunch of money as CKD assembly means lower import duties. The benefits of lower costs could be passed on to the car buyer. So, expect lower priced Isuzu UVs, especially the MU-7 SUV in the coming months. More sales will be the final target.

What does Hindustan Motors get out of this arrangement?

The Hindustan Motors factory at Thiruvallur is as good as idle. Only the Pajero Sport gets assembled there. So, assembling the Isuzu range of products for India will bring in additional revenues for Hindustan Motors, a loss making concern whose core automotive business is doing badly with falling sales and market share.

