

MBD Group brings Steigenberger Hotels to India; to open 20 units over 15 years

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Education and Hospitality firm MBD Group and German hospitality chain Steigenberger Hotels have entered into a joint venture to manage and franchise hotels under the brand 'MBD Steigenberger' in India, with a target to open 20 luxury hotels over the next 15 years.

The company expects an annual revenue of hotels under management/franchise of nearly ₹2,000 crore.

MBD Group will hold 51 per cent stake while Steigenberger Hotels will hold 49 per cent stake in the JV company. Management of the company will be in the hands of MBD Group - looking after the India-wide operations of the brand - including business development, management and franchising of hotels, marketing, and pre-opening and post-opening assistance.

Steigenberger will provide international sales and marketing support, training and brand standards to be deployed in the region to suit the

expectations of a luxury traveller both business and leisure.

In line with the international positioning of the Steigenberger brand, the hotels will be positioned to target the luxury segment in India. The flagship hotel under the JV, the Zephyr Bengaluru, will offer 184 rooms and 118 service apartments, and rooms will be priced upwards of ₹12,500.

Market growth

An ASSOCHAM study on the Indian luxury market reveals that it is growing at a CAGR of 25 per cent and is set to cross \$18.3 billion by 2016. Five-star hotels and fine dining is estimated to grow at 30-35 per cent, fuelled by rising disposable incomes, brand awareness among youth and rising purchasing power in tier-2 and tier-3 cities.

Sonica Malhotra, Managing Director of the JV and Joint Managing Director of MBD Group, told *BusinessLine* that the obvious choice for the first hotel was Bengaluru.

"While the city is home to some leading luxury brands,

there is no luxury hotel in Whitefield. Work on the Bengaluru hotel, which will require an investment of ₹300 crore excluding the cost of land, has already begun and will be ready in mid-2019.

"Similarly, we will identify pockets that will cater to the needs of luxury travellers, both business and leisure, in other cities like Delhi, Mumbai, Chennai, Hyderabad, Goa, Kolkata, Pune and Indore, to set up our hotels," she said.

The Bengaluru hotel is owned wholly by MBD.

Headquartered in Germany, Steigenberger Hotels is one of Europe's leading hotel companies operating 117 hotels in 12 countries, with 23,000 rooms and an annual turnover of over €550 million (₹4,300 crore). A room is typically priced at €300 in Europe. Steigenberger Hotels and Resorts include some of the most prestigious hotels in Europe, such as the Steigenberger Frankfurter Hof, the Steigenberger Park hotel in Düsseldorf, and Steigenberger Wiltchers's in Brussels.