

Merc turns to localisation to lower luxury vans' entry price

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Mercedes-Benz India has opted for local assembly to lower the entry price in India's luxury van segment, launching the V-Class at ₹1.4 crore (ex-showroom) and breaking below the ₹2 crore level that has typically characterised the category due to its reliance on fully imported models.

The V-Class will be assembled in India, allowing the firm to avoid the high import duties associated with completely built units (CBUs) and reduce exposure to currency fluctuations. Mercedes-Benz plans to increase localisation in phases, eventually reaching up to 30 per cent, a move it said would provide greater cost stability over the lifecycle of the model.

"We are able to reach this price point because the V-Class is being localised for India. Most products in this segment are imported as completely built units, which has kept prices high. Localisation has also allowed us to develop an India-specific configuration while keeping it positioned at the top end, priced more appropriately for the market," said Santosh Iyer, managing director and chief executive officer (MD&CEO) of Mercedes-Benz India.

The luxury van segment in India remains limited, with indus-



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try estimates putting annual volumes at around 1,800-2,000 units. Executives said the estimate reflects the broader premium and luxury people-mover space, which includes vehicles typically priced between ₹1.8 crore and ₹2 crore, regardless of differences in brand positioning.

Executives said the V-Class would likely have been priced closer to ₹1.8-2 crore had it been imported as a CBU. Local assembly enables the firm to pass on a sig-

nificant portion of these savings, effectively offering a vehicle with a higher underlying cost structure at a lower entry price without altering its intended positioning or feature content.

According to the company, localisation also helps manage pricing volatility linked to exchange rates. A senior Mercedes-Benz executive said that at higher price points, currency movements have a direct bearing on customer pricing, and local assembly provides greater control over costs compared with fully imported models. While the firm has not disclosed sales targets, executives indicated that the decision to localise the V-Class was driven by the need to improve price accessibility within a constrained segment rather than to pursue large volumes.

The V-Class is being positioned as a chauffeur-driven vehicle rather than an owner-driven alternative to luxury sedans or SUVs. The India-specific model has been configured around rear-seat comfort, ride quality, and privacy, reflecting local usage patterns involving long urban and inter-city commutes. "This is not a volume-oriented product. It is intended for customers who spend extended time in the vehicle and prioritise comfort and usability," Iyer said.