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Auto firms align dispatches with retail demand amid stock pileup

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Mumbai, 27 July

Manufacturers of passenger vehicles (PVs) in the first half of the calendar year (2025) reported a modest 0.5 per cent year-on-year increase in wholesale dispatches, while retail sales grew 2.5 per cent for the same period, reflecting a calibrated approach by automakers amid elevated dealership inventories and cautious consumer sentiment. According to the Society of Indian Automobile Manufacturers (Siam), dispatches rose marginally to 2.16 million units, up from 2.15 million units a year earlier.

Retail sales, meanwhile, grew at a stronger pace of 2.5 per cent during the same period, reaching 2.07 million units, according to the data from the Federation of Automobile Dealers Associations (Fada), compared to 2.02 million units last year.

Industry analysts say this data signals a broader industry shift, by which factory output is becoming more closely aligned with market demand, as original equipment manufacturers (OEMs) adopt leaner, demand-driven inventory strategies.

Automakers are increasingly synchronising factory output with retail movement to avoid a stock buildup across dealership networks.

"Dealership inventory levels continue to remain elevated — well above the 50-day mark — which has prompted OEMs to moderate dispatches," said Anurag Singh, advisor, Primus Partners. "This is a prudent and necessary step as it helps maintain market discipline and avoids inventory overhang across the retail network."

Singh added inventory levels varied widely across regions, depending on the model, variant, and even colour preferences.

"Ahead of the festival season, dealers typically build inventories to cater to time-sensitive demand, but for now, factory output is closely



In the slow lane

Units (in million)

Passenger vehicle	H1CY25	% change
Wholesale dispatch	2.16	0.50
Retail sales	2.07	2.53
Production	2.36	5.69

H1: January to June

Sources: Siam, Fada

tracking actual sales trends."

Despite the 2.5 per cent increase in retail sales over the first half of the calendar year, high inventories persist.

Fada notes meaningful stock correction will occur only if OEMs significantly scale down factory dispatches below retail volumes. "OEMs must recalibrate at a much bigger pace. Maintaining current levels won't help anyone," said C S Vigneshwar, president, Fada.

Honda Cars India is aligning output with market demand by focusing on retail deliveries over wholesale dispatches.

"With a favourable monsoon and the onset of the festival period starting with Onam, we are optimistic of an uptick in demand and have planned to ensure our models are available across the country," said Kunal Behl, vice-president, marketing and sales, Honda Cars India.

"We will enhance our marketing campaigns and introduce exciting product updates to catch the festive fervour."

Maruti Suzuki, Mahindra & Mahindra, Hyundai Motor India, Kia, and Toyota did not respond to queries, citing the ongoing silent period ahead of their upcoming financial results.

Among OEMs, Maruti Suzuki clocked a 4.5 per cent increase in PV production during January-June. The company produced 1.07 million units compared to 1.02 million units during the same period last year.

Growth was strongest in March, around 17 per cent, and in April it was 6.2 per cent, while June saw a 4.2 per cent year-on-year decline in output.

Maruti Suzuki is one of the country's leading PV exporters.

Hyundai Motor India, in contrast, saw a marginal contraction of 0.6 per cent in production during the period. While April and May showed growth of 7.8 per cent and 3.5 per cent, respectively, the others posted declines, with June showing the highest fall at 7.5 per cent.

Mahindra & Mahindra (M&M) posted the most robust growth among major OEMs, with a 25.2 per cent increase in PV production.

Domestic wholesale figures for the first half of 2025 showed M&M as the strongest performer among major passenger vehicle manufacturers, registering 20.2 per cent year-on-year growth.

Maruti Suzuki, the market leader, saw a marginal decline of 2.2 per cent in wholesales, which stood at 0.87 million units in H1 2025 compared to 0.89 million units a year ago. While it witnessed modest gains in January, February, and April, significant drops in May, around 5.5 per cent, and June, around 13.3 per cent, offset the earlier momentum.

Hyundai, meanwhile, faced sustained pressure across the board, reporting a 7.7 per cent year-on-year decline in wholesales.

