



“We plan to develop 20 luxury hotels in India through a JV.”

- **Sonica Malhotra**, Joint Managing Director, MBD Group

In the past few years, MBD Group has successfully established itself in the hospitality industry with its maiden venture Radisson Blu Hotel MBD Noida and its second venture Radisson Blu Hotel MBD Ludhiana, both under the five-star deluxe hotel segment. And in a recent move, the group is thinking even bigger: It plans to open 20 hotels in the country over the next 15 years through a JV with Europe’s leading hospitality company Steigenberger Hotels. **Sonica Malhotra**, Joint Managing Director, MBD Group, shares more in conversation with **SERAPHINA D’SOUZA**.

**What is the expertise both companies will contribute in the JV?**

The objective is to handle the Indian expansion for MBD-Steigenberger, with MBD Group holding a 51 per cent stake. It is structured such that MBD has a majority on the board; however, in terms of expertise, we get the complete international support from Steigenberger of its entire online



reservation system and offline sales and marketing network. Besides, its support team will help us establish training and brand standards for India. Meanwhile, MBD will handle all Indian operations including the entire business development, execution of contracts, operating of hotels and marketing. The JV will predominantly cater to two segments: The MBD Steigenberger brand will be in the plain vanilla upscale five-star hotel segment and the Icon MBD Steigenberger Hotels will be in the luxury segment. The activity of soliciting projects for this brand will start in full swing by April.

**Which cities are you tapping, and what is the investment model?**

We are aggressively penetrating cities such as Bengaluru, Mumbai, Goa and Delhi NCR. Pune and Chennai too will be interesting cities

to enter. In Bengaluru, we have started work and expect it to be completed in a phased manner in the next two-and-a-half to three years. Bengaluru itself can take another two projects; the same is the case with Mumbai and Delhi.

The investments are an asset-lite model, wherein we tie up with hotel owners, develop hotels, launch them, manage them under the brand, and provide the entire management and expertise. So, the investment is made by the individual hotel owners; considering 20 hotels in the next 15 years, they would typically spend about Rs 5,000 crore.

**Also, the JV's flagship hotel, the Zephyr Bengaluru, is expected to come up by mid-2019 with an investment of about ₹300 crore on a consolidated level...**

This project will be developed

under the Icon MBD Steigenberger Hotel brand in the luxury segment. The entire basements have already been dug up. Currently, the civil contracting is in the negotiation stage; tenders are out for bidding from construction companies. Thereafter, we will start awarding the works for MEP, landscaping, and interiors including lighting, fitments, etc. Of course, for a hotel, there are huge procurement plans, right from construction materials to when the property goes live. So once we finish the civil contracting and later the MEP works, we will look at procuring the entire backend equipment including elevators, DGs, chillers, boilers, sound systems, fire-fighting systems, etc. And then before we launch the hotel, we will look at the operating equipment required for the kitchen, the rooms, public area amenities,



MBD Group's second venture, Radisson Blu Hotel MBD Ludhiana, is a prime property in the city in terms of performance and location.



For Radisson Blu MBD Hotel Noida, the group has launched Prive, the luxuriously designed room collection.

etc. For the Bengaluru hotel, we are contemplating the incorporation of a lot of green measures.

**Tell us about design innovations in Radisson Blu Hotel MBD Ludhiana and Radisson Blu MBD Hotel Noida.**

Both hotels are prime properties in their cities in terms of performance and location. We are now under the process of renovating the entire Noida property into a luxury hotel. We have completed renovation of three floors and are now commencing work for the next three. For this, MEP works will be done, and we will procure sanitary fixtures, interior furniture, wallpapers, light fittings, artefacts and other things for the rooms. We are also going to kick-start the renovation of the lobby and coffee shop this June; so we will replace the entire interior fittings, marble, light fittings, artefacts, kitchen equipment, operating equipment for the restaurant, etc.

In terms of design, the style is

neo-classical with a European feel to the entire space – for the rooms, corridors, the entry lobby and the furniture. This trend is seen in most luxury hotels internationally. We have embodied a mix of European neo-classical with a certain amount of inspiration from Indian art. We have also customised our entire service; for instance, the aromas used, the linen, the stationery collaterals are all monogrammed and personalised. For Noida, we have also launched the MBD Prive Collection, luxuriously designed room collection.

**Tell us about the per-key cost of construction in different segments.**

Typically, reckoning the cost of construction considering above the ground, we envisage at least Rs 150-200 crore as construction cost for a 200-key hotel; so, technically, the project cost would be around Rs 250-275 crore. For luxury hotels, the construction cost is generally about Rs 6,000-7,000 per sq ft for a 200-key hotel, generally

developed on about 175,000 sq ft of built-up area. So, at least Rs 150 crore is spent above the ground and the rest for land acquisition, which is usually about Rs 100 crore. So, for a 200-key hotel, the investment would be about Rs 250 crore.

**Any plans to target the budget or mid-priced segments?**

Steigenberger also has a mid-scale brand, Intercity. We are working on that and will be launching it in India. We also have another brand called Jazz, which is young, fashionable mid-scale. This, too, is in the pipeline. These are apart from the 20 we plan to develop in the luxury segment.

**For your vast expansion plans, any target for revenue generation?**

We have just signed the JV and things will start coming on board from April. But in terms of business growth, we expect annual revenue of hotels under management or franchise of nearly Rs 2,000 crore.