

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

UNSTARRED QUESTION NO:2235

ANSWERED ON:03.12.2002

DISINVESTMENT OF CENTAUR HOTEL

AJAY CHAKRABORTY;BASUDEB ACHARIA;MAHBOOB ZAHEDI;NARESH KUMAR PUGLIA;PRABODH PANDA;SUNIL KHAN;T. GOVINDAN

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government are aware of the news reports appearing in the `Economic Times` dated October 19, 2002 and `Indian Express` dated October 12, 2002 under the Caption `RSS groupie gains 35% in 4 months on Centaur Sale` and `Sahara India to turn Centaur Hotel to corporate office complex` respectively;

(b) if so, the facts of the matter reported therein;

(c) whether the sale of Mumbai Centaur Hotel by Batra Hospitality Private Limited to Sahara Group is illegal;

(d) if so, the details thereof and reaction of the Government thereto;

(e) whether the Government are now considering the insertion of a clause in the agreements, making a PSU buyer to share a part of the booty with the Government if he sell it off, before a stipulated time period; and

(f) if so, the details thereof?

Answer

MINISTER OF DISINVESTMENT, MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION AND MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN SHOURIE)

(a) Yes, Sir.

(b) The entire business of Centaur Hotel Airport Mumbai (CHMA) was transferred to M/s Batra Hospitality Private Limited (BHPL) on `slump sale` basis through the process of disinvestment on the basis of the financial bid of Rs.83 crores received on 18.01.2002. The Agreement to Sell between

Hotel Corporation of India (HCI) and BHPL was executed on 18.4.2002 and transfer of the business in favour of BHPL took place on 5.6.2002. Shri A.L. Batra, erstwhile Chairman of BHPL, has intimated that the entire shareholding of BHPL has been bought over by Sahara India Group from the then existing shareholders of BHPL on 10.10.2002. It has also been intimated by Sahara India Group that the total transaction value paid to the shareholders of BHPL amounted to Rs.45 crores in addition to repaying the borrowings from Oriental Bank of Commerce to the extent of Rs.70.50 crores. Sahara India Group has further intimated that the new management intends to operate the hotel to meet the highest customer standards and quality expectations. BHPL has initiated steps required for modernisation/ renovation of the hotel.

(c) & (d) The Agreement to Sell entered into between HCI and BHPL for transfer of the business of CHMA to BHPL prohibits Assignment of the Agreement, benefits or burdens under the Agreement without the prior consent of HCI. Similarly, the Lease Agreement between Airports Authority of India (AAI) and BHPL for the land on which the hotel is located prohibits mortgage, assignment, transfer or sub-lease of the property by BHPL without the prior consent of AAI. The Legal Advisors to the disinvestment transaction have advised that the legal identity of BHPL has not changed with the change in its shareholding pattern and the ownership, right, title, interest and obligations of the entire business of CHMA continues to vest in BHPL, which is managing the business and affairs of CHMA as per the Agreement. The Legal Advisors also feel that there is no indication of any assignment of the Agreement to Sell and that of the Lease Agreement or any obligations thereunder by BHPL to Sahara India Group. The above legal aspects are, however, being further examined in the Ministry of Civil Aviation and Ministry of Law, Justice & Company Affairs.

(e) No, Sir.

(f) Does not arise in view of reply to (e) above.