

# EV transition boosts capacity buildup in auto ancillaries

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India's auto component makers are entering a new phase of capacity expansion, driven less by pure volume growth and more by a structural shift towards electric vehicles (EVs), safety systems and higher electronics content per vehicle.

Localisation initiatives and production-linked incentive (PLI) schemes are accelerating investments, even as export-linked businesses remain cautious amid global trade uncertainty.

According to a report by Deven Choksey Research, the auto component industry is witnessing "steady growth momentum, driven by higher vehicle production, rising exports, and increasing content per vehicle led by premiumisation and electronics penetration."

The report adds that "EV-linked components and safety systems continue to see healthy demand, supported by localisation initiatives and PLI-led investments," prompting companies to expand capacities and strengthen technology capabilities to align with evolving original equipment manufacturer (OEM) requirements.

This shift is visible across leading ancillary manufacturers, particularly those with exposure to electronics, die-casting, alloy wheels and advanced safety systems, segments that benefit directly from EV adoption, premiumisation and tighter regulatory norms.

Minda Corporation has emerged as a key beneficiary of this trend.

Deven Choksey Research notes that the company is "strategically advancing its die casting business," with capacity expansion underway and an increasing focus on "EV powertrain housings and high-tonnage components."

The wealth management firm points out that Minda Corp secured "lifetime orders exceeding ₹36,000 million in H1FY26 across both internal combustion engine (ICE) and electric vehicle (EV) platforms," underscoring its growing traction in emerging mobility solutions.

These wins are supported by a broader ₹2,000-crore capex roadmap planned over the next four to five years," aimed at strengthening die casting and other capabilities.

Uno Minda, another major player, continues to scale up across alloy wheels, electronics, sensors and advanced driver assistance systems (ADAS).

Deven Choksey Research says the company is "scaling its alloy wheel and casting operations, supported by rising customer demand and improved product mix across two-wheeler and four-wheeler platforms," while also expanding machining capacity to ensure readiness for upcoming OEM programmes.

Management commentary reinforces this outlook.

On the second quarter of 2025-26 (Q2FY26) earnings call, Uno Minda Group CFO Sunil



## Pushing the pedal

- Govt initiatives and PLI schemes are pushing manufacturers to build local supply chains
- Uno Minda, Minda Corp have committed over ₹2,000 crore each for new projects
- Revenue is rising as vehicles transition from basic parts to higher-value features like LED lighting
- While domestic demand is booming, export-focused firms face risks from global trade uncertainty and geopolitical tensions

Bohra said, "We continue to invest in building capacities in line with the OEMs' expansion plans and the auto industry's promising outlook."

Bohra also highlighted how EV penetration was reshaping product portfolios. "EV sales increased 139 per cent year-on-year in Q2FY26, reaching approximately 50,000 units, translating into an EV penetration rate of around 5 per cent," he said, noting that EVs are rapidly evolving from a niche category into a mainstream growth driver.

A major driver of growth for ancillaries is the rising penetration of safety systems and electronics, particularly in passenger vehicles and premium two-wheelers.

Elara Securities, in its sector update, observed that in Q2FY26, "suspension, braking, lighting and multiproduct components outperformed, supported by rising penetration of safety-critical systems such as ABS and disc brakes, along with OEM premiumisation and model upgrades." The brokerage added that the structural shift from halogen to LED lighting is boosting content per vehicle.

Despite strong domestic momentum, export-facing ancillary firms remain cautious.

Deven Choksey Research flagged that "ancillary firms with global exposure remain cautious amid elevated trade uncertainty and geopolitical risks," even though exports of wiring harnesses and sensors have remained relatively resilient.

Elara Securities also pointed to continued weakness in overseas markets for certain segments.