
M&M and BAE JV gets FIPB approval

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BS reported that a JV between BAE Systems and Mahindra & Mahindra to produce land systems, including an anti landmine vehicle has been cleared by the Foreign Investment Promotion Board. The board had earlier rejected the proposal.

To be headquartered in Delhi, with manufacturing in Faridabad, the JV will initially employ 50 to 60 people. Initial work is likely to include the up armouring of Rakshak vehicles, Axe vehicle production and starting the process of developing a mine resistant ambush-protected vehicle suitable for India.

The FIPB approval came just after the recent Mumbai attacks and because the two companies tweaked their earlier proposal in line with the current foreign direct investment regulations. BAE had earlier sought 49% equity in the company while the government policy permits only 26% FDI. The proposal the FIPB has now cleared is consistent with this policy.

The Department of Defence Production had also turned down the earlier proposal. Now, Mahindra & Mahindra will have 74% while BAE will own the rest. Mahindra & Mahindra and BAE Systems will now finalize detailed planning and structural arrangements with a view to commence operations as early as the Q2 of 2009.

Mr Anand Mahindra vice chairman & MD of Mahindra & Mahindra said that “Our JV with BAE Systems is a strategic initiative by the Mahindra Group to achieve a leadership position in the land systems defence domain. These solutions will provide greatly enhanced capability for our Indian land forces and open up export markets not previously within our reach.”

Mr Ian King CEO of BAE Systems said that “This is an exciting opportunity and is the first step in BAE Systems’ plans to grow long term businesses in India in multiple sectors across the breadth and depth of the company’s global capabilities in land, sea, air and security.”

(Sourced from Business Standard)

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