

## Maran's SpiceJet flight may face turbulence

### *Minority Shareholders Apply For Injunction Against Kansagra*

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The minority shareholders of Royal Holding Services (RHSL), a US-based company through which investments in SpiceJet were made by some of its major shareholders, have applied for an injunction against the low-cost airline's main promoter Bhupendra Kansagra and also applied for the company to be taken into receivership.

The move could potentially impact the stock purchase agreement entered into by South-based media magnet Kalanithi Maran for buying out Mr Kansagra's 7.7% stake in SpiceJet in June. It does not affect an ongoing open offer by Mr Maran or his management control of the company.

Mr Kansagra holds about 85% of RHSL and the rest is owned by two minority stakeholders, who moved the US courts last month. The first hearing on the case was held last week and the next hearing will happen this week. ET had reported earlier this month that the minority stakeholders have approached the courts.

"We are taking a legal recourse to protect the interests of the minority stakeholders in RHSL," said Vyapak Desai, head international litigation practice, at Nishith Desai Associates, a Mumbai-based law firm that is advising the minority stakeholders. He refused to comment on the injunction against Mr Kansagra and denied knowledge of the appointment of a receiver by the US courts on RHSL.

Legal experts say what could have a bearing on the transaction entered into by Mr Kansagra is the nature of the injunction sought.

"It is important to see finally what the US lawyers have asked for — is it for an injunction against the share purchase agreement, or is it an injunction which permits the sale but does not allow Mr Kansagra to appropriate the money or is it that there is an injunction which will ask him to appropriate the money in a certain way?" asked a legal expert not wanting to be identified.

The minority stakeholders have alleged mismanagement of the company, ignoring minority shareholders' rights and also an attempt to siphoning off the money which has come to RHSL because of the deal with Mr Maran, said the person, with direct knowledge of the matter who has been quoted earlier. The minority shareholders have also objected to continuous selling by Mr Kansagra of RHSL shares. RHSL initially had over 31% in SpiceJet, which now stands at 11.95%. Some percentage of this is pledged.

Mr Kansagra refused to comment for the story.

In June, Mr Maran announced his decision to buy 37.7% in SpiceJet of which 30% was from US billionaire Wilbur Ross and 7.7% was from Mr Kansagra (RHSL).

Post that acquisition, Mr Maran announced an open offer that commenced on October 18 and will close on November 6. Mr Kansagra and his two associates will receive \$30 million if the deal goes through.

### **Maran hikes SpiceJet stake**

Mumbai: Kalanithi Maran's unlisted company, KAL Airways, acquired 4.78% in SpiceJet for 47.25 per equity share through an off-market transaction. This takes Mr Maran's holding to above 30% in SpiceJet. He had entered into a share-purchase agreement with Wilbur Ross, and Wilbur Ross/Goldman Sachs (India) in June. — Our Bureau



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