

After 2 years, Ford takes road back to India to make e-cars for export

SHINE JACOB

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American carmaker Ford Motor Company is set to reignite its presence in India with plans to restart manufacturing at its Chennai facility, two years after halting operations and exiting the country. This time, the focus will be likely on electric vehicles, with exports aimed at Southeast Asia.

The Maraimalai Nagar factory, closed in August 2022, is set to become a key part of the company's "Ford+ Growth Plan" to tap into global markets, underscoring the automaker's renewed interest in the country.

The move follows a push from Tamil Nadu's Chief Minister M K Stalin, who a couple of days ago had visited Ford's headquarters in Dearborn, Michigan. The state government, in its meetings with Ford's top executives over the past several months, underscored Tamil Nadu's burgeoning EV ecosystem, with companies like Vinfast and Tata JLR choosing the state for new plants.

The announcement of Ford's return to India was made by Kay Hart, president of the automaker's international markets group, who noted that the company has submitted a letter of intent to the Tamil Nadu government.

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Tamil Nadu CM M K Stalin with Matthew Kotlowski, Ford India director (govt affairs), in Dearborn. State Industries minister T R B Raja and Kay Hart, president, Ford IMG, are also present

FORD'S ODOMETER

4,000: Employees at Ford's manufacturing units in Maraimalai Nagar and Sanand as on September 9, 2021, when it had announced exit

12,000: Employees the company has in India currently through Ford Business Solutions

3,000: Number of people FBS is planning to hire in three years

\$2 billion: Ford's accumulated loss in Indian market over 10 years, at the time of exit

2%: Its share in India PV market at the time of exit

200,000 vehicles and 340,000 engines: Maraimalai Nagar unit's capacity in 2021

350 acre: Area of Chennai unit

MAKING A RETURN

Shein: Chinese fast-fashion conglomerate is set make a comeback through a strategic partnership with Reliance Retail

Papa John's: American pizza chain is planning an India re-entry in tie-up with PJP Investments Group, one of its international franchise collaborators

Carrefour: French multi-brand retailer may return through a franchise partnership with Dubai's Apparel Group

Harley Davidson: After deciding to halt its manufacturing operations in India in 2019 amid poor demand and sales, the iconic US motorcycle brand returned in 2023 through a tie-up with Hero MotoCorp

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Ford's decision comes as top global brands return to India

"We are announcing that we have submitted a letter of intent (LOI) to the Government of Tamil Nadu in India, outlining Ford's intention to utilise our Chennai plant for manufacturing for export," Hart said.

Ford's decision comes as global brands, such as fast fashion giant Shein (through Reliance Retail) and retailer Carrefour (through a franchise partnership with Dubai's Apparel Group) also make their way back into India. Renault navigated a similar trajectory: The French automaker re-entered India in 2010 — after its unsuccessful joint venture for Logan with Mahindra & Mahindra in 2007 — by setting up a facility with Nissan India in Chennai.

According to government sources, the announcement follows year-long efforts by the Tamil Nadu administration to find a buyer or alternative use for the factory. The push to repurpose the site ramped up in June 2023, as several automotive investors, including Ola Electric, Hyundai Motor India, Tata Motors, and MG Motor, expressed interest in acquiring the facility. Over the past two years, these companies held multiple discussions with Ford India, but nothing panned out.

Tamil Nadu's Industries Minister TRB Rajaa initiated talks with Ford in July 2023 during a visit to San Francisco, where Ford requested six months to evaluate its options. By early 2024, reports indicated Ford was considering restarting operations, a proposal the Tamil Nadu government had

been advocating.

In July 2024, Rajaa visited Ford's main factory in Dearborn and met with Ford's leadership. And Chief Minister Stalin, in the recent visit, personally assured Ford's leadership that the government would fully support its reintegration into the state's automotive landscape.

The Chennai plant, spanning 350 acres, has an annual production capacity of 200,000 vehicles and 340,000 engines. Its proximity to both Chennai and Ennore ports, and a relatively short 320 km distance from Bengaluru, makes it a strategic location. Ford India had accumulated \$2 billion in losses over the decade before its exit, capturing less than a 2 per cent share of India's passenger vehicle market, despite brands like the EcoSport and Endeavour.

Ford's other Indian manufacturing unit, located in Sanand, Gujarat, was taken over by Tata Passenger Electric Mobility (TPEML) in December 2022 for ₹725.7 crore. The Sanand unit has an annual capacity of 300,000 units.

"We are grateful for the ongoing support from the Tamil Nadu government as we explored different options for the Chennai plant," Hart said. "This step underscores our commitment to India, and we plan to leverage Tamil Nadu's manufacturing expertise to serve new global markets." Ford will disclose further details on the plant's future in due course.