

Pars Khodro in history

Pars Khodro is the first Iranian auto maker which was organized in 1956 through establishment of Jeep Trading by Jafar Akhavan. Three years later, in 1959 the first montage line for Jeep vehicle was put into operation in 9th km of Karaj Special Road (current location of the company) in which the American Wheels, Jeep were produced and marketed under the name “Jeep Shahbaz” in SKD and CKD. Then after a period the second product, Simorgh Pickup was manufactured and from the early days of production two principal solutions are considered as the main development lines in ParsKhodro policies: First, Jeep Company (currently ParsKhodro) is related to production of two differential vehicle and second, variation of product in this company is critical to the same extent as that of product quality. These two vehicles were the only products of the factory up to 1967 and then three other products were added to the production lines of the company simultaneously they were two American vehicles, Rambler, known as Arya and Shahin and two differential vehicle known as Jeep Aho” which were among the best domestically produced vehicles.

During these years with the raise of other domestic auto makers which turned to be among the best auto makers in the middle east, an unwritten strategy was compiled upon which SAIPA auto maker was made responsible for production of inexpensive vehicles like Citroen (Citroen, France) and Iran National (currently Iran Khodro) started to produce middle range vehicle like Paykan (Talbot, England) and ParsKhodro started to produce luxury vehicle of higher prices with the ParsKhodro in history objective that transforming from the embryonic stage in vehicle industry, through competition and collision among domestic auto makers would not lead a destructive crisis and any one of the premier auto makers of the country may attract a certain share in domestic market and overlap the marked demands instead of competing on eachother shares. So, addition of Rambler two differential vehicles may be counted a changes in initial policies of the company, it was in line with the strategy of market division agreed between domestic auto makers. Gradually Jeep Company increased the range of its products and its output volume with the objective that improving its financial power and market share it may develop the range and power of industrial maneuvers. Then it could reach an industrial credit and place in 1973 to convince such a big company like General Motors, America,

one of the biggest auto makers through the world to buy 45% of Jeep shares and become the first national co-investor in auto making industry and made the quick transformation and accelerated development of the company possible in short term. The result of such coalition was the formation of General Motors Iran: Company which replaced Jeep in 1973 and was referred to as one of the most powerful auto makers of the country.

At the same year of coalition, 1974, Chevrolet Iran (Opel) was added to the products of the company so that the Qualitative Growth Curve was improved 300 percent compared to that of the last year and bring the company with a flourishing year. Two years later Chevrolet Nova replaced Chevrolet Iran and at the same time another luxury vehicle was added to the products of GM Iran, namely Buick Sky Lark to be the first domestically produced 8 cylinder vehicle of the country. In 1977, "Cadillac Civil" another model of 8 cylinder vehicle was produced At the same time the Huge Tribunal was investigating the subject of confiscation of General Motors America shares by Iran and detention of 7200 sets of CKD parts for different luxury vehicles, purchased before revolution and confined in Canadian ports. Finally through an agreement the CKD parts were shipped to Iran and were used in production lines of the company. With the stoppage of political and commercial relationships with the United States, ParsKhodro faced products crisis and the two concurrent threats of western countries boycott and imposed war by Iraq Baeth Regime against Islamic Republic of Iran borders. Consequently the company replaced American vehicles, for which there was no more part, with Mahindra Jeep from India. This vehicle was produced in ParsKhodro in 1980, known as Tosan Commander Jeep and was received as well in war fronts and mountain cities and villages. Although Karbasforoshan left ParsKhodro in 1981 and Mohammad Reza Hazarkhani and Masoud Honardost occupied the post of managing director for short intervals which was terminated before the next summer and finally Mohammad Reza Yazdani Khoram finished this complexity and managed ParsKhodro for about three years. In 1983 Spanish Land Rover vehicle was added to the products of ParsKhodro and in 1984 when Yazdani transferred the management of ParsKhodro to Mohammad Ali Rafiee, the cargo of General Motors America parts were received by the company and created a new energy in production lines of the company. Mohammad Ali Rafiee had two other objectives as well, changing the drive power of Tosan Jeep and follow up of the contract for producing 4 wheel Drive Nissan Patrol

which was concluded by Development & Renovation Organization of Iran Industries but none of these project were initiated during his management. Mehdi Nikdel, became the manager of ParsKhodro and made the collection of GM Iran luxury vehicle more complete and attractive. Chevrolet Pickup was the last product of General Motors Iran before the Islamic Revolution of Iran added to the family of the company products which made the quantity of GM Iran output to 7 vehicles during a period of 22 years and the total production during coalition years was over 70 thousands sets (in a period less than 4 years). In this year Jafar Akhavan as the main shareholder was the chairman of the board of director and Mostafa Farzaneh was acting as the Managing Director of the company. They hold their positions up to the Islamic Revolution and after the victory of Islamic Revolution of Iran in 1978, managers and shareholders of the company were changed and the destiny of the company was changed as well. Revolution Counsel (after establishment of provisional government) and with the approval of Development and Industries Protection Act, all big and basic industries of the country, including auto making industry were nationalized while shares and management of confiscated companies were transferred to the government (National Industries Organization). In the first year after the victory of Islamic Revolution, General Motors Company experienced the presence of its new managing director, Masoud Mohajerani and Homayoun Yaghot Ghaem who hold their post for totally 18 months. With the full establishment of Islamic Republic system and return of political stability, General Motors Iran's share were transferred from National Industries Organization to Development and Renovation Organization of Iranian Industries (IDRO) and with introducing Mohsen Karbasforoshan as the managing director of the company in 1979, General Motors Iran was renamed to Iran Auto Making Company while in 1980 the name "ParsKhodro" was selected for this company. after Rafiee in 1986. In 1987 he added Nissan Patrol Station, Hard Top model in the same year fall and finally Ambulance Nissan Patrol and Nissan Pickup in 1988 to the products of the company so the range of ParsKhodro products were increased once more. But changing the driving power of Tosan Jeep took place during the management of Fereidon Shankaie who replaced Nikdel in 1989. He replaced the driving power of Mitsubishi, Japan for Mahindra, India and named this new product "Jeep Sahra" which was produced in two types of Convertible and Hard Top.

In addition the Polerban Nissan Patrol was added to the family of Nissan vehicles which was considered more by Relief Organizations and Military bodies. Approval of “Vehicle Law” in early spring 1991 prevented Shenkaie to add new product to ParsKhodro productions. Shenkaie left ParsKhodro in 1995 and Alireza Ghamgosar replaced him as the managing director of ParsKhodro, finding new products in the class of passenger cars was continued and finally Renault 5 production line was purchased from Saipa and transferred to ParsKhodro so as the first passenger car by ParsKhodro, after the Islamic Revolution was marketed under the name “Sepand”. For the low price, this product initially had a high demand in forward sale stage but for the old model, worn out machineries and shortage of parts it could not reach the determined production rate and meet public demands. On the other hand as the advance sale rate of Sepand was so high, the company should proceeded with the mass production. But the capacity was so low for the limited and low capacity of Traditional Painting Line, Ghamgosar decided to execute the construction of Centralized Paint Line through the capital accumulated from the customers advance payment. To this end a big part of revolving capital of the company was used for fixed investment and ParsKhodro financial ability was decreased against its customers. Gradually the growing obligations of the company along with financial problems faced the company with a serious crisis. At the same time the driving power of Nissan was replaced with Z24 motor from Mega Motor which was not received by public for some technical problems. Ghamgosar transferred his position to Morteza Fasili in 1997 in a condition that Centralized Painting Line was not completed and Sepand production line could not meet the customers demand on time and in full and even the company’s financial problems were not resolved. But Fasili could not add any new products to the company output while his efforts were focused on commissioning of Centralized Painting Line and another part of the company capital was used for constructing sheds and warehouses which were not suitable solution for the main requirements of the company. Such financial problems made IDRO to decide to sell ParsKhodro shares in Tehran Stock Market and consequently 51 percent of shares were purchased by Saipa company and another 34 percent was [purchased by Social Security Organization and ParsKhodro went out of public companies inclusion when it was affiliated to Saipa Industrial Group. In spring 2000, Hashem Yeke Zaree became the managing director of ParsKhodro, the first manager after privatization of ParsKhodro. He replaced Pride driving power for Renault 5 and supplied a new

product, PK in order to attract customer satisfaction and in the same production line of PK he produced Pride GTX and Saipa 141, the products of Saipa in order to increase the capacity and production of this line. But his most significant activity to return back luxury vehicles to ParsKhodro after the Revolution was production of Maxima, Roniz, Seranza and Pickup. They were new products for which Nissan sent the required parts to ParsKhodro in CKD. Although such vehicles were received by high income classes of the country, the production capacity for such vehicles was not so high to resolve financial problem of the company which were produced for high price of related CKD parts and long order booking term for such parts and on the other hand weak banking facilities and services in opening on time letter of credit and required financing reduced the profit from such products, so luxury vehicles could not remove company problems and improve its financial power. With transfer of Social Security Organization shares to Saipa and appreciation of capital, the power of company in completing the centralized Painting Line was improved and finally in summer 2004 the line was commissioned in a pilot plan. Although it was not clear, for which product the line with the capacity of 185 thousand vehicles, would be used. Amiri, former vice president of Saipa Industrial Group, managing director of Saipa Research Center and manager of the project for production of 1000 Pride vehicles and production of Rio in Saipa, knew that production of Paykan, the best seller vehicle of the country would be stopped up to the next year decided to transfer part of Pride production line and total production line of Saipa 141 to ParsKhodro in order to execute the strategy of Saipa Group for replacement of Pride for Paykan in the market. His efforts were efficient in less than a year and production lines for Pride and Saipa 141 were active to the extent that they captured the full capacity of Centralized Painting Line. This process resolved a big part of prior problems of the company and after years of crisis and stagnation opened a new chapter in ParsKhodro. To this end, Amiri transformed the engineering structure of the company in order to create the required substructure and grounds for changing traditional production system to mass production and prepared encouraging and exciting plans to renovate and vitalize its human sources and improve their loyalty toward the company which had immediate results. Production line for L90 (Tondar) which had no physical progress before his management was ready for exploitation in less than 18 months an this improvement even made the French men in Renault company surprised. Now ParsKhodro with the capacity of about 200 thousand vehicles per year is one of the most powerful auto makers in

Iran making himself ready for a more successful future. Megan, is one of the main objectives of Amiri for production of ParsKhodro own vehicle. Its production line is ready for exploitation and this product has been selected in a way that its price has no interference with other vehicles of ParsKhodro in this price level since the strategy of group dictate the policy that instead of competing with the colleagues, the price overlap for different vehicles and attraction of customer satisfaction with any taste and financial power is focused. Now ParsKhodro in its 50th anniversary is satisfied for a half century of efforts and experience and look a hopeful and clear future, which is the result of belief, self confidence, self reliance, resistance, stability by all generations and organizational layers of this big family who have tried for uplifting ParsKhodro name. ParsKhodro has proven its talent for international partnership and becoming a reliable partner in international auto making industry and as supportive evidences it has a history and experience of 50 years. And this is enough to believe that ParsKhodro has everything required for prove that it can.