

India's auto component metal forming market to reach USD 90-95 bn by FY30: Avendus Capital

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Avendus Capital, India's leading investment bank, has released its latest report on the **Indian Auto Component Industry**, highlighting a structural shift in global automotive supply chains that is driving value concentration toward process-led manufacturing segments, particularly metal forming.

According to the report, India's automotive metal forming market (casting, forging, stamping and machining) is expected to grow at a **~12% CAGR to reach ~USD 90–95 bn by FY30**. This positions metal forming as one of the largest and most resilient value pools within the broader auto component ecosystem, supported by both domestic demand and accelerating export momentum.

The report underscores a deeper structural transition - value in the global auto component supply chain is increasingly concentrating on process specialists, rather than diversified product suppliers. These process specialists benefit from deep metallurgical expertise, precision tooling capabilities, and decades of operating know-how, creating high entry barriers that are difficult to replicate.

Koushik Bhattacharyya, Managing Director and Head, Industrials Investment Banking, Avendus Capital said, "The Indian auto component sector is moving beyond a scale-driven growth phase into a capability-led consolidation cycle. We are seeing a clear shift in value toward process specialists, where deep manufacturing expertise and operational precision are becoming the key differentiators. As global supply chains evolve, India is uniquely positioned to capture this opportunity, particularly in core metal-forming segments. We expect this to translate into sustained deal activity, as investors look to build scaled, capability-led platforms in the sector."

India's auto component industry has crossed a critical threshold in recent years, with the sector surpassing **USD 80 bn in size in FY25** and transitioning from a net importer to a net exporter, with exports reaching **~USD 23 bn**. This shift reflects not just scale expansion, but a structural upgrade in manufacturing complexity, quality standards, and global integration.

A key driver of this transformation is the ongoing reconfiguration of global automotive supply chains, as OEMs and Tier-1 suppliers diversify sourcing bases amid geopolitical uncertainties and cost pressures. India is increasingly emerging as a preferred manufacturing destination, supported by its cost competitiveness, engineering talent, and established supplier ecosystem.

The report reveals that core metal-forming processes such as casting, forging, and machining remain indispensable across both ICE and EV platforms, with increasing requirements for precision, lightweighting, and complexity. The report also underscores India's emerging "last man standing" advantage in ICE components. As global suppliers reallocate capital toward electrification and reduce investments in ICE-related manufacturing, India is well-positioned to capture a widening supply gap in critical drivetrain components, including crankshafts, gears, and axles. With an existing car parc of over **1.5 bn ICE vehicles**, this segment also presents significant opportunity in the aftermarket.

From a deal activity perspective, the sector is witnessing increasing investor interest, particularly in process-led businesses. Recent transactions indicate increasing participation from both global private equity firms and strategic acquirers, signaling a broader shift toward capability-led consolidation, with investors prioritizing businesses characterized with deep process expertise, export orientation, and scalable manufacturing platforms.

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Avendus Group is a leading financial services firm with a presence in the areas of Investment Banking, Institutional Equities, Wealth Management, Asset Management and Credit Solutions. Established in 1999 in Mumbai, India, Avendus is today present in 12 cities across India, US and Singapore. Avendus partners with the Indian entrepreneur ecosystem to provide differentiated solutions that enable clients to meet their strategic aspirations.

Avendus Capital, the investment banking arm, is consistently ranked among the top investment banks in the country on the back of its in-depth domain understanding and a best in the class track record of domestic and cross-border transactions. Avendus' wide range of clients is testimony to its ability to serve its corporates throughout their life cycle – from growth stage funding to large-sized transactions, M&A advisory and access to public markets.

Avendus Capital Inc., New York and **Avendus Pte Ltd.**, Singapore are both Avendus Group entities offering services to clients in the US and Southeast Asia respectively.

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