

# Top carmakers bullish on FY27 India demand

## Plan launches, cautious about margins amid global headwinds

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India's top passenger vehicle (PV) makers are ramping up investments, expanding factory capacity and lining up major launches for financial year 2027 (FY27), betting on sustained domestic demand growth. This is despite rising concerns over geopolitical tensions, commodity inflation, freight volatility and supply-chain disruptions.

Their confidence is backed by numbers. Industry data from the Society of Indian Automobile Manufacturers (SIAM) showed PV dispatches rose to a record 4.66 million units in FY26, with the industry describing the year as a "year of two halves" — weak first-half demand followed by a strong recovery in the second half, aided by GST-led affordability gains and new launches. Domestic PV sales grew 16.7 per cent in the second half (H2) of FY26, reversing a 1.4 per cent decline in H1 and helping the industry end the year with 7.9 per cent growth. Maruti Suzuki said around 190,000 customer orders remained unserved at the end of FY26 due to production constraints alone, underlining the strength of the rebound.

The momentum is expected to carry into FY27, with Crisil Ratings projecting that the industry will clock record sales of nearly 5.9 million units, with a growth of 5-7 per cent. "The GST tailwind will continue in FY27, though its intensity will moderate gradually," said Anuj Sethi, senior director, Crisil.

Carmakers are doubling down on spending despite input cost pressures, volatile fuel prices and geopolitical risks around the supply chain. Maruti Suzuki has commissioned a second plant at Kharkhoda, Haryana and is adding another production line in Gujarat during FY27, taking its installed annual capacity to about 2.9 million vehicles from 2.4 million currently. The effective production increase this year is expected to be closer to 250,000 units as the new lines ramp up gradually.

"Consequently, the company is proactively accelerating its capacity expansion efforts to address the strong demand and fulfil pending orders," said Rahul Bharti, chief investor relations officer, Maruti Suzuki India.

Hyundai Motor India has out-

### Taking strides

- PV dispatches rose to a record 4.66 million units in FY26
- H2 PV dispatches grew 16.7%, reversing a 1.4% decline in the first half of FY26
- FY26 PV dispatches grew 7.9 %
- 5-7% growth expected in FY27, with PV sales touching 5.9 mn units
- Maruti is taking annual installed capacity to 2.9 mn units from the current 2.4 mn units
- Hyundai is investing about ₹6,800 crore in Talegaon plant to take capacity to 320,000 units annually
- Mahindra is expanding capacity to 68,000 units per month in the first half of FY27
- TaMo says the West Asia crisis is boosting demand for EVs; Inquiries and bookings have risen 25-30%



lined about ₹7,500 crore of capex for FY27 with plans to launch two new sports utility vehicles (SUVs), including a localised electric vehicle (EV). It is investing about ₹6,800 crore (\$794 million) to build out its Talegaon plant in Maharashtra to 320,000 units annually from less than 200,000 units now. The company's Managing Director and Chief Executive Officer, Tarun Garg, said it had used "calibrated price increases" to partly offset commodity pressures in FY26. It would continue taking "calibrated actions to support margins going forward," while maintaining 8-10 per cent growth guidance in both domestic sales and exports.

Mahindra & Mahindra has already increased monthly vehicle capacity to about 64,500 units per month from about 59,000 units at the end of FY26. Total capacity could rise to about 68,000 units per month in the first half of FY27, said Rajesh Jejurikar, executive director and CEO (auto and farm sector). M&M is developing a greenfield plant at Nagpur, to be operationalised around mid-2028 with phased scale-up to 500,000 units annually.

Tata Motors Passenger Vehicles, which recorded its highest-ever annual sales of over 640,000 units in FY26 at nearly double the indus-

try growth rate, is equally bullish. Shailesh Chandra, MD and CEO, Tata Motors PV, said demand momentum had continued through April and May and the company expects to deliver "industry-beating growth" in FY27, supported by new launches and production ramp-up. This is even as commodity inflation across steel, copper, aluminium, rubber and petroleum-linked inputs remains a key risk. Chandra said the West Asia crisis had itself become a demand driver for EVs, with inquiries and bookings rising an additional 25-30 per cent amid a rise in fuel prices.

The expansion plans signal how India's largest carmakers see the current turbulence as a speed bump, and the domestic market remains their most compelling long-term bet.

Utility vehicles are expected to lead the charge, with sales projected to grow 7-9 per cent and the segment's share in total PV sales rising to 69 per cent from 67 per cent in FY26, supported by consumer preference for larger, feature-rich vehicles across price points, according to Crisil. Executives across all four companies flagged rising input costs and geopolitical risks as the most significant near-term threats in their quarterly calls.