

## M&A Lab

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### JET-ETIHAD: JET GETS A CO-PILOT

November 20, 2013 was a historic day for the Indian aviation industry after Jet Airways (India) Limited (“**Jet**” or “**Target**”) and Etihad Airways PJSC (“**Eti**had”) concluded the much talked about USD 379 million investment by Etihad to acquire a 24% stake in Jet (“**Deal**”). In addition to the equity investment, Etihad has also agreed to infuse USD 150 million into JetPrivilege, the frequent flyer program of Jet, to be managed by its subsidiary, Jet Privilege Private Limited and also provide or arrange for a loan of USD 150 million to Jet. Earlier this year, Etihad had purchased 3 slots owned by Jet at the Heathrow airport in London for USD 70 million.

The saga of the Jet-Etihad deal has been in rumours since August 2012, a month prior to the liberalization of the aviation industry to foreign investment by foreign airlines. According to sources, the first step towards what culminated into the first investment by a foreign airline into an Indian airline was taken in July 2012, when Naresh Goyal, the chairman of Jet Airways Limited brought up the idea with James Hogan, the Chief Executive Officer of Etihad Airways PJSC. Considering it beneficial to the economy, Mr. Goyal said “*the infusion of foreign direct investment in the Indian aviation sector will result in economies of scale, grow traffic at Indian airports, and create job opportunities. It will greatly benefit all our stakeholders whilst significantly benefitting our guests who will now have access to a more expanded global network, enhancing connectivity for tourists, business travellers, Indian families and the wider travelling public*”.

The Deal has been the most talked about deal of the year 2013 for the various issues faced in its consummation, including various issues raised by the regulators around the ‘control’ of Jet post the Deal. The Deal continued to be surrounded by controversies with allegations against the government for changing the policies to facilitate the Deal. Time will tell whether Etihad’s entry as a co-pilot will ensure safe landing for Jet in future.

In this M&A Lab we have attempted to analyze the legal, regulatory, tax, financing and few other commercial dimensions of the Deal.

For a detailed analysis of the legal, regulatory, commercial and tax considerations of the deal and to access the M&A Lab, please [click here](#).

– Abhinav Harlalka, Parag Srivastava, Harshita Srivastava, Simone Reis & Nishchal Joshipura  
You can direct your queries or comments to the authors

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