

Carnation Auto and Magneti Marelli form a strategic alliance for the Aftermarket and Service of premium cars in India

Bringing world class automotive service know-how for premium cars and nationwide distribution of aftermarket parts for all brands

New Delhi, INDIA and Milan, ITALY — Dec. 17, 2009 — Magneti Marelli, a Fiat Group company, headquartered in Italy with a turnover of \$ 6.5 Billion and a leader in automotive systems, components and services, today announced a path-breaking partnership with Carnation Auto, India's first independent multi-brand automotive sales and service network solutions provider. With this alliance, the two companies are committed to deliver world class automotive services, technical know-how and diagnostic instrumentation for the premium car segment via the Carnation Sales and Service Network in India and also to develop a nationwide business dealing in the procurement and distribution of aftermarket parts under their joint brands.

The agreement will enable Carnation Auto to enhance its technical know-how and spare parts offerings, while Magneti Marelli will gain market insights from the multi-brand national network of Carnation Auto. Magneti Marelli will also provide on-ground expertise through key personnel with deep and thorough understanding of premium automobiles at Carnation hubs across India.

Targeting the premium car segment, with the price range of Rs. 1 Million and above, the partnership is aimed at providing a broad range of solutions like periodic maintenance, mechanical repair and car detailing among other services to this segment. Magneti Marelli will upgrade Carnation's technical know-how in the premium car category by providing technological equipments, tools and training modules which in turn will result in the expansion of Carnation's auto solutions services.

With the set-up of this strategic partnership, the first joint operation will commence in the Gurgaon hub of Carnation Auto towards the end of this fiscal year.

Magneti Marelli is part of the Fiat Group and a key automotive systems and components supplier of all the leading car makers in world and obviously of the Fiat Group Automobiles company brands like Fiat, Lancia, Alfa Romeo, Ferrari and Maserati. Magneti Marelli After Market Parts and Services, the aftermarket division of Magneti Marelli, lists over 30,000 parts across 30 product lines in their catalogue and therefore also has the capability to sustain supply for almost all the premium brands that are currently being sold in India.

Magneti Marelli has over 60 production sites across the world, including six joint ventures in India. Magneti Marelli will provide a range of products and spare parts drawing on the local production derived from its existing Indian joint ventures representing a competitive advantage for the partnership.

The Indian market represents a key-outlet for Magneti Marelli's operations, as a worldwide supplier of hi-tech automotive systems and components. With this strategic partnership, both companies will benefit from their respective experience and competence acquired by its Aftermarket Parts and Services divisions.

Under various repair trademarks (i.e.: Checkstar brand in Europe and the Cofap brand in Latin America), the Magneti Marelli Aftermarket Parts & Service network has almost 5,000 workshops worldwide, more than 2,000 of which are in Italy, about 1,500 in Europe and about 1,500 in South America.

The President and CEO of Magneti Marelli, Mr. Eugenio Razelli said, *"After having doubled Magneti Marelli's industrial perimeter in India in the last 24 months, we have now completed our strategic presence in one of the key countries in the future global automotive scenario, focussing on the crucial and complementary sector of aftermarket and assistance. In India we choose to have partnerships only with leading companies: Carnation represents the ideal partner for ensuring delivery of world class quality in services and assistance in the Indian aftermarket segment. By consolidating its on-site operations in India, Magneti Marelli is determined to participate with its partners in the growth and development of this country."*

Mr. Jagdish Khattar, CMD, Carnation Auto added, *"The premium aftermarket service is key for us to deliver complete solutions to an expanded customer base, as it makes a viable business proposition for us to tap into this discerning and growing market. Today's announcement, with one of the world's largest automotive component manufacturers is an obvious choice and will enable us to provide a credible alternative to address a significant gap in the multi-brand premium car segment."*

About Carnation Auto:

Carnation Auto is an initiative by Mr. Jagdish Khattar, with a vision of developing India's largest independent multi-brand automobile sales and service network. Carnation is setting up a state-of-the-art network of integrated multi-brand auto sales, services and related solutions across the country to enhance the overall experience of owning a car and to optimize the cost of ownership. Carnation provides complete solutions for almost all brands of cars, starting from quick servicing, mechanical repairs, body repairs, accessories, insurance, pre-owned cars, car customization solutions with DC Design and even doorstep service through a chain of workshop on wheels. Carnation Auto already has 13 Auto Solution Hubs operational across India; one each in Amritsar, Gurgaon, Bangalore and Kochi; two each in Chennai, Noida and Hyderabad and three in Mumbai. And is in the process of opening around 30 by the end of this fiscal.

Carnation Auto had raised its first round of funding of Rs108 crore from marquee investors PremjiInvest and IFCI Ventures. Recently it received debt funding of Rs 170 crore from Punjab

National Bank for executing the nation-wide rollout of its multi-brand auto solution hubs. Carnation Auto has also entered into an exclusive collaboration with DC Design to offer completely customized car solutions and semi-customized kits across the country. The DC designed cars will be made available exclusively through Carnation's nationwide hubs. It has as business partners international brands like 3M, GardX, Akzo Noble, Castrol and Bridgestone. For further information, please visit www.carnation.in

About Magneti Marelli:

Magneti Marelli designs and produces advanced systems and components for the automotive industry. With its 67 production facilities (80 production units), 10 R&D centres and 28 application centres in 18 countries, 33,000 employees and a turnover of 5.4 billion Euros in 2008, the group supplies all the leading carmakers in Europe, North and South America and the Far East. Its business areas include: Powertrain, Lighting, Electronic Systems, Suspensions and Shock absorber systems, Exhaust Systems, Aftermarket Parts & Services, Plastic Components and Modules, Motorsport. Magneti Marelli is part of Fiat Group.

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