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SpiceJet stake: Kansagra-Maran deal lands in US court

MUMBAI: A few business associates of Bhupendra Kansagra — the [SpiceJet](#) promoter who agreed to sell 7.7% stake in the low-cost airline to the southern media magnet Kalanithi Maran — have moved US courts to stall the transaction.

The bloc of shares is held by Royal Holdings Services (RHSL), a US firm where Mr Kansagra owns 85% with the balance held by two other investors. These minority investors have opposed the sale, demanding a higher price.

These stakeholders have alleged that they were not consulted before Mr Kansagra struck the deal with Mr Maran, said a person familiar with the development.

Since the SpiceJet shares are held by RHSL, there are legal and technical hurdles in going ahead with the deal without the consent of the two minority shareholders. However, the difficulties faced by Mr Kansagra will not impact the Mr Maran's move to gain control in SpiceJet. Mr Maran has already bought 30% SpiceJet equity from Wilbur Ross, the international investor, better known for its stress asset deals.

Mr Kansagra did not respond to queries from ET, but had earlier said that the differences between RHSL shareholders would be resolved soon. An official of the Singapore-based Aquarius Investment Advisor, which is advising the two RHSL investors, confirmed the rift with RHSL. "The legal proceedings were initiated a month back," said an Aquarius official.

While RHSL owns 11.95% in SpiceJet, only 7.7% is up for sale and the balance is pledged. According to another person involved in the deal, the capital market regulator Sebi has asked Mr Maran to explain the delay in sale of SpiceJet shares by the Kansagra camp. Indeed, the feud between RHSL shareholders could delay the open offer by Maran's company to SpiceJet shareholders, said the person.

The minority investors in RHSL have hired the Mumbai-based law firm Nishith Desai Associates to advise them on the Indian regulatory implications. Enam Securities, the advisor to the open offer, refused to comment on the matter. Enam, in an earlier filing to the stock exchanges, had said that the 20% open offer for SpiceJet would be launched in August and close on August 25. The investment bank is yet to give a new timeline for the open offer.

In June Mr Maran announced its decision to buy 37.7% in SpiceJet. Mr Kansagra and his two associates will receive \$30 million if the deal goes through. Under the terms, Mr Maran will make the payment only after the open offer closes.

"The minority stake holders were offered an amount after the deal with Mr Maran was concluded...It was an after thought, and the price wasn't right. At the right price, they will be willing to settle," said a person close to the development. It is believed that Mr Kansagra had earlier indicated that the RHSL shareholders would receive close to `60 a share. But since the deal with Mr Maran was struck at `47.25 a share, the concerned RHSL shareholders are objecting to the transaction.

When Mr Kansagra acquired SpiceJet four years ago, there were four minority stake holders in RHSL, two of whom were subsequently bought out by Mr Kansagra.

In a related move, Mr Maran acquired 2,85,94,400 equity shares on Tuesday, giving him 7.42 voting rights, following the conversion on foreign currency convertible bonds issues by SpiceJet. The securities were bought from Wilbur Ross-controlled entities. Maran had bought 5% in an off-market transaction a week ago.

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