

Auto sales hit July best, rise 3.1% on high base

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Sales of passenger vehicles (PVs) in India in July, despite being the highest ever for the month, increased just 3.1 per cent year-on-year (YoY) to 352,492 units due to a continuing strong base effect. However, sales of sport utility vehicles (SUVs) were high. In this area, Maruti Suzuki India (MSIL) led the rest.

"In July, our SUV sales were 42,620 units as compared to 36,124 units of Mahindra & Mahindra (M&M), which came next," Shashank Srivastava, senior executive director, marketing & sales, told reporters on Tuesday.

Maruti's total sales in July jumped by 6.49 per cent YoY to 152,126 units. He said the auto industry continued to record good volumes but in the second quarter YoY growth would be small. "PV sales in Q2 last year were the highest ever," he noted.

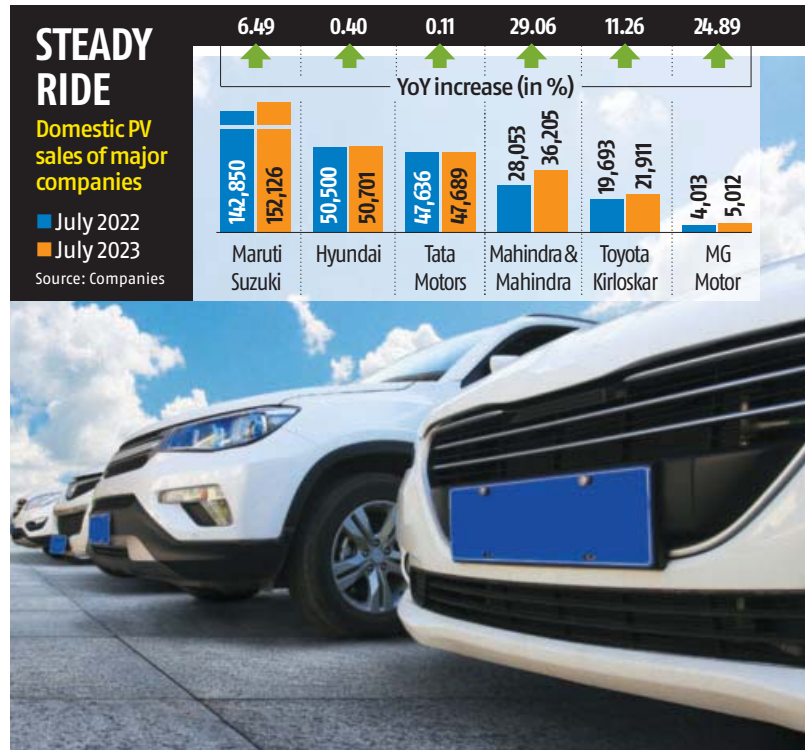
Srivastava said the auto industry had been recording the highest ever sales in each month on a YoY basis since April.

"Despite that, growth in April-July this year was just 7.7 per cent," he said. The highest ever monthly sales, about 355,000 units, by PV makers were in September last year. Therefore, in September this year, growth might be lower, he noted. He said dealers had stocks for 30 days as against 24-25 days at the beginning of July.

"I don't see a significant increase in dealer stocks from this level. It has reached the normal level of 30 days," he added.

Dealers are generally comfortable with 30 days of stocks. "That has been the norm over the years and working capital is built with each dealer accordingly," he said.

However, since the festival season is



beginning in the last week of August with Onam, dealers might add some more stocks on an ad hoc basis. "This may be done in anticipation of high sales during the festival season," he noted. Hyundai, India's second-largest carmaker, saw just 0.4 per cent YoY growth in unit sales. Tata Motors' unit sales jumped 0.11 per cent YoY to 47,689 units.

Saji John, research analyst, Geojit Financial Services, said: "As expected, Maruti and M&M have posted strong dou-

ble-digit growth, with utility vehicles continuing to drive sales. Tata Motors has been under pressure for some time due to pre-buying in commercial vehicles and supply constraints."

M&M's PV sales jumped 29.06 per cent YoY to 36,205 units in July. Veejay Nakra, president, automotive division, M&M, said: "It has been a record-breaking month for us. We are excited to clock the highest ever domestic SUV sales of 36,205 in a month".