

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 11(1) and Section 11(2)(h) of the Securities and Exchange Board of India Act, 1992 read with Regulation 11(5) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

In the matter of proposed acquisition of Shares and Voting Rights in –

TARGET COMPANY	PROPOSED ACQUIRER
SpiceJet Limited	Spice Healthcare Private Limited

Background –

1. SpiceJet Limited (“**Target Company**”) is a company incorporated on February 09, 1984 under the provisions of the Companies Act, 1956 and has its registered office at Indira Gandhi International Airport, Terminal 1D, New Delhi – 110037. The equity shares of the Target Company are listed on the BSE Ltd. (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”).
2. An Application dated December 06, 2023 read with e-mails dated January 29, 2024, February 01, 2024, February 21, 2024, February 22, 2024, April 02, 2024, April 04, 2024, June 19, 2024, July 15, 2024 and September 12, 2024 (together referred to as “**Application**”) seeking exemption from the provisions of regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Regulations, 2011**”) in respect of proposed direct acquisition of shares in the Target Company was received from Spice Healthcare Pvt. Ltd. (“**Proposed Acquirer**” / “**Acquirer**” / “**Applicant**”), through its authorized representative Mr. Ajay Singh. Mr. Ajay Singh is a part of the promoters and promoter group of the Target Company and a shareholder of the Acquirer holding 50% shares of the Acquirer.

3. The Acquirer vide the Application has submitted, *inter alia*, the following:
- (a) The issued, subscribed and paid up Equity Share Capital of the Target Company, as on December 06, 2023 was Rs.6,84,14,08,510/- divided into 68,41,40,851 equity shares of Rs.10/- each. The Target Company had a public shareholding of 51.73% and the non-public shareholding of 48.27% was entirely held by the promoters and the promoter group. As on March 31, 2024, the shareholding pattern of the Target Company was as under:

S. No.	Name of shareholder	Percentage of Shareholding (%)
1.	Mr. Ajay Singh	37.95
2.	Ajay Singh HUF	5.92
3.	Mrs. Kalpana Singh	0.04
4.	Spice Healthcare Private Limited	4.36
	Total Promoters' Shareholding	48.27
5.	Public Shareholding	51.73
	Total Shareholding	100.00

- (b) The Target Company was a scheduled airline, engaged in the business of civil aviation in India and abroad. It also operated a dedicated air cargo service under the brand name SpiceXpress through its subsidiary.
- (c) Recognizing the impact of unprecedented Covid-19 pandemic, the Government of India announced Emergency Credit Line Guarantee Scheme (ECLGS) to provide financial support to various sectors including aviation. Further, the maximum eligibility for an airline was increased to Rs.1,500 Crore per borrower (of which up to Rs.500 Crore was to be allowed only subject to proportionate equity contribution by the promoters/owners).
- (d) In terms of the ECLGS, the existing lenders of the Target Company (i.e., YES Bank Limited and Indian Bank) sanctioned credit facilities of Rs.200 Crore wherein the promoters of the Target Company were also required to infuse proportionate equity capital in the Target Company to avail disbursement of the said sanctioned facilities.

- (e) Accordingly, in order to meet the ECLGS condition and further to strengthen the financial position of the Target Company, the Proposed Acquirer [an entity under 'promoter group' within the meaning of regulation 2(1)(pp) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR Regulations, 2018**")] infused Rs.200 Crore in the Target Company in the following manner:
- Rs.101.97 Crore was infused by subscribing to 3,41,72,000 equity shares on preferential basis at an issue price of Rs.29.84 per share determined in accordance with the ICDR Regulations, 2018.
 - Rs.98.03 Crore was infused by subscribing to 13,14,08,514 warrants on preferential basis at an issue price of Rs.29.84 per share determined in accordance with the ICDR Regulations, 2018. An amount equivalent to seventy-five percent of the issue price of the equity shares was to be paid at the time of allotment of equity shares pursuant to exercise of option against each such warrant.
- (f) The above preferential issue of warrants was made on September 04, 2023 which would result in the acquisition of 13.74% of equity shares with voting rights on exercise of the warrants on or after April 1, 2024 by the Proposed Acquirer.
- (g) In terms of shareholder resolution passed by the Target Company dated August 31, 2023 for the abovementioned preferential issue of warrants, the Proposed Acquirer would be entitled to apply for equity shares against such warrants on or after April 1, 2024 and infuse balance seventy-five percent of the share price towards conversion of warrants aggregating to Rs.294.09 Crore in the Target Company.
- (h) The infusion of abovementioned amount of Rs.294.09 Crore towards exercise of option to convert the allotted warrants into equity shares would provide additional 13.74% equity shares / voting rights to the Proposed Acquirer during FY 2024-25 and would trigger open offer obligation under regulation 3(2) of

the Takeover Regulations, 2011 on the date of exercise of option to convert such warrants in terms of regulation 13(2)(b) of the Takeover Regulations, 2011.

- (i) The infusions of additional capital in the Target Company provided additional credit facilities aggregating to Rs.200 Crore to the Target Company in September 2023 and strengthened the financial position of the Target Company apart from protecting interest of all public shareholders and improving investor confidence in the Target Company.
 - (j) The abovementioned infused capital would be utilized, *inter-alia*, for payment of statutory obligations, fleet upgradation, working capital requirements etc.
4. Post the date of Application, following issuances of equity shares were undertaken by the Company –
- (a) 1,97,200 equity shares allotted to employees (public category) under ESOP Scheme on December 11, 2023.
 - (b) 5,55,00,000 equity shares allotted to non-promoters/public on January 25, 2024 on preferential basis.
 - (c) 4,01,00,000 equity shares allotted to non-promoters/public on February 21, 2024 on preferential basis.
 - (d) 34,66,666 equity shares allotted to Elara India Opportunities Fund Limited consequent upon conversion of 34,66,666 warrants allotted to Elara India Opportunities Fund Limited on January 25, 2024.
5. Consequent to abovementioned issuances, the total number of equity shares issued by the Target Company rose to 78,34,04,717 shares.
6. The Applicant submitted, *inter-alia*, the following grounds for seeking exemption:
- (a) The Proposed Acquirer provided additional capital to support the Target Company during difficult times which allowed the Target Company to meet eligibility criteria under ECLG Scheme of Government of India.

- (b) The intent of the proposed acquisition was not to increase the shareholding by the Proposed Acquirer / Promoter but to provide financial support to strengthen the financial position of the Target Company and meet the eligibility criteria under the ECLGS Scheme to get funds for the Target Company.
- (c) The Proposed Acquirer, who is one of the promoters, had already infused Rs.98.03 Crore (being 25% of issue price) towards subscription of 13,14,08,514 warrants and had committed to infuse Rs.294.09 Crore (being balance 75% amount) towards conversion of warrants. In addition to this, during the previous financial year 2023-24, the Proposed Acquirer had already invested Rs.101.97 Crore in the Target Company acquiring 4.99% of the equity shares. In aggregate, the Proposed Acquirer invested Rs.200 Crore during the financial year 2023-24 to support the financial needs of the Target Company.
- (d) Any additional liability in the form of open offer under the Takeover Regulations 2011 would be discouraging for the Proposed Acquirer to infuse Rs.294.09 Crore since the financial position of the Target Company had deteriorated in last few years during the pandemic and the net worth of the Target Company had eroded and stood at (-) Rs.3,023.40 Crore as of quarter ended September 30, 2023. Further, any open offer would not only entail additional expense for the Proposed Acquirer but would also result in money being utilized in the secondary market without having any infusion in the Target Company of that additional open offer amount.
- (e) Equity shares of the Target Company are frequently traded on stock exchange (BSE) and offer price in terms of regulation 8 of the Takeover Regulations 2011 would be around the present market price of the equity shares quoted on stock exchange and, therefore, the tendering of shares in case of any open offer might not be lucrative for the general public. In other words, open offer would be a paper exercise only.

- (f) In terms of regulation 167(1) of ICDR Regulations, 2018, the equity shares allotted pursuant to exercise of options attached to warrants issued on preferential basis would be locked-in for a period of eighteen months from the date of trading approval. While any additional restriction might not be favourable, however, in order to demonstrate *bonafide* intent, the Proposed Acquirer was willing to accept additional restriction in the form of an additional six months' lock-in period which could be explored.
- (g) Further, the proposed acquisition of shares would not in any way result in a change in control or management of the Target Company.
- (h) The Applicant vide an Irrevocable Undertaking dated July 15, 2024 had confirmed that the Proposed Acquirer would convert 13,14,08,514 warrants into equity shares of the Target Company during financial year ending March 31, 2025 which would confer additional 13.74% equity shares and voting rights of Target Company on the Proposed Acquirer. The Proposed Acquirer would restrict the abovementioned additional voting rights in respect of the proposed acquisition to maximum of 5% every financial year for three years from the financial year in which the additional equity shares were to be allotted to the Proposed Acquirer. In other words, the Proposed Acquirer agreed and confirmed to SEBI and the Target Company to exercise voting rights in Target Company in following manner only –

Financial Year	Additional voting rights to be acquired by the Acquirer	Aggregate voting rights of Acquirer including existing 4.36% voting rights	Aggregate voting rights of Acquirer together with PAC including existing 48.27% voting rights*
2024-25	5%	9.36%	53.27%
2025-26	5%	14.36%	58.27%
2026-27	3.74%	18.10%	62.01%

**Without considering the impact of the proposed transaction on the shareholding of promoter entities other than the Proposed Acquirer as a result of the proposed increase in the issued capital of the Target Company due to conversion of warrants*

Consideration:

7. Before I proceed with my consideration, I find it appropriate to refer to the relevant provisions of Takeover Regulations, 2011, which are quoted below:

“Substantial acquisition of shares or voting rights.

3(2). No acquirer, who together with persons acting in concert with him, has acquired and holds in accordance with these regulations shares or voting rights in a target company entitling them to exercise twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding, shall acquire within any financial year additional shares or voting rights in such target company entitling them to exercise more than five per cent of the voting rights, unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations.”

8. I have considered the Application submitted by the Proposed Acquirer and other material available on record. Without reiterating the facts as stated above, the following is noted:
- (a) The Application submitted is in respect of the proposed direct acquisition of shares and voting rights in the Target Company i.e. SpiceJet Limited. The proposed acquisition as detailed above, which is to be undertaken by the Proposed Acquirer, attracts the provisions of regulation 3(2) of the Takeover Regulations, 2011.
 - (b) Pursuant to the proposed acquisition, the Proposed Acquirer along with Persons Acting in Concert (PAC) would collectively hold 55.70% shares in the Target Company.
 - (c) The proposed direct acquisition would not affect or prejudice the interests of the public shareholders of the Target Company in any manner and has been necessitated to fulfill the requirements under the ECLGS.
 - (d) There will be no change in control of the Target Company pursuant to the proposed acquisition.
 - (e) The shareholding pattern of the Target Company, before and after the proposed acquisition, is produced below for reference:

Particulars	Shareholding before the proposed acquisition		Proposed transaction		After the proposed acquisition #	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Promoters & Promoter group including Acquirer						
1. Mr. Ajay Singh	29,73,33,450	37.95	0	(5.45)	29,73,33,450	32.50
2. Ajay Singh – HUF	4,63,81,937	5.92	0	(0.85)	4,63,81,937	5.07
3. Mrs. Kalpna Singh	2,79,505	0.04	0	(0.01)	2,79,505	0.03
4. Spice Healthcare Private Limited (Acquirer)	3,41,72,000	4.36	13,14,08,514	13.74	16,55,80,514	18.10
Total (A)	37,81,66,892	48.27	13,14,08,514	7.43	50,95,75,406	55.70
Public (B)						
Public Shareholding	40,52,37,825	51.73	0	(7.43)	40,52,37,825	44.30
Total (A+B)	78,34,04,717	100.00	13,14,08,514	0.00	91,48,13,231	100.00

#Without considering conversion of other outstanding warrants allotted to non-promoter category on January 25, 2024 and February 21, 2024

- (f) The Target Company shall continue to be in compliance with the Minimum Public Shareholding requirements under the Securities Contracts Regulation Rules, 1957 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (g) Regulation 3(2) of the Takeover Regulations, 2011 mandates an open offer by the Proposed Acquirer on acquisition of additional 5% or more of voting rights in the Target Company during a financial year. Acquirer vide its aforementioned Undertaking has confirmed that it shall restrict the acquisition of voting rights to 5% in a financial year.
9. Considering the aforementioned, I am of the view that exemption as sought for in the Application (read with other submissions) may be granted to the Proposed Acquirer, subject to certain conditions as ordered herein below.

Order:

10. I, in exercise of the powers conferred upon me under Section 19 read with Section 11(1) and Section 11(2)(h) of the SEBI Act, 1992 and regulation 11(5) of the Takeover Regulations, 2011, hereby grant exemption to the Proposed Acquirer, viz. **Spice Healthcare Limited** from complying with the requirements of regulations 3(2) of the Takeover Regulations, 2011 with respect to the proposed direct acquisition in the Target Company, viz. **SpiceJet Limited**, by way of proposed transaction as mentioned in the Application.
11. The exemption so granted is subject to the following conditions:
 - (a) In addition to the lock-in period of eighteen months provided under regulation 167(1) of ICDR Regulations, 2018 in case of equity shares allotted pursuant to exercise of options attached to warrants issued on preferential basis to the promoters or the promoter group, the shares allotted to the Proposed Acquirer pursuant to conversion of warrants shall be locked-in for a further period of six months. Accordingly, the total lock-in period shall be for twenty-four months from the date of trading approval granted for the equity shares allotted pursuant to exercise of the option attached to warrant.
 - (b) The additional voting rights accruing to the Proposed Acquirer pursuant to the aforementioned conversion of warrants shall be restricted to a maximum of 5% every financial year, in the manner provided in Para 6(h) of this Order, as undertaken by the Proposed Acquirer. Accordingly, the voting rights attached to such shares over and above the maximum limit for each financial year, as provided in the Table under Para 6(h), shall stand frozen during the concerned financial years as indicated in the said Table.
 - (c) The proposed acquisition shall be in accordance with the relevant provisions of the Companies Act, 2013 and other applicable laws.
 - (d) On completion of the proposed acquisition, the Proposed Acquirer shall file a report with SEBI within a period of 21 days from the date of such acquisition, as provided in the Takeover Regulations, 2011.
 - (e) The Proposed Acquirer shall make all applicable disclosures under the Takeover Regulations, 2011.

- (f) The statements / averments made or facts and figures mentioned in the Application and other submissions by the Proposed Acquirer are true and correct.
 - (g) The Proposed Acquirer shall ensure compliance with the statements, disclosures and undertakings made in the Application.
 - (h) The relaxations granted herein are based on the submission made by the Applicant which the Applicant has represented as true and accurate. In case, at later stage, if it is found that the submissions made were untrue, inaccurate and not based on facts, the relaxations granted herein shall lapse and the Applicant, its promoter(s) and director(s) shall be liable for appropriate enforcement actions that SEBI shall deem fit.
12. The exemption granted above is limited to the requirements of making open offer under the Takeover Regulations, 2011 and shall not be construed as exemption from the disclosure requirements under Chapter V of the aforesaid Regulations; compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable Acts, Rules and Regulations.
13. The exemption granted in this Order (at paragraph 10) from making an open offer in respect of the proposed acquisition shall remain valid for a period of one year from the date of this Order and the Applicant shall complete the implementation of the proposed acquisition within such period, failing which the granted exemption shall lapse and cease to exist.
14. The Application dated December 06, 2023 read with other submissions filed by **Spice Healthcare Private Limited**, is accordingly disposed of.

PLACE: MUMBAI

DATE: SEPTEMBER 13, 2024

ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA