

FIAT INDIA PRIVATE LIMITED



Fiat, having a history of more than 100 years, today is one of the largest car manufacturers in the world, with a presence in more than 190 countries

Global overview of Fiat

Fiat S.p.A., best known for its Fiat cars, is a large industrial group based in Turin, Northern Italy. It was founded in 1899 by a group of investors, including its founder Giovanni Agnelli. Fiat is an acronym for Fabbrica Italiana Automobili Torino (Italian Car Factory of Turin). It also means, "let there be" in Latin. Over the years, Fiat has sold its interests in non-core businesses like aerospace and publishing and has refined its focus on cars. Its group companies include CNH Global (concentrates on agricultural and construction equipment), Iveco (focuses on commercial vehicles), Magneti Marelli (large auto components' manufacturer), Texcid (involved in manufacturing of engine parts) and Comau (engaged in industrial automation).

Today the company serves customers in more than 190 countries around the world. It had an annual turnover of Euro 46.7 billion and a net profit of Euro 125.4 million in 2005. It has more than 170,000 employees working in its 120 R&D centres and 189 plants world-wide. Currently, Fiat cars are manufactured in Italy, Poland, Brazil and



Argentina as well as through joint venture productions in France, Turkey, Egypt, South Africa, India and China. As of date Fiat has produced more than 87 million passenger cars and light commercial vehicles, covering a spectrum of more than 400 models. Some of Fiat's famous car models include the following:

Fiat's growth has been driven not only by its own Fiat car, but also by some famous acquisitions, which have proved to be milestones in automotive history. These include:

- Lancia, acquired in 1969, a leading brand in prestige cars and renowned for its styling and comfort
- Ferrari, acquired in 1969, known for its unsurpassed design and performance

Company	Mode of presence in India	Year of entry	Key business
Fiat India Private Limited	100 per cent subsidiary	1905	Passenger cars

Fiat's famous car models

Year	Model
1932	Balilla (1932)
1936	Fiat 500, Topolino
1948	Fiat 500 B two-door sedan and station wagon, Fiat 10 B, Fiat 1500 D
1949	Fiat 500 C, Fiat 1100 E, Fiat 1500 E
1950	Fiat 1400
1978	Ritmo
1983	Uno
1993	Punto
1997	Palio
2004	Idea

- Alfa Romeo, acquired in 1986, a famous brand in sport and luxury vehicles
- Maserati, acquired in 1992, a landmark in the history of automobile luxury cars

Fiat is listed on the New York Stock Exchange. The founding Agnelli family, through its holding company IFIL Investments, owns about 30 per cent of Fiat.

Fiat in India

Fiat was amongst the first foreign automobiles companies to enter the Indian market. It began selling its vehicles in India in 1905 through a sales agency - Bombay Motor Cars Agency. In 1959 Fiat entered into a license agreement with the Indian automobile company, Premier Automobiles Limited (PAL). The agreement involved the license production of the Fiat 500 and later the Fiat 1100. Though this agreement expired in 1972, the model continued to be built in India under the brand name Premier Padmini. In 1981 Fiat signed its second technology agreement with PAL, which further strengthened

the relations between the two partners.

In the 1990s, with India's market opening up for foreign investment, Fiat identified a huge potential in the Indian car market. In 1995 it announced its 'World Car Project' that was specifically designed for emerging markets and included India as a production hub. Against the background of its longstanding connection with PAL and its World Car Project, Fiat opted for a two-pronged entry into the Indian car market. It entered into a technical collaboration with PAL in 1996 for the import and assembly of the Fiat Uno from completely-knocked-down (CKD) kits. The Fiat Uno assembly was conferred to PAL and established at PAL's manufacturing site in Kurla in Mumbai (Maharashtra). Simultaneously, Fiat set up its wholly owned greenfield plant for the production of its World Car model range. To realise this project, Fiat founded a new subsidiary, Fiat India Auto Limited (FIAL), and bought a factory site in Ranjangaon near Pune (Maharashtra). The project entailed manufacture of 100,000 cars beginning by end of 1999.

However, things did not work out as per Fiat's plans as its technology partner, PAL, was unwilling to step-up investment in the Uno project. As a result Fiat took over the Uno project in 1997 by converting its technical collaboration with PAL into a joint venture, Ind Auto Limited (IAL), and acquiring a 51 per cent in it. Thus instead of building a new production site, Fiat changed its strategy to increase its stake in IAL and concentrate on revamping the manufacturing facility at Kurla.

By the end of 1998, Fiat had increased its stakes in IAL to 76 per cent. Simultaneously it announced the freezing of its plans for the Rangjangaon greenfield project. In 2000, Fiat increased its share in IAL to 95 per cent and in 2004, further raised it to 99 per cent.



Today the venture is a wholly owned subsidiary of Fiat S.p.A., Italy, and has been renamed as Fiat India Private Limited. Its current product offerings include both petrol and diesel models, which are being rolled out from its Kurla facility. The company has also commissioned an assembly line in Ranjangaon and the operations in this plant are likely to commence shortly. It has a capacity to produce more than 100,000 cars and 200,000 engines and transmissions per annum.

In March 2006, Tata Motors, a leading commercial vehicles and passenger cars manufacturer, and Fiat India signed an agreement wherein the dealer networks of both the companies would sell each other's cars, as well as handle servicing and sales of spare parts. This agreement signed for eleven cities across India currently has 42 Tata-Fiat dealerships in operation. This is progressively expected to increase to 100 outlets across the country.

Fiat's models in India

Product	Category
Palio	<ul style="list-style-type: none"> • Palio 1.2 NV Petrol • Palio Diesel • Palio 1.6 Sports
Petra	<ul style="list-style-type: none"> • Petra Petrol • Petra Diesel • Adventure 1.6 Petrol

Taking this partnership a step forward, in December 2006, the two companies entered into an agreement for the creation and establishment of a joint venture in India, located at the Fiat plant at Ranjangaon. As part of this joint venture, the Ranjangaon plant will now manufacture Fiat as well as Tata Motors vehicles for the Indian and overseas markets. The aggregate investments in this industrial joint venture will be made in a phased manner and may exceed Euro 665 million. The joint venture will start production of engines and new cars progressively from the beginning of 2008. Fiat and Tata also have plans for industrial and commercial co-operation in Latin America.

Key success factors in India

Some of the factors that have led to Fiat's continued presence in India are its excellent product, well-established supply chain and an attractive domestic market.

Excellent product

Fiat's product has been its strength throughout. Its early models in the 1970s, namely, Fiat 1100 and its facelift Premier Padmini, had created their own niche with India's middle-class community as well as with the fleet market in the form of taxi drivers. The glamour of its coach work and good fuel efficiency in those times were unparalleled by its competitors. Premier Padmini was produced for almost thirty years in India till 2001.

Fiat Uno, which was launched in late 1990s, was a new product introduced in India after a long hiatus. It was the winner of the "European Car of the Year" Award, and earned good reviews across all countries where Fiat had a presence. It was well appreciated and accepted by the Indian customers. The Palio, based on Fiat's World Car Project, was launched in 2001 and became an instant success in India because of its styling, driving comfort and unique and bold colours. Fiat Palio

was named “Car of the Year” and it also bagged the “Best Value for Money Award” at the CNBC Autocar Auto Awards.

Well established supply chain

Fiat has around 170 vendors and 40 exclusive dealerships in India. The agreement signed with Tata Motors, wherein Fiat cars would be sold through Tata's dealers, is likely to double the outlets through which Fiat cars would be sold in India. Fiat's well-established supply chain provides it a definitive competitive edge in India.

Increased focus on localisation

Fiat has been able to achieve more than 87 per cent localisation content in petrol vehicles around 65 per cent for its diesel vehicles. This helps the company to keep its production cost under control. Fiat is also taking initial steps in making India a global sourcing hub for components. Fiat exported components worth Euro 2.72 million in the calendar year 2005 to its operations in South Africa and other countries.

Attractive market

The overall automotive market in India has achieved a compounded annual growth rate (CAGR) of more than 10 per cent over the past few years. The recently unveiled Automotive Mission Plan 2016 in the country has projected a CAGR of 16 per cent in the industry turnover over the next decade. The sales of passenger cars have touched 1.2 million units in the calendar year 2006. At the global level, India ranks number eleven in the passenger car market. With only one per cent of the population owning a car, annual sales in India are expected to climb to two million units by the end of the decade.

Future plans

Fiat is targeting a 4 per cent market share in the passenger car segment by 2010. In order to meet

this target the company has identified initiatives in terms of new product launches and expansion of its supply chain network. Its tie-up with Tata Motors is expected to provide an impetus to the launch of its new vehicles in the B and C passenger car segments.

Fiat also plans to introduce its premium cars for the B and C segments, namely the Fiat Grande Punto and the Fiat Linea in India.

Fiat's India operations

- Entered India in 1905 when it started selling vehicles in India through a sales agency - Bombay Motor Cars Agency
- Current presence through a 100 per cent subsidiary, Fiat India Private Limited
- Manufacturing facilities in Kurla and Ranjangaon in Maharashtra
- Product offering includes passenger cars, including both petrol and diesel models
- Has around 170 vendors and 40 exclusive dealerships in India and also sells through part of Tata Motors' dealer network
- As part of a joint venture with Tata Motors, plant at Ranjangaon will also produce passenger cars for both Fiat and Tata Motors