Auto Sales Periodical: October 2026

Strong Festive Demand Drives Growth

The Indian automobile industry reported healthy volume growth in October 2026, supported by strong festive-season demand, improved consumer sentiment and sustained replacement demand. GST rationalisation and improved affordability further supported vehicle demand across most segments. Passenger vehicles, two-wheelers, three-wheelers and commercial vehicles witnessed healthy growth, indicating broad-based demand momentum. However, the farm equipment segment remained weak, reporting double-digit volume de-growth, reflecting continued pressure on tractor demand. While we continue to monitor key ground level indicators through our channel checks, we believe that growth will moderate for the PV, CV and 2W industry in 2HFY27 on a high base, while tractor sales will remain lacklustre. Therefore, we prefer diversified auto ancillaries, which have several levers for content per vehicle expansion, over and above the underlying industry growth.

From our coverage universe, Minda Corporation, RK Forgings and Sundram Fasteners are our top picks, given their potential to outgrow the underlying industry. Minda Corporation is expected to deliver strong growth through increasing content per vehicle, while RK Forgings is well-positioned to benefit from a healthy new order booking and expansion in casting. Sundram Fasteners is expected to benefit from its export orders and diversification into non-auto. Additionally, valuations at current market prices appear very attractive for all three stocks. On the 2W heavy auto ancillaries, we will watch out for signs of sustained underlying industry growth before turning positive.

	Total Sales Volume				YTD		
	Oct-26	Sep-26	Oct-25	YoY Change	FY27	FY26	YoY Change
Passenger Vehicles							
Maruti Suzuki	2,71,715	2,32,599	2,16,537	25%	16,31,073	12,78,305	28%
Hyundai	82,299	77,916	69,894	18%	4,79,453	4,41,214	9%
M&M	74,904	65,766	73,890	1%	4,31,480	3,69,194	17%
Tata Motors PV	75,426	70,210	61,295	23%	4,59,723	3,30,501	39%
Two Wheelers							
Eicher Motors	1,33,442	1,33,958	1,24,951	7%	8,42,538	7,16,854	18%
TVS Motors	6,70,679	6,45,955	5,25,150	28%	40,75,070	32,10,845	27%
Hero MotoCorp	7,34,403	7,66,348	6,35,808	16%	42,79,878	36,93,580	16%
Bajaj	5,01,194	4,51,494	4,42,316	13%	30,07,707	24,60,094	22%
Three Wheelers							
TVS Motors	29,455	26,835	18,407	60%	1,74,627	1,16,834	49%
M&M	17,632	16,343	12,762	38%	99,690	66,340	50%
Commercial Vehicles							
Volve Eicher	10,861	11,396	8,050	35%	63,746	51,561	24%
Tata Motors	47,652	51,062	37,530	27%	2,91,254	2,17,817	34%
M&M	40,346	34,521	34,465	17%	1,99,896	1,70,217	17%
SML Mahindra	1,065	1,124	1,059	1%	10,405	9,204	13%
Force Motors	4,104	4,101	2,835	45%	25,072	19,835	26%
Farm Equipment							
Escorts Kubota	16,921	15,214	18,798	-10%	87,800	83,256	5%
M&M	64,846	52,100	73,660	-12%	3,38,914	3,30,685	2%
VST Tillers Tractors	3,519	4,950	4,664	-25%	33,103	32,069	3%

Source: Company

RK Forgings (Rating: BUY)	
CMP/TP (Rs)	695/805
Upside	16%

Minda Corp (Rating: BUY)	
CMP/TP (Rs)	655/867
Upside	32%

Pricol (Rating: BUY)	
CMP/TP (Rs)	658/810
Upside	23%

Ask Automotive (Rating: BUY)	
CMP/TP (Rs)	593/745
Upside	63%

SJS Enterprise (Rating: BUY)	
CMP/TP (Rs)	2115/2525
Upside	19%

Happy Forgings (Rating: BUY)	
CMP/TP (Rs)	1740/1875
Upside	8%

Sundram Fasteners (Rating: BUY)	
CMP/TP (Rs)	1077/1315
Upside	23%

Fiem Industries (Rating: BUY)	
CMP/TP (Rs)	1802/2805
Upside	36%

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Passenger Vehicles: The passenger vehicle segment reported strong volume growth in October 2026, supported by festive-season demand, improved affordability, rising exports and favourable consumer sentiment. The festive calendar, with Navratri and Dussehra falling in October, resulted in a concentration of vehicle deliveries, while advance dealer stocking ahead of Dhanteras and Diwali in November further supported wholesale dispatches. The benefits of GST 2.0 have improved vehicle affordability and purchasing power, supporting both first-time buyers and replacement demand. Demand continued to be skewed towards SUVs and compact SUVs, with a wider product portfolio and new model launches supporting consumer traction. Despite a high base, Maruti Suzuki, Tata Motors and Hyundai reported strong double-digit yoy volume growth driven by large order backlog, while M&M reported relatively muted growth of 1% yoy, largely due to a higher base. Overall, the October performance reflects a favourable demand environment, although the sustainability of growth beyond the festive period, order backlogs and normalisation of dealer inventory will remain key monitorable.

Two Wheelers: The two-wheeler segment reported strong volume growth in October 2026, supported by festive demand and healthy export momentum. Hero MotoCorp reported dispatches of ~7.34 lakh units, while TVS Motor recorded 28% yoy growth, crossing the 7 lakh-unit mark. Exports remained a key growth driver. A key highlight was the acceleration in EV adoption, with electric two-wheeler volumes rising 48% yoy to a record 2.23 lakh units, accounting for ~10% of industry volumes. TVS Motor led the EV segment with dispatches of 60,429 units, while Hero Vida gained traction. In contrast, Ola Electric's volumes declined 26% yoy. Going ahead, improving rural demand, replacement buying, premiumisation and rising EV penetration are expected to support industry growth. However, we expect the growth to taper in 2HFY27 on a high base for 2W.

Commercial Vehicles: The commercial vehicle segment reported healthy volume growth in October 2026, reflecting sustained demand across freight and passenger transportation. Force Motors, Volvo Eicher and Tata Motors reported strong volume growth of 45%, 35% and 27% yoy, respectively, while M&M recorded 17% growth. SML Mahindra reported relatively muted growth of 1% yoy. The M&HCV segment continued to outperform, indicating healthy fleet utilisation and replacement demand. Going ahead, expansion in logistics activity, fleet replacement and sustained infrastructure spending are expected to support demand.

Farm Equipment: The farm equipment segment remained weak in October 2026, with Escorts Kubota and M&M reporting volume declines of 10% and 12% yoy, respectively, while VST Tillers Tractors witnessed a sharper decline of 25%. The weakness was partly attributable to the high base of the previous year. Additionally, below normal and uneven monsoon rainfall have raised concerns over farm incomes and near-term tractor demand. While exports provided some support, with M&M and Escorts Kubota reporting healthy export growth, domestic demand remains subdued. Going ahead, post-harvest cash flows and improvement in rural liquidity will be key factors driving recovery in the segment.

Financial Estimates

Exhibit 1: Diversified auto ancillaries expected to deliver the best growth in the coverage universe

Company	Mkt Cap (Rs bn)	CAGR (FY26-FY29)			EBITDA margins - %			
		Revenue	EBITDA	PAT	FY26P	FY27E	FY28E	FY29E
Fiem Industries	47.4	12.7	14.0	17.1	14.1	14.0	14.3	14.5
Sundram Fasteners	226.3	13.7	16.4	17.7	15.8	15.7	16.7	17.0
Happy Forgings	164.2	20.5	22.6	22.2	30.4	31.0	31.9	32.1
SJS Enterprise	67.7	17.1	17.2	21.1	38.4	19.4	16.3	16.1
Pricol	80.2	16.5	15.9	18.9	11.6	11.5	11.5	11.4
ASK Automotive	116.8	20.1	22.3	25.6	12.7	12.4	13.1	13.4
Minda Corp	155.9	17.0	18.8	25.4	11.7	11.6	12.0	12.2
RK forgings	126.1	19.7	30.2	101.4	15.2	18.4	18.8	19.5

Source: MNCL research estimates

Exhibit 2: Return ratios a mixed bag of pure play and diversified auto ancillaries

Company	ROE - %				ROCE - %			
	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
Fiem Industries	22.7	22.4	23.0	22.2	21.5	21.0	21.0	19.7
Sundram Fasteners	14.1	14.2	16.0	16.3	12.6	13.6	15.0	15.2
Happy Forgings	14.2	15.0	16.1	16.8	13.6	14.2	15.3	16.8
SJS Enterprise	21.7	21.1	20.9	20.7	22.3	22.3	21.3	21.1
Pricol	22.1	21.1	20.8	20.8	18.9	18.6	19.3	20.3
ASK Automotive	25.3	22.9	24.9	25.5	19.5	17.2	19.2	22.2
Minda Corp	14.9	14.2	15.6	16.3	10.2	11.0	12.0	13.1
RK forgings	2.6	7.5	10.8	15.1	5.1	8.0	10.1	12.8

Source: MNCL Research estimates

Exhibit 3: Strong valuation correction across the auto ancillary universe

Company	EV/EBITDA				PE Ratio			
	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
Fiem Industries	12.6	9.4	7.5	6.3	20.6	16.2	13.3	11.6
Sundram Fasteners	20.7	19.5	16.1	14.1	33.3	33.4	26.5	23.0
Happy Forgings	20.8	27.9	22.6	18.9	31.4	44.9	36.2	29.8
SJS Enterprise	21.3	20.0	16.6	13.7	35.2	32.8	27.1	22.3
Pricol	15.4	15.1	12.8	10.7	27.8	27.4	23.0	19.0
ASK Automotive	18.6	19.7	15.2	12.1	31.1	34.8	25.6	19.8
Minda Corp	19.4	18.7	15.4	12.9	35.9	27.9	26.6	22.0
RK forgings	19.7	14.4	11.8	9.4	127.1	48.1	29.7	18.7

Source: MNCL Research estimates

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