

Investors Suddenly Find Hotels Here Inhospitable

Supreme Court's liquor ban and prohibition in some states could impact ongoing investments and existing pipeline of projects of some hotel chains

**Anumeha Chaturvedi
& Sachin Dave**

New Delhi | Mumbai: Some hotel owners and foreign investors are believed to be furiously reworking proposed transactions and projects as the double whammy of prohibition in key states and the Supreme Court ban on liquor sales near highways threatens to hurt investments in the country's hospitality sector.

The SC ban and the call for prohibition in Madhya Pradesh — besides reports of similar moves in Chhattisgarh — have not only forced existing players to review upcoming projects, but also impacted proposed investments and M&A transactions.

Carlson Rezidor, which owns brands such as Radisson, Radisson Blu and Country Inn and Suites in India, said 30-35% of its upcoming projects are near highways and will be affected. Even existing projects will be impacted, said Raj Rana, South Asia CEO of Carlson Rezidor.

Sober Days Ahead

Industry trackers say SC order/prohibition will impact not just the business of hotels and restaurants but also potential M&A deals

Hotel chain Carlson Rezidor has around 30-35% of its upcoming projects around highways

Experts say move will discourage international investors and some early stage projects could be stalled for now



Rana said about 40% of the hotels that became operational in the past 12 months have been hit by the SC order, and this includes 30% of Carlson's 84 operational properties. "To ensure easy access, especially from airports, hotels are built near highways. If the decision is not reviewed, the construction of hotels and the way they are built will need to be re-looked," he said.

I-bankers say at least two deals valued at \$40 million have been put on hold

Samhi Hotels, a hotel investment firm part-owned by Goldman Sachs and the owner of properties such as Hyatt Regency in Pune, Sheraton in Hyderabad and Fairfield by Marriott in Bengaluru, termed the ban discouraging. Ashish Jakhanwala, CEO of Samhi, said some early stage projects may be stalled. "The ban is discouraging and we are disappointed, but we won't change our investment outlook because the government appreciates the need for a solution."

Investors Want Clarity ▶▶ 3