

PV stocks will be down to 10 days by year-end: Maruti's Bhargava

Our Bureau
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Country's largest carmaker Maruti Suzuki India (MSIL) on Tuesday said its inventory levels with dealers would come down to about 10 days by the end of this year from around 38 days now.

"We have a little larger stock at this time because the festival season is coming and by the time the year ends, the stock with dealers will be down to about 10 days. It's nothing special, dealers are well compensated, and if dealers don't keep adequate stocks, then customers have a problem in buying the cars they want because then they have to wait till cars are dispatched from the factory; that takes time," RC Bhargava, Chairman, MSIL, said on Tuesday.

Addressing shareholders at the company's annual general meeting (AGM), he said there has to be a good balance between what is kept as stock by the dealers, and what becomes over-inventory if it doesn't move over a long period of time.

His statement came after queries from shareholders on how MSIL was managing its margins in the context of over supply of vehicles, large inventories, global prices and supply chain disruptions.

Earlier, there were reports that the passenger vehicle (PV) segment had inventory levels of 67-72 days, equating to ₹73,000 crore worth of stock and dealers complained of a substantial risk to their sustainability, necessitating extreme caution.

The dealers had also urged the manufacturers to be vi-

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RC BHARGAVA,
Chairman, MSIL



gilant about potential dealer failures due to high inventory levels.

NEW PLANT

Bhargava also pointed out that MSIL is facing "a small delay" in finalising the site to set up a new plant with an annual capacity of 10 lakh units, although the upcom-

ing plant at Kharkhoda in Haryana is on track to start production by 2025-26.

He also reiterated Maruti Suzuki's belief that low cost and small cars are necessary in India's economic and social conditions, and a temporary setback in demand is not going to change its strategy, while hoping that

small car demand will revive in the next two years.

SMALL DELAY

"Our programme for expanding production is proceeding as scheduled, cars produced in the Kharkhoda plant will add to our sales in FY25-26. A small delay has taken place in finalising the site for a new one million unit expansion. We are making our best efforts to come to a quick decision in this matter," Bhargava said.

In January this year, at the Vibrant Gujarat Global Summit, Suzuki Motor Corporation President Toshihiro Suzuki had announced that the company's Indian arm MSIL will invest ₹35,000 crore to set up its second manufacturing facility in Gujarat with an installed production capacity of 10 lakh units per annum.

In 2022, the company had announced setting up of a new plant at Kharkhoda with an installed peak capacity of 10 lakh units per annum at an investment of ₹18,000 crore. This is the company's third plant in Haryana.

Responding to queries on the company's EV programme, he said by FY30-31 six EV models are expected. The first electric vehicle (EV) model will go into production and sale in a few months time, and will be exported to Europe and Japan too.

"EVs are likely to be adopted gradually as the multiple challenges facing the consumers are overcome. There can be little doubt that during the period this is happening, all other vehicles also need to become cleaner, so that carbon emissions are minimised," he added.