

# Car makers plan additional annual capacity of 3 mn

With the boost, India will hit a capacity of 8.77 million passenger vehicles per annum

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**N**ine Indian car makers who account for 97 per cent of the domestic market sales are creating additional capacity of 3 million cars per annum, an increase of 52 per cent compared to their current capacity of 5.77 million cars, according to data from CRISIL Intelligence and Analytics.

Once the plants are up and running, India will hit a capacity of 8.77 million passenger vehicles per annum. The new capacities will come into the market between November 2024 to financial year 2031 (FY31) in various phases and include not only ICE but electric cars and hybrids.

The companies include Maruti Suzuki, Hyundai Motor, Tata Motors, Mahindra & Mahindra, Kia Motors, Toyota Kirloskar, Honda Cars India, Skoda Auto Volkswagen, and MG Motors. This list does not include the fresh investment announced by Vinfast for making cars in India.

The decision to create more capacity is valid given India registered a record 4.2 million vehicle sales in FY24 and according to S&P, is expected to reach 8.2 million by 2035, up from the 5.1 million estimated in 2025. India will become the third largest market in the world after China and the US.

However, the car penetration in



## EXPANSION PLANS

Company	Existing capacity (million pa**)	Capacity after expansion (million pa)	Year when capacity expansion will be completed
Maruti Suzuki	2.25	4.00	FY31
Hyundai Motor	0.82	1.00	Work in progress
Tata Motors	0.90	1.02	Aims to reach 1mn in Talegaon plant
M&M	0.59	1.08	CY28/29
Kia Motors	0.35	0.40	FY25
Toyota Kirloskar	0.34	0.44	CY26
Honda Cars	0.18	0.22*	-
Skoda Auto Volkswagen	0.24	0.31	Nov-24
MG Motors	0.10	0.30	No deadline

\*Expandable to \*\* per annum

Source: CRISIL Market Intelligence & Analytics

the country is very low at 26 per 1000 people compared to China (183), the US (594), Korea (384), Mexico (280), and Brazil (276). The potential for growth is huge.

S&P Mobility also points out that India has seen one of the biggest car sales turnarounds after the pandemic, growing by 35.03 per cent between 2019 and 2023 — the best recovery in the world.

Once the capacity is available, four auto companies — Maruti, Hyundai, Tata Motors, and Mahindra & Mahindra will control 81 per cent of the country's car making capacity. One of the largest

expansions is that of Maruti Suzuki which will launch its first electric car by the end of the year, initially for exports and then for the domestic market.

Maruti Suzuki is setting up a capacity to make 0.25 million cars in Kharkhoda in Haryana which will be commissioned by 2025. Another plant with the capacity of one million per annum in Gujarat is expected to be on stream by 2029 and it will add another production line will be added to Maruti Suzuki's existing plant, adding another 0.25 million vehicles.

The other substantial increase in

capacity is that of Mahindra & Mahindra which will nearly double its production from 0.59 million per annum to 1.08 million.

Hyundai Motors, which has applied to Securities and Exchange Board of India (Sebi) for floating a ₹ 25,000 crore IPO, has also decided to up its capacity from 0.92 million to over one million per annum after the completion of its expansion in the recently acquired Talegaon plant of General Motors.

Hyundai Motors has announced an investment of ₹32,000 crore for capacity expansion, R&D, and creating a local supply base.