

## **ILFS may infuse 150 cr in Maytas Prop**

DNA Money: January 18, 2011

K V Ramana

After taking control of the ailing Maytas Properties, a property development firm promoted by the family members of the tainted founder of Satyam Computer Services B Ramalinga Raju, IL&FS now sees an immediate need to infuse at least `150 crore into the company for reviving its operations.

Maytas Properties was formally handed over to IL&FS by the Company Law Board (CLB) on January 14 by allowing it to hold up to 80% of the firm's equity. However, the property company has a low equity base of about `5 lakh.

The new promoter, sources said, sees an immediate need in reviving the company's jinxed luxury residential project - Maytas Hill County. The project had grand plans to build luxury residential units for high networth individuals and had raised about `600 crore in the form of advances from potential buyers.

However, at least `220 crore from these funds is believed to have gone out of the company's books, possibly to Satyam.

Though the initial requirement would be to the tune of `150 crore, sources said the revival of Hill County would need about `300 crore. "There are these potential buyers willing to pay the additional money provided the management is serious on completing the project in a time-bound manner. But so far in the last two years there has never been any assertive statement from the management on completing it," the source said.

Now, the board restructuring is likely to see four IL&FS executives joining the board of Maytas Properties. IL&FS is also said to be keen on sourcing the immediate capital requirement internally.

"While completing Hill County is likely to be a major challenge, the other challenge is in the form of getting the land back from authorities. Several acres of land bought by the Rajus and held under Maytas Properties was attached by the authorities including the Enforcement Directorate. There is still no clarity on how IL&FS would deal with this since this runs straight into the Satyam scam investigation," the source said.

The government had taken over the control of the Maytas Properties in 2009 and had nominated its directors on the board. Now, with the CLB handing over the reins of the company to IL&FS, the board is likely to undergo a reshuffle in the next few days. "Maytas Properties is a bigger puzzle. May be bigger than Maytas Infra. It takes time for the new management to put the house in order," a source said.

## **Maytas Properties To Induct Four IL&FS Directors**

Press Trust of India – News: January 17, 2011

Hyderabad: Following CLB's nod to IL&FS to take over Maytas Properties, the new board of Maytas Properties will soon induct four new directors from IL&FS and chalk out road map for the company, a top official said today.

"We will have a board meeting in a day or two to induct four directors and the board will also discuss the road map for the company. We will have more clarity on the future plans after the meeting," IL&FS Joint Managing Director Arun Saha told PTI.

The Company Law Board (CLB) on Thursday allowed infrastructure finance company IL&FS to take over Maytas Properties, a company promoted by the family members of disgraced Satyam founder Ramalinga Raju.

The CLB further said that the existing directors of Maytas Properties -- Rama Raju, D Gopal Krishnana Raju and D Venkata Satya Raju -- would resign immediately on induction of IL&FS group as the strategic investor in Maytas Properties.

The customer who invested in various ventures of Maytas Properties may see a ray of hope as Hill Country, the premium residential project of Maytas Properties in Hyderabad is likely to be taken up on priority basis by the new promoters.

According to information, customers have so far paid about Rs 600 crore towards the purchase of residential properties at Hill Country, of which, Rs 220 crore was reportedly diverted to Satyam. The Hill Country project came to a grinding halt after the Satyam Computers scam broke in January 2009.

According to CLB order, IL&FS will be required to hold at least 40 per cent of the firm's equity and keep its management control for the next three years. IL&FS had also taken over the other distressed Raju company -- Maytas Infrastructure, which has been recently renamed as IL&FS Engineering and Construction Company Ltd.

### **India's Il&fs To Take Over Maytas Properties**

Asia Pulse: January 17, 2011

New Delhi: Indian Infrastructure leasing company IL&FS (BSE:511208) will take over the crisis-ridden Maytas Properties and pump in Rs 150 crore (US\$32.9 million) to revive the company promoted by the kins of disgraced Satyam founder B Ramalinga Raju. IL&FS, which has already taken over Maytas Infra (BSE:532907), another company promoted by the kin of Raju, will take 80 per cent equity in the company, Corporate Affairs Minister Salman Khurshid said while briefing reporters about the Company Law Board order.

The new promoters will inject Rs 150 crore in Maytas Properties over three months to revive the company, which is facing bad times following the arrest of Raju who had admitted to fudging of accounts of Satyam Computer Services (now Mahindra Satyam).

The trouble in Satyam started in 2008 after the its board rejected the proposal of promoters to buy Maytas Infra and Maytas Properties.

"I hope that this can be seen as the end of the saga of Satyam," Khurshid said while welcoming the order. Satyam Computer had been taken over by the Mahindra Group.

Besides IL&FS, infrastructure company GVK Group had also expressed interest in taking over the company, he said, adding although expressions of interest was sought from 28 companies, only nine responded.

Of the nine, IL&FS and GVK Group submitted their proposals. SBI Capital Market was the adviser for the deal.

Maytas Properties, a real estate company, was engaged in developing residential properties in and around Hyderabad.

It promoted Maytas Hill County project in which several non-resident Indians had booked luxury flats and villas.

The new promoters, according to the CLB order, will have to complete phase-I of the Hill County project in one-and-a-half years.

"It was important for us, because every year when Pravasi Bhartiya Divas takes place, they (NRIs) repeatedly keep asking us about Maytas Hill county projects. So, we were concerned and finally a solution has been found," Khurshid said.

The new arrangement, the Minister said, was also acceptable to the Raju family which will continue to hold 20 per cent equity in the company as long as they want.

The board of Maytas Properties would be reconstituted as the new promoter has been allowed by the CLB to induct four nominees replacing representatives of Raju family.

"The IL&FS group on its induction as the strategic investor shall take over the management control of the Maytas Properties Ltd (MPL) and reconstitute the board of directors of the MPL," said CLB chairman Justice D.R. Deshmukh in his order.

### **IL&FS gets nod to control Maytas Properties**

Times of India: January 15, 2011

New Delhi: The disgraced Ramalinga Raju family was finally eased out of Maytas Properties, their privately-held real estate company, with the Company Law Board clearing the entry of IL&FS Group as a majority investor. IL&FS and GVK Group were the two companies that were in the final reckoning for Maytas Properties, a company promoted by Raju and his family in their heydays. Maytas got into troubled times after Raju was held accountable for the multi-crore Satyam fraud, failing to execute pending projects and leading to a flurry of complaints to the government by worried investors.

Corporate affairs minister Salman Khurshid said the Board of Maytas Properties will now be reconstituted with the IL&FS group appointing its directors, while those from the Raju family - Rama Raju, D Gopal Krishnana Raju and D Venkata Satya Raju - submitting their resignations, ending their representations. IL&FS will appoint four new directors to the board, one of whom would be the chairman, while the government will continue to have its nominee director for two years.

And in a relief to the new Directors, the CLB granted them immunity from any act of omission or commission in respect of past acts of erstwhile promoters/directors.

IL&FS -- that had already taken over Maytas Infra (another company which was promoted by the kins of Raju ) -- will bring in fresh Rs 20 lakh equity into Maytas Properties, issued at par, giving them 80% of the equity capital. The rest 20% will be held by the Raju family through their Rs 5 lakh equity, Khurshid said. "The IL&FS Group has contractual dues aggregating to Rs 150 crore in Maytas Properties under the Hill Country Project. In addition, the IL&FS group will mobilise funds of Rs 150 crore in Maytas Properties within a period of three months," the Minister added.

The CLB mandated certain conditions on IL&FS to ensure that they continue with Maytas Properties for at least three years. "IL&FS shall continue to hold a minimum of 40% of total equity and be in the management control for a period of three years," Khurshid quoted from the order.

CLB said IL&FS will arrange finances to complete the Maytas Hill County Residential Project, while also settling all disputes, tax liabilities, contractual dues and other creditors. SBI Capital Markets was the transaction advisor for the whole process and a retired Supreme Court Judge assisted in the finalisation of the strategic investor. While a total of 10 prospective investors had originally sought interest in Maytas Properties, only two -- IL&FS and GVK Group -- gave their final proposals.

### **IL&FS takes over Maytas Properties**

Deccan Chronicle: January 15, 2011

Maytas Properties, whose value was pegged at \$1.3 billion (Rs 6,300 crore) in December 2008 by Ramalinga Raju, will be finally sold to IL&FS for Rs 20 lakh. The Company Law Board approved the move on Thursday, paving the way for the Mumbai-based infrastructure major to take charge of Hyderabad-based troubled realty firm.

This step would be greeted with relief by those who had purchased villas in the Maytas Hill County residential project in Hyderabad -- a project with 900 houses. IL&FS had also taken over the other distressed Raju company -- Maytas Infrastructure, which has been recently renamed as IL&FS Engineering and Construction Company Ltd.

As per the order IL&FS will invest Rs 20 lakh in equity share capital of Maytas Properties to pick up 80 per cent stake in the company. The Raju family will continue to hold the rest 20 per cent equity in the company. IL&FS will have to mobilise funds of Rs 150 crore in Maytas within three months. The new promoters will have to complete the Maytas Hill County Residential project phase-1 within 18 months of its induction as promoter and will have to arrange the requisite finance to complete the project.

Some 900 families are involved in booking flats (in Maytas Hill County Residential project) which could not be completed and handed over. The value of the company was crashing unless an investor was found, said corporate affairs minister, Mr Salman Khurshid, speaking to the media in New Delhi after the CLB judgment.

The family members of Raju will resign as directors of the company. In the new board there will be initially five directors where four will be nominees of IL&FS and one government nominee. The chairman of the company will be an IL&FS nominee. Mr Khurshid said that Mr Ved Jain who has been the government nominee on board of the company since March 2009 would continue for another two years. The Raju family has given its consent for the appointment of IL&FS.

The new promoter was appointed through a detailed process. SBI Capital was appointed as the advisor to find a suitable promoter for the company. Out of 28 selected companies, only 10 companies expressed their interest and out of these nine signed non-disclosure agreement.

Even out of these nine companies only two the IL&FS group and the GVK group had submitted their proposals.

### **IL&FS to control Maytas Properties**

Euclid Infotech – News: January 15, 2011

Infrastructure, Leasing & Financial Services (IL&FS) will be the new promoter of Maytas Properties, the cash-strapped company owned by family members of disgraced Satyam founder Ramalinga Raju. The Company Law Board (CLB) today approved a Maytas proposal to allow IL&FS to infuse Rs 20 lakh as equity into the company and become an 80 per cent shareholder. The Raju family will hold the remaining 20 per cent. The decision allays the fears of hundreds of customers of Maytas prestigious Hill County real estate project over the fate of their residential bookings, as the CLB order stipulates the completion of the stalled project in 18 months. Over 900 families, including several non-resident Indians and persons of Indian origin, had booked flats and villas in the Hyderabad project. IL&FS will mobilise Rs 150 crore in three months to put the project back on track. It will also be responsible for meeting the contractual dues of Maytas worth an additional Rs 150 crore under the Hill County project. Announcing the CLB decision at a press conference here today, Corporate Affairs Minister Salman Khurshid said the government would seek periodic status reports from the new management to ensure the project is completed according to CLB's stipulations. The corporate affairs ministry intervened in the management of the privately-held company after the Satyam episode shook the confidence of investors in Hill County. The minister said the move was taken proactively to send a message to them that their investments are safe. Company Law allows for government intervention, even in private firms, if the business of a company under its existing management is seen to be against the interests of stakeholders. It was on a petition from the central government that the CLB allowed one person of eminence to be appointed nominee director on the board of the company. The CLB's latest order allows IL&FS to induct four members in a reconstituted Maytas board, upon which all Raju family members will resign from the board. The government nominee on the Maytas board, Ved Jain (former president of Institute of Chartered Accountants of India), will continue as director for another three years. Khurshid said IL&FS will have to retain a minimum holding of 40 per cent and hold management control for three years. The attempt to find a strategic partner for Maytas began two years ago. SBI Capital Markets, the transaction advisor for the deal, shortlisted 28 potential investors and nine of them signed non-disclosure agreements. However, only two firms IL&FS and GVK Group submitted proposals.

### **Maytas Properties reins with IL&FS; Raju's stake at 20%**

Times of India: January 15, 2011

Hyderabad: Faced with considerable public pressure for its failure to find a buyer for the troubled Raju family-owned Maytas Properties Ltd (MPL) for nearly two years, the government finally handed over its reins to infrastructure giant Infrastructure Leasing & Financial Services (IL&FS).

The Company Law Board on Thursday ordered the IL&FS group to take over the Hyderabad-based realty company by picking up 80% stake by infusing an equity of Rs 20 lakh. This will bring down the stake holding of the Rajus in MPL, which was promoted by disgraced Satyam founder B Ramalinga Raju's younger son Rama Raju, to 20%.

The existing directors - Rama Raju, D Gopalakrishnam Raju and D Venkata Satya Subba Raju will also have to step down from the board to give way to four IL&FS nominees.

In his order, CLB chairman Justice DR Deshmukh directed IL&FS to complete the Rs 400-crore Maytas Hill County project within 18 months of acquisition. For this, the new Maytas Properties owners will have to pump in an upfront Rs 150 crore within three months to kick-start the project. They will also have to arrange the remaining funds to complete the project within the stipulated deadline.

Nearly Rs 617 crore invested by almost 900 families to book homes in the project have been stuck for the past two years since the Satyam scam brought the project to a halt. While the acquisition will leave IL&FS saddled with a whopping Rs 1,700-crore liability by way of tax dues, disputes and contractual dues, CLB has authorized IL&FS to recover the inter-corporate deposits of nearly Rs 220 crore that were given to Satyam during Raju's reign from Mahindra Satyam.

Interestingly, though the CLB has also allowed IL&FS to infuse further investment by bringing on board a new co-promoter or investor, perhaps on the lines of Maytas Infra's induction of Saudi BinLadin group last year, IL&FS will have to maintain a minimum holding of 40% for the next three years.

Talking about the delay in zeroing in on a buyer, Ved Jain, government appointed director on Maytas Properties and Maytas Infra board, said: "We had been trying to reach out to many players but could not find anyone as there were many issues and a huge liability involved, which is why in September 2010 SBI Capital Markets was mandated to find a buyer."

Though SBI Caps had invited expressions of interest from 28 players, only 9 came forward and after due diligence seven of them backed out leaving two in the fray, Jain said.

According to sources, what prompted IL&FS to buy MPL was the fact that Maytas Infra, which IL&FS took over in August 2009 and recently rechristened IL&FS Engineering and Construction Company, was the main contractor for the Hill County project and has to recover an outstanding of over Rs 150 crore from the realty player.

### **CLB nod to IL&FS taking control of Maytas**

Economic Times: January 15, 2011

New Delhi: The Company Law Board has cleared the decks for IL&FS to acquire a controlling stake in Maytas Properties, a privately held company promoted by the family of B Ramalinga Raju, the founder of erstwhile Satyam Computer. IL&FS will hold 80% of the total equity in Maytas Properties (MPL), as per the order issued by the CLB on Thursday. "The IL&FS group will reconstruct the capital of the company by investing Rs 20 lakh in equity share capital of the company to be issued at par whereby the total paid-up capital of the company stands increased to Rs 25 lakh, corporate affairs minister Salman Khurshid said.

"I hope that this can be seen as the end of the saga of Satyam, said Mr Khurshid, welcoming the order. Maytas Properties has been facing a severe liquidity crunch for the last few years due to which many of its real estate projects, including the Hill county residential project in Hyderabad, got stalled.

Maytas was promoted by the family of Ramalinga Raju. In 2009, Raju sensationally confessed to inflating profits and revenue at his company was jailed. Thursday's announcement concludes the government's nearly two-year-long search to find another owner for all the three companies and stabilise their operations. Thursday's order strips the Raju family of control in the firm.

### **IL&FS new promoter of Maytas Properties**

Financial Express: January 14, 2011

After putting an end to the Satyam saga by allowing Mahindra & Mahindra to take over the reins of the listed scam-hit firm, the Company Law Board (CLB) on Thursday appointed IL&FS Group as the sole promoter of Maytas Properties, the unlisted housing company promoted by B Ramalinga Raju, the disgraced former chairman of Satyam Computers.

Corporate affairs minister Salman Khurshid said IL&FS would be investing Rs 20 lakh in equity share capital for holding 80% of the company. The paid-up capital of Maytas Properties would thereby be increased to Rs 25 lakh from Rs 5 lakh. The Raju family would continue to hold the remaining 20% stake. The new promoters would have to infuse Rs 150 crore into the cash-crunch company in the next 18 months. The board of the company would also be reconstituted with at least four nominees and the chairman being from IL&FS. The existing directors on board of the Raju family would have to resign on the induction of IL&FS.

### **IL&FS to control Maytas Properties**

Business Standard: January 14, 2011

New Delhi: Infrastructure, Leasing & Financial Services (IL&FS) will be the new promoter of Maytas Properties, the cash-strapped company owned by family members of disgraced Satyam founder Ramalinga Raju.

The Company Law Board (CLB) today approved a Maytas proposal to allow IL&FS to infuse Rs 20 lakh as equity into the company and become an 80 per cent shareholder. The Raju family will hold the remaining 20 per cent.

The decision allays the fears of hundreds of customers of Maytas' prestigious Hill County real estate project over the fate of their residential bookings, as the CLB order stipulates the completion of the stalled project in 18 months. Over 900 families, including several non-resident Indians and persons of Indian origin, had booked flats and villas in the Hyderabad project.

IL&FS will mobilise Rs 150 crore in three months to put the project back on track. It will also be responsible for meeting the contractual dues of Maytas worth an additional Rs 150 crore under the Hill County project.

Announcing the CLB decision at a press conference here today, Corporate Affairs Minister Salman Khurshid said the government would seek periodic status reports from the new management to ensure the project is completed according to CLB's stipulations.

The corporate affairs ministry intervened in the management of the privately-held company after the Satyam episode shook the confidence of investors in Hill County. The minister said the move was taken "proactively" to send a message to them that their investments are safe.

Company Law allows for government intervention, even in private firms, if the business of a company under its existing management is seen to be against the interests of stakeholders.

It was on a petition from the central government that the CLB allowed one person of eminence to be appointed nominee director on the board of the company.

The CLB's latest order allows IL&FS to induct four members in a reconstituted Maytas board, upon which all Raju family members will resign from the board. The government nominee on the Maytas board, Ved Jain (former president of Institute of Chartered Accountants of India), will continue as director for another three years.

Khurshid said IL&FS will have to retain a minimum holding of 40 per cent and hold management control for three years.

The attempt to find a strategic partner for Maytas began two years ago. SBI Capital Markets, the transaction advisor for the deal, shortlisted 28 potential investors and nine of them signed non-disclosure agreements. However, only two firms – IL&FS and GVK Group – submitted proposals. The minister said that the decision to choose IL&FS was taken by an independent committee.

IL&FS had already taken over sister firm Maytas Infra, which was also promoted by the Raju family, through a competitive exercise. In a stock exchange filing early this week, IL&FS had announced the change of this company's name to IL&FS Engineering & Construction.

Satyam Computers, the flagship of the Raju empire, was earlier taken over by Tech Mahindra and renamed Mahindra Satyam.

## **IL&FS To Take Over Maytas Properties**

Press Trust of India – News: January 13, 2011

New Delhi: The Company Law Board (CLB) today allowed infrastructure finance company IL&FS to take over Maytas Properties, a company promoted by the family members of disgraced Satyam founder Ramalinga Raju.

IL&FS has been allowed to hold 80 per cent of the equity in Maytas Properties, Corporate Affairs Minister Salman Khurshid told reporters here today.

The new promoter will pump Rs 150 crore into the crisis-ridden company over the next 18 months, he said.

"I permit the induction of four nominees of IL&FS group as director on the board of Maytas Properties including the Chairman," CLB chairman Justice D R Deshmukh said in the order.

He further said that existing director of Maytas Properties -- Rama Raju, D Gopal Krishnana Raju and D Venkata Satya Raju -- would resign immediately on induction of IL&FS group as the strategic investor in Maytas Properties.

According to the CLB order, IL&FS will be required to hold at least 40 per cent equity in the property company for next three years.

In order to allow IL&FS to take over the company, the paid up capital of Maytas Properties would be raised from Rs 5 lakh to Rs 25 lakh.

IL&FS had already taken over Maytas Infra, another company which was promoted by the kins of Raju.

## **IL&FS takes over Maytas Properties**

Deccan Chronicle: January 13, 2011

Maytas Properties, whose value was pegged at \$1.3 billion (Rs 6,300 crore) in December 2008 by Ramalinga Raju, will be finally sold to IL&FS for Rs 20 lakh. The Company Law Board approved the move on Thursday, paving the way for the Mumbai-based infrastructure major to take charge of Hyderabad-based troubled realty firm.

This step would be greeted with relief by those who had purchased villas in the Maytas Hill County residential project in Hyderabad – a project with 900 houses. IL&FS had also taken over the other distressed Raju company – Maytas Infrastructure, which has been recently renamed as IL&FS Engineering and Construction Company Ltd.

As per the order IL&FS will invest Rs 20 lakh in equity share capital of Maytas Properties to pick up 80 per cent stake in the company. The Raju family will continue to hold the rest 20 per cent equity in the company. IL&FS will have to mobilise funds of Rs 150 crore in Maytas within three months. The new promoters will have to complete the Maytas Hill County Residential project phase-1 within 18 months of its induction as promoter and will have to arrange the requisite finance to complete the project.

Some 900 families are involved in booking flats (in Maytas Hill County Residential project) which could not be completed and handed over. The value of the company was crashing unless an investor was found, said corporate affairs minister, Mr Salman Khurshid, speaking to the media in New Delhi after the CLB judgment.

The family members of Raju will resign as directors of the company. In the new board there will be initially five directors where four will be nominees of IL&FS and one government nominee. The chairman of the company will be an IL&FS nominee. Mr Khurshid said that Mr Ved Jain who has been the government nominee on board of the company since March 2009 would continue for another two years. The Raju family has given its consent for the appointment of IL&FS.

The new promoter was appointed through a detailed process. SBI Capital was appointed as the advisor to find a suitable promoter for the company. Out of 28 selected companies, only 10 companies expressed their interest and out of these nine signed non-disclosure agreement.

Even out of these nine companies only two – the IL&FS group and the GVK group – had submitted their proposals.

'Decision On Maytas Properties Soon'  
Hindu Business Line: September 24, 2010

Hyderabad: A suitor or a strategic investor for Maytas Properties will be finalised within a month or so, according to Mr Ved Jain, Government -appointed director on Maytas Properties Board.

Speaking on the sidelines of Maytas Infra Ltd's AGM here today, Mr Jain said that efforts are underway to bring in a strategic investor and help revive the company, its business and projects. He refrained to make any further comments on the status of the company and its properties.

Property buyers in Maytas Hill County project, which is one of the marquee projects in Hyderabad, are still in a quandary about their future. The progress of this project was affected after the mega Satyam Computer scam broke out in January 2009. The company is faced with financial crunch with its accounts being frozen hampering progress of the project.

### **India's Matyas Properties To Report Project's Financial Health**

Asia Pulse: September 13, 2010

New Delhi: India's Company Law Board (CLB) last Thursday directed crisis-ridden Maytas Properties to file a status report on the financial condition of its ongoing Rs 1,200 crore (US\$259 million) Hill County Project in Hyderabad within six week.

The CLB chairman, Justice D.R Deshmukh also directed Maytas Properties to provide a time frame within which it would complete the Hill County Project.

CLB's direction came after the firm sought some time for completing the project as it is facing financial hurdles.

Counsels appearing for Maytas Properties informed the board that the firm requires Rs 335 crore to complete the project and is currently in talks with some strategic investors for raising the money.

However, the Hill County Home Owners' Welfare Association countered that the company has not made any progress since January this year.

Meanwhile, government representatives appearing for the board said the investigation by Enforcement Directorate, CBI and other agencies is going on and they are not in a position to comment on it.

CLB was hearing a plea moved by the Hill County Home Owners' Welfare Association, which had requested the board to direct the firm to expedite the construction of the project.

The board has posted the matter on October 27 for next hearing.