Mercedes-Benz sees India as future export hub: CEO

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German luxury-carmaker Mercedes-Benz sees India emerging as a manufacturing and export hub for global markets, with its global Chief Executive Officer (CEO) Ola Källenius saying it is a question of "when" that will happen rather than "if".

However, the company has not yet taken a decision on manufacturing vehicles in India for exports, and the immediate opportunity lies in expanding the global sourcing of components and technology from the country.

Källenius, chairman of the Board of Management of Mercedes-Benz Group AG, said India's growing luxury-car market, expanding supplier ecosystem and engineering capabilities could eventually support a larger manufacturing role for the country. He was speaking at a media roundtable at the company's Chakan plant, near Pune, on Wednesday.

His remarks came after Maharashtra Chief Minister Devendra Fadnavis invited Mercedes-Benz to use the state not merely as a manufacturing destination for India but as a base for developing technologies and producing vehicles for global markets.

Källenius said India was already an important growth market, with Mercedes-Benz coming off its best ever quarter in the country. His optimism comes on the back of Mercedes-Benz India's strongest ever quarterly performance.

The luxury carmaker sold 5,422 vehicles during July-September, up 6 per cent year-on-year and 17 per cent sequentially. Sales during January-September rose 8 per cent to a record 15,190 units, driven by demand across its core, top-end and entry luxury portfolios.



However, the luxury-car segment remained small compared to the overall passenger-vehicle (PV) market. India sells around five million PVs annually, but the premium and luxury segment accounts for just over 1 per cent of that, or approximately 60,000 vehicles.

Mercedes-Benz's annual sales of around 20,000 vehicles translate into a market share of roughly one-third.

Based on India's projected economic growth over the next five to seven years, Källenius expects demand for luxury vehicles to expand significantly. A larger domestic market, combined with the right product and price positioning, could justify the next step in local manufacturing. Before that, India could assume a greater role in Mercedes-Benz's worldwide supply chain.

Fadnavis, who recalled inaugurating the expansion of the same Chakan plant in 2015, urged the German carmaker to think beyond vehicle assembly. "Invest not just for India, but for the entire world," he said, inviting Mercedes-Benz to consider Maharashtra for developing next-generation battery technologies, automotive artificial intelligence, electronics and software.

Santosh Iyer, managing director and CEO, Mercedes-Benz India, said the company's cumulative investment in the country had reached ₹3,200 crore, including ₹200 crore invested in 2026 towards manufacturing operations, new product introductions, and digitisation. "The presence of dignitaries and Mercedes-Benz's Supervisory Board and Board of Management in India underlines the importance of India as a strategic market for Mercedes-Benz," Iyer said in a statement.

Mercedes-Benz has sold more than 240,000 vehicles in India since commencing operations, with the majority produced at the Chakan unit.

India to rise in global hierarchy

India's growing importance comes at a time when Mercedes-Benz is facing competitive pressure in China, historically one of its largest and most profitable markets. The German carmaker's global passenger-car sales declined around 8 per cent in the third quarter of 2026.

Asked whether China's slowdown would prompt a reassessment of the company's global strategy and increase India's importance, Källenius said China would remain a key pillar despite the challenges.

"In spite of the cyclical development of the Chinese market and the competitive intensity, it remains the biggest car market as well," he said.

However, India's growing role was not an either-or proposition. India's position in Mercedes-Benz's global market hierarchy would rise over the next five years, he added.

EV share may reach 20% in 2027

Källenius also expects electric vehicles (EVs) to account for a substantially larger share of Mercedes-Benz India's sales next year, potentially reaching the 20 per cent range, as against a high-single-digit share anticipated this year. "In India, this year we will end with maybe a high-ish single-digit number of electric vehicles. I think it will be a double-digit number next year, probably starting with a two," he said.

The optimism comes as the company expands its second-generation EV portfolio, including the locally manufactured electric GLC, which rolled off the assembly line at Chakan on Wednesday.

Källenius said Mercedes-Benz had received around 1,000 pre-orders for an electric model even before customers knew its price, which he described as a sign of changing consumer preferences.