

Forex pressure to make Merc dearer in India

Price increase in the range of ₹90,000 (for a C-Class) to ₹12.2 lakh (for the Mercedes-Maybach S 680) in two stages

SOHINI DAS
Mumbai, 9 May

Amid geopolitical tensions and escalations between India and Pakistan, Mercedes Benz India sees 2025 to be a relatively “tough year” but bets on the resilience of the Indian economy to drive demand for luxury cars.

The German luxury carmaker, which leads India’s 50,000-odd units annual luxury car market, announced a price increase in the range of ₹90,000 (for a C-Class) to ₹12.2 lakh (for the Mercedes-Maybach S 680) in two stages (June and September) as forex rates increased. According to data from *Bloomberg*, the rupee has depreciated by 7.19 per cent year-to-date, vis-a-vis the euro. Speaking to *Business Standard*,



Mercedes Benz India Managing Director (MD) Santosh Iyer said: “Though there is a 10 per cent rise in exchange rate in the last four months, we are passing only 3 per cent to the market – 1.5 per cent now and another 1.5 per cent in September. We are doing it in two steps to avoid impact on demand.” He added that since interest rates have cooled down a bit,

their financial services arm is able to offer finance at 0.5 per cent lower rate than January. Iyer admitted that sentiments do tend to get affected when there is geopolitical uncertainty and prices rise. “Capital markets are a good barometer for sentiments, and they are relatively stable. This year will be tough, but fundamentally the econ-

omy is growing and we hope demand for luxury continues to grow... When the market is muted, there is generally a price war. We have stayed away from making market offers or launching cheaper products. We need to protect the brand,” he said. Mercedes imports completely built units (CBUs) from its European plants, but these are hardly 7-8 per

COSTLIER CRUISING

Ex-showroom prices for some cars effective June 1

Model	Current price	New price	Change (₹ lakh)
C 200	₹59.4 lakh	₹60.3 lakh	0.9
GLE 300d 4MATIC AMG Line	₹99 lakh	₹1.01 cr	2.5 ■
Maybach S 680	₹3.47 cr	₹3.6 cr	12.2 ■■

Source: Mercedes

cent of its India sales. The company assembles 94 per cent of its cars in its Chakan factory in India, and is focusing further on increasing localisation. Trying to protect their margins (as the company is passing on 3 per cent of the forex rise impact), Iyer said Mercedes is putting in place a number of mitigation measures. “One is to increase localisation. For example, the glass in the new E-Class is made in India. We are also running a lot of cost measures in order to maintain margins like last year,” he explained. Moreover, do they anticipate any disruption in the supply chain due to the India-Pakistan conflict? To this, Iyer said that they haven’t seen any disruptions yet, and they have a stock of 1,500-2,000 cars in the country, which can take care of a month of bookings. Iyer also welcomed the trade deal between the UK and India.