

**PREMIER LTD.****Machine Tools • Engineering • Automotive**www.premier.co.in

May 17, 2012

The Manager
Listing Department
National Stock Exchange of India Limited
"Exchange Plaza", C-1, Block-G
Bandra -Kurla Complex
Bandra (East)
Mumbai - 400 051

By Fax / Hand Delivery**Scrip Symbol: PREMIER**

Dear Sir,

**Press Release in respect of Premier and FIAT 1.3 litre
Multi-jet Diesel Engine Supply Agreement for 'RiO'**

We are sending herewith a copy of the Press Release in respect of our Automotive business, for your information and record.

Thanking you,

Yours faithfully,
For Premier Ltd.

Ramesh M. Tavhare
Vice President (Finance & Legal)
& Company Secretary

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PRESS RELEASE**Premier and FIAT ink 1.3 litre Multi-jet Diesel Engine
Supply Agreement for 'RiO'****Mumbai, 17th May 2012**

- Premier Ltd. (formerly Premier Automobiles Ltd.) and FIAT India Automobiles Ltd. have signed a three year agreement for the supply of FIAT's 1.3 litre multi-jet diesel engine to be used in Premier's compact SUV RiO.
- FIAT will initially supply 28,000 engines to Premier during the agreement period. According to Premier this volume may rise further with increased demand for the RiO. The engines will be made at FIAT's Ranjangaon plant and supplied to Premier's factory at Chinchwad, Pune; about 60 kilometres away, enabling daily, 'just - in - time' deliveries.
- This is the same engine used by some of India's leading car manufacturers. The commonality will enhance service, maintenance and spare parts availability for the Premier RiO all over India.
- Currently, most of the Premier RiO supply is to Tier II and Tier III cities, although there is a strong demand in metros as well. With this engine the Premier RiO will now be BS IV compliant thereby expanding its diesel offering to 14 cities like Mumbai, Delhi, Bangalore, Ahmedabad, Pune etc. The Company plans to aggressively ramp up sales and volumes in these major vehicle markets.
- This engine will enhance the RiO's power from 64 BHP currently, to 75 BHP for the diesel version. It will also enhance fuel efficiency from 16 km / ltr to 18 km / ltr.
- Premier currently has a nationwide sales and service network of 60 dealers that is being raised to 100 by December, 2012. It is also setting up 200 PASS (Premier Authorized Service Stations) outlets that will also be equipped to support the RiO.
- Premier is in the final stages of technical integration and expects to start initial deliveries by August / September 2012.
- Although not yet finalized, the ex showroom price of the RiO with new engine is expected to be about ₹ 45,000 higher than the present diesel engine on comparable models. Such a price difference is not unusual between BS III and BS IV products due to technical enhancements.
- Maitreya Doshi, Premier's Chairman and MD says "Premier greatly values its past association with FIAT. We are delighted to once again have commercial ties with them"

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