

Wilbur Ross to invest \$80 mn in SpiceJet

American billionaire investor Wilbur Ross, known for turning around bankrupt companies, will invest \$80 million (Rs.3.45 billion) in the Gurgaon-based low cost carrier SpiceJet, it was announced Tuesday.

'We believe in the long-term validity of the low-cost airline model in India and that fuel prices eventually will stabilise,' Ross said in a statement.

WL Ross and Co. will make the investment and Ross will join SpiceJet's board, the statement said.

Immediately after the announcement of the deal, SpiceJet's shares increased by almost 16 percent to 30.25 after previous day's closing of Rs.27.95.

'This is a significant investment for SpiceJet to retain its low-cost model in the slow growth environment. This will help SpiceJet to funds its expansion plans,' Spicejet director Ajay Singh told IANS without divulging details of the investment.

This would be WL Ross' second investment in India. Last year, WL Ross had struck a deal with apparel maker OCM India for about \$37 million.

'WL Ross is one of the largest and the most experienced investors in the world. With this investment, we have no doubt that SpiceJet will fulfil its promise of emerging as India's leading airline,' SpiceJet board member Bhulo Kansagra said.

Earlier on, Vijay Mallya-promoted Kingfisher Airlines was looking to pick up a stake in SpiceJet but the board preferred Ross.

'At present we look at the investment made by Ross. In future, we may be open to look for the idea of consolidation in the industry,' Singh said.

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