

Hyundai to take the wheel at GM's Maharashtra plant

Acquisition to boost South Korean carmaker's India capacity to 1 mn units annually

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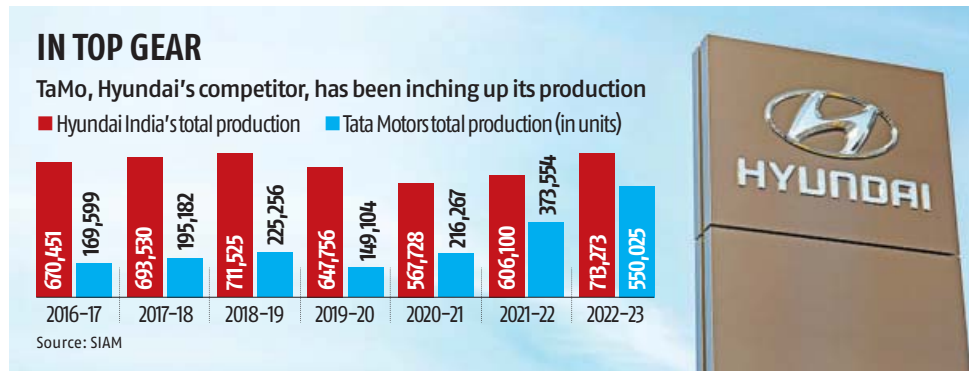
Hyundai Motor India (HMIL) on Wednesday signed a purchase agreement with General Motors India (GMI) to acquire "land, buildings, certain machinery, and manufacturing equipment" of the latter's Talegaon plant in Maharashtra where it aims to start production by 2025.

The South Korean carmaker has not revealed the amount it will pay the American firm to purchase the plant, which has an annual production capacity of 130,000 units.

"Since HMIL already has enhanced its production capacity (at the Sriperumbudur plant in Tamil Nadu) from 750,000 units to 820,000 units in the first half of this year, the capacity augmentation of the GMI plant will lay the foundation for HMIL to produce around 1 million units a year," said HMIL in a statement.

Unsoo Kim, managing director and chief executive officer of HMIL, said the company intends to create an "advanced manufacturing centre for made-in-India cars" in Talegaon. "Our manufacturing operations are scheduled to begin in Talegaon in 2025."

HMIL plans to increase the capacity at the site later. "Leveraging the expanded



capacity, HMIL will review plans to launch additional electric vehicle models in the Indian market, manufactured at its Sriperumbudur plant," the company said.

HMIL — the second-largest carmaker in India, after Maruti Suzuki India (MSIL) — had in March this year signed a term sheet with GMI for the potential acquisition of the assets at the Talegaon plant.

"The completion of the acquisition and assignment of the Talegaon plant) is subject to fulfillment of certain conditions precedent and receipt of regulatory approvals from relevant government authorities and relevant stakeholders," said HMIL.

General Motors employees' union, which represents about 1,000 employees of the Maharashtra plant, is currently

in a dispute with GMI in a bid to ensure employment with the plant's new owner and wages for the interim period.

Sandeep Bhegade, president of the General Motors Employees Union, said HMIL has not approached the union, and it doesn't have any details of the term sheet. Bhegade said the workers want to be absorbed, and do not want the VRS (voluntary retirement scheme) offered by GMI. "Since the matter is sub-judice, we don't want to comment on it. We will take legal opinion, and we will fight this until the end," he told Business Standard.

According to the direction of the Pune Industrial Court, a mediator earlier this year held two rounds of negotiations between GMI and the employees' union, but the out-of-court

talks did not yield any results. The union has filed a petition in the Mumbai High Court in this matter. It is unclear whether these employees will be hired by HMIL at its new plant.

Asked about plans to absorb the GMI workers, an HMIL spokesperson informed Business Standard over an e-mail: "This is an asset purchase agreement only. The APA signifies an agreement that finalises terms & conditions for the purchase of equipment, machinery, and other identified assets at General Motors' Talegaon plant."

The spokesperson added that with the signing of the asset purchase agreement with GMI, Hyundai is now moving towards seeking various regulatory approvals.

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