

Cabinet approves demerger and transfer of surplus land from TCL to HPIL

Cabinet

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Posted On: 04 APR 2018 7:22PM by PIB Delhi

The Union Cabinet chaired by Prime Minister Shri Narendra Modi has approved the transfer of administrative control of Hemisphere Properties India Ltd. (HPIL), PSU from the Department of Telecommunications (DoT) to the Ministry of Housing and Urban Affairs (MoHUA) after infusion of equity amounting to Rs. 700 crore and Rs. 51 cr. secured GOI Loan into the Company and implementation of scheme of arrangement for de-merger of surplus land.

Details:

- a. Infusion of equity amounting to Rs 700 Crores into Hemisphere Properties India Ltd. (HPIL) the Company for acquisition of 70 Crore Cumulative Redeemable Preference Shares of Rs. 10/- each at par on private placement basis and Rs. 51 cr. through secured Loan from GOI at coupon rate/ interest rate to be fixed by the Department of Economic Affairs and to implement the scheme of arrangement.
 - b) Granting an exemption to HPIL from the policy of Government of India relating to Foreign Direct Investment in real estate business.
 - c) Delegation of power to HPIL to take appropriate decision to give effect to object clause of its MOA including sale, long term lease and disposal of land
 - d) Transfer of equity stake and management control of HPIL from Department of Telecommunications under Ministry of Communications to Ministry of Housing and Urban Affairs (MoHUA).
 - e) Authorizing Department of Telecommunications (DoT) to undertake all steps incidental for transfer of equity stake in HPIL from Ministry of Communications to the Ministry of Housing and Urban Affairs (MoHUA) infusion of equity and implementation of Scheme of Arrangement.

Benefits:

It would facilitate demerger of surplus land from Tata Communications Limited to Hemisphere Properties India Limited (HPIL) and further smooth functioning of HPIL.

Implementation Strategy and Targets:

After due approval of this proposal by the Cabinet, surplus land would be transferred from TCL to HPIL on payment of Stamp Duty. As intimated by the TCL, approximately seven to eight months would be required for the approval of Scheme of Arrangement by National Company Law Tribunal (NCLT). After its approval by NCLT, approximately four to five months would be required to implement various steps involved. Overall, approximately one year would be required to implement the decision.

Background:

M/s Videsh Sanchar Nigam Limited [now Tata Communications Ltd. (TCL)] was disinvested on 13th February 2002 by Govt. of India and management control of the company was passed on to the Strategic Partner, namely, M/s Panatone Finvest Limited (PFL), a special purpose vehicle under the Tata Groups of Companies.

At the time of disinvestment, surplus land measuring 773.13 acres located at five locations in 4 cities, namely, Pune, Kolkata, New Delhi and Chennai (out of a total of 1230.13 acres of land) was demarcated and decided that the surplus land will not be part of the disinvestment bid.

As per the Share Holding Agreement / Share Purchase Agreement, PFL undertook an obligation to de-merge or hive off the surplus land into a realty company under Sections 391 to 394 of the Companies Act, 1956.

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