

## **IL&FS Invest buys 32.65% in JW Marriott, Delhi**

IL&FS Investment Managers Ltd (IIML), one of the oldest private equity firm in the country, has picked up a 32.65% stake in Aria Hotels that is coming up with New Delhi's first JW Marriott hotel. Aria is a subsidiary of Sushil Gupta-promoted Asian Hotels (West) Ltd. Shahzaad Dalal, vice-chairman, IL&FS Investment Managers Ltd told DNA, "The investment of Rs 80 crore gives us a 32.65% stake in the subsidiary (Aria Hotels) developing the JW Marriott hotel. The investment has been made from IL&FS Realty Fund II and this being a greenfield project we intend to hold on to it for at least 5 years." The cost of 510 room, five-star deluxe hotel is pegged at Rs 700 crore, which will be funded through a mix of equity and debt in a 1:1.5 ratio. "A couple of investments in the hospitality space are currently under negotiations and we should be closing the deals in the near future. Overall, \$100 million (Rs 470 crore) have been earmarked for investments in hotels business including the placement in Aria Hotels," said Archana Hingorani, CEO and executive director, IL&FS Investment Managers Ltd. To be operational by 2012, the hotel is coming up in the hospitality district of Delhi International Airport Ltd's 'Aerocity'. According to Sushil Gupta, chairman and managing director, Asian Hotels (West) Ltd, the subsidiary has entered into a 30-year management contract with Marriott International for the hotel. "We have already structured the funding for this upcoming development. Approximately 40% will be equity and the balance is debt. Funds have been already tied up with a consortium of public sector banks for the debt component," said Gupta. The project is Asian Hotels' first association with Marriott International and will be the fifth JW Marriott hotel in India. Gupta has chalked out an ambitious expansion in the mid-market and premium hospitality segment in India. In the mid-market segment, the company is developing a Clarion hotel in Pune with an inventory of 100 rooms and intends to expand the portfolio of Clarion-branded hotels through the group company 'Inovoa Hotels & Resorts Ltd.' Hillwood Corporation USA, a Ross Perot Jr company, is an investor in Inovoa with a 24% stake. "Inovoa has an exclusive master franchise agreement with Choice Hotels for the Clarion brand. We have recently opened the first 130 room hotel under the 'Clarion Century' brand at Whitefield, Bangalore. Two more management contracts have been signed in Lonavala and Greater Noida." said Sandeep Gupta, executive director, Asian Hotels (West) Ltd. "The expansion under Clarion will be largely through management contracts and a few owned hotels. We will be investing around Rs 60 crore in this business and are currently looking to raise money through private placements," he said. Post the demerger of Asian Hotels Ltd, 3 entities emerged—Asian Hotels (North) Ltd, Asian Hotels (West) Ltd and Asian Hotels (East) Ltd. While Asian Hotels (North) Ltd is already trading on the bourses, the other two entities are expecting final approval from the Securities and Exchange Board of India and will get listed on the National Stock Exchange and the Bombay Stock Exchange within a fortnight

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