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Ford reveals joint venture with Mahindra valued at \$275 million

By Phoebe Wall Howard (excerpt)
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Ford Motor Co. announced early Tuesday it has inked a deal with vehicle maker Mahindra & Mahindra that will shift the Dearborn automaker's long-struggling India operation to a new joint venture.

The joint venture, valued at \$275 million, "will develop, market and distribute Ford brand vehicles in India and Ford brand and Mahindra brand vehicles in high-growth emerging markets around the world."

Mahindra, which has offices in Auburn Hills, will own a 51% controlling stake, a Ford news release said. "Ford will transfer its India operations to the joint venture, including its personnel and assembly plants in Chennai and Sanand. Ford will retain the Ford engine plant operations in Sanand as well as the Global Business Services unit, Ford Credit and Ford Smart Mobility."...

... Ford said in a news release that "the joint venture expects to introduce three new utility vehicles under the Ford brand, beginning with a new midsize sports utility vehicle that will have a common Mahindra product platform and powertrain."

It also said Ford and Mahindra will collaborate to develop electric vehicles "to support the growth of sustainable mobility across emerging markets."

Bill Ford noted at the news conference that his great-grandfather worked in Mumbai and Calcutta, and said that partnerships such as these allow companies to be more competitive as the industry evolves.

Mahindra executives cited "friendship and synergy" with Ford as well as "frugal engineering" and the ability to reach scale that produces more products for less money.

This is all part of an \$11 billion restructuring plan launched by Hackett, who took the helm of the company in 2017. Ford loses money in all markets in the world except North America. ...

... David Kudla, CEO and chief investment strategist with Mainstay Capital Management, a Grand Blanc investment adviser who manages \$2.5 billion in assets for clients who include many Ford employees, said, "The cost of entry for U.S. auto manufacturers in India is high and has long proven to be a difficult market for American car manufacturers, as Maruti Suzuki and Hyundai continue to have a stranglehold on India's auto industry. Ford's JV allows it keep a stake in the region but to focus on North America, Ford's main profit center."

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