

Rupee volatility likely to drive imported car prices off course

Luxury car sales touched 51K units for first time in '24

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Currency fluctuations and a declining rupee may affect prices of imported luxury cars in 2025, said a senior executive of German luxury carmaker Mercedes-Benz India.

The company had its best year ever in India in its 30-year history in 2024, selling 19,565 units and growing by 12.4 per cent, and is hopeful of decent growth in 2025 with an order book of over 2,000 cars.

In fact, in 2024, luxury car sales touched 51,000 units for the first time.

Santosh Iyer, managing director and chief executive officer of Mercedes-Benz India, told *Business Standard* that many changes are happening on the geopolitical side.

"The dollar has strengthened, but the euro is still stable, thankfully. If the euro follows that trajectory, car prices will further increase, and the variability of the price will depend on the variability of the geopolitical situation and the economic set-up. So, we need to be cautious," he said, speaking from his corner office at Chakan Industrial Area near Pune, where Mercedes-Benz India makes 11 models locally.

He further clarified that the euro is also depreciating (currently at ₹88 levels). "So, that's one thing we need to watch out for; we will have to wait and watch," he said.

Customers in the luxury segment, too, are sensitive to price fluctuations, as Iyer feels that car buying is always a value proposition, and people tend to postpone purchases in



D2C drives Merc India sales

In its 30-year journey in India, Mercedes-Benz India has sold 200,000 cars in India. The first 50,000 cars took 23 years between 1994 and 2013, while the next 150,000 units took 10 years. In fact, the last six years have seen stellar growth of 100,000 units (which also coincided with the Covid-19 pandemic). Much of the credit for the growth in recent years goes to the firm's retail of the future or direct-to-customer business model, which they started three years ago. In these three years, it has sold over 50,000 cars under this model, where the company holds the inventory, and the purchase is booked directly.

Santosh Iyer, MD and CEO of Mercedes-Benz India, said this makes the transaction, discounting, etc, transparent and uniform. The model has been so successful that the company has replicated it in several other markets like Türkiye, Australia, Germany, and even the UK. **SOHINI DAS**

uncertain situations.

The good news for Mercedes-Benz India is that two of its popular cars, the Maybach EQS SUV (sport utility vehicle) and EQS sedan, are sold out in India until April, and the company is starting the new year with an order book of over 2,000.

Iyer explained, "We have a strong order bank with us to deliver, and many of our cars are also under some waiting period. So, we feel we should be able to continue the growth trajectory for 2025 as well." He did not wish to forecast the growth rate for 2025.

"If you look at the first half of 2024, the (luxury cars) industry grew by 9 per cent, and

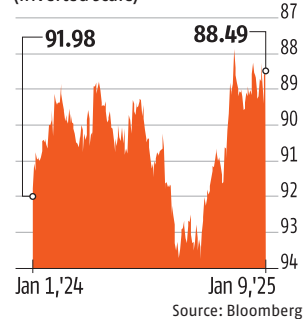
Mercedes-Benz India grew by 9 per cent. In the second half, the industry grew by only 2-3 per cent, and Mercedes-Benz India grew by 16 per cent. This gives us a lot of confidence that we have done extremely well," Iyer told *Business Standard*.

The company has lined up eight launches in 2025, of which two would be electric vehicles (EVs). In 2024, they launched 14 cars, of which four were EVs. EV sales for Mercedes-Benz India nearly doubled during the year, growing by 94 per cent to achieve a 6 per cent penetration in Mercedes-Benz India's overall sales of 19,565 cars.

On Thursday, Mercedes introduced the five-seater EQS

RELATIVELY STABLE

RUPEE VS EURO (Inverted scale)



450 SUV in India, priced at ₹1.28 crore, kickstarting the launches for the year. It had launched the EQS 580 SUV in a seven-seater configuration last September, and it is sold out until April.

The new G-Class off-roader, which has a long legacy since 1979, is switching gears to an electric avatar. The new G580 electric was also showcased at Chakan on Thursday, priced at ₹3 crore.

Bookings for this car started about three months ago, and Iyer said they are sold out until the third quarter of 2025 (as far as allocations for the Indian market go). Fresh bookings will start around the fourth quarter of 2025.

In 2024, top-end vehicles, which are cars priced over ₹1.5 crore, also grew by 30 per cent, and one out of four Mercedes-Benz cars in India was a TEV.

Interestingly, entry-level luxury sales were flat.

For 2025, the carmaker is also expanding its network by adding 20 new outlets, which include some new markets like Jammu, Kanpur, and Agra. It already has around 125 touchpoints in India. The dealer partners are investing over ₹450 crore in the next three years as well.