



सत्यमेव जयते



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2013/12/144)

05.02.2014

Notice u/s 6 (2) of the Competition Act, 2002 given by:

- (i) Etihad Airways PJSC;
- (ii) Jet Privilege Private Limited; and
- (iii) Jet Airways (India) Limited.

Order under Section 31(1) of the Competition Act, 2002

1. On 18th December 2013, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) given by Etihad Airways PJSC (hereinafter referred to as “**Etihad**”); Jet Privilege Private Limited (hereinafter referred to as “**JPPL**”) and Jet Airways (India) Limited (hereinafter referred to as “**Jet**”) (hereinafter Jet, JPPL and Etihad are collectively referred to as the “**Parties**”).
2. The proposed combination comprises the acquisition of 50.1 percent stake in JPPL by Etihad, subsequent to the hiving off of Jet’s loyalty business into JPPL on a going concern basis. In this connection, the parties have entered into an Investment Agreement (“**IA**”) and a Shareholders Agreement (“**SHA**”) on 19th November 2013. Further, Jet and JPPL have entered into a Slump Sale Agreement (“**SSA**”) and Commercial Agreement (“**CA**”) on 19th November 2013 for the purpose of hiving-off Jet’s loyalty business into JPPL and to establish a commercial relationship between them.



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3. In terms of Regulation 14 of the Combination Regulations, vide letter dated 24th December 2013, the Parties were required to remove certain defects and provide information/document(s) by 2nd January 2014. After seeking extension of time, Etihad filed its response on 13th January 2014.
4. As it has been stated in the notice that Jet's loyalty business would be transferred to JPPL by way of the SSA, in terms of sub-regulation (9) of Regulation 5 of the Combination Regulations, the value of assets and turnover of Jet is attributed to JPPL. Accordingly, the proposed combination falls under Section 5 of the Act.
5. Etihad, the national airline of UAE, is based in the emirate of Abu Dhabi and is primarily engaged in the business of international air passenger transportation services. Etihad, *inter alia*, also operates Etihad Holidays (division of Etihad Airways offering holiday packages) and Etihad Cargo (A division of Etihad Airways offering customers' cargo services) as part of its commercial group. Etihad also operates a frequent flyer programme under the name '*Etihad Guest*'.
6. Jet, a listed company incorporated in 1992 under the provisions of the Companies Act, 1956, is primarily engaged in the business of providing scheduled air passenger transport services, both within as well as to/from India. Jet, *inter alia*, also provides air transportation services for cargo, maintenance. Jet also operates a frequent flyer programme under the name '*JetPrivilege*'.
7. JPPL is currently a wholly-owned subsidiary of Jet. As earlier stated, JPPL has entered into a SSA to acquire Jet's business of operating a frequent flyer, loyalty and points based reward scheme carried under the name '*JetPrivilege Frequent Flyer Program*', on a going concern basis.
8. The proposed combination relates to Etihad's acquisition of 50.1 percent equity stake in JPPL which would operate the frequent flyer programme ('**FFP**') of Jet. FFPs operated by the airlines are programmes to reward the loyal customers of the airlines. In general, FFPs follow a point system wherein its members accrue



points (also referred to as miles) for travel on the airline operating the programme and the points can be redeemed for free or discounted air travel, and in certain circumstances, for other products or services as per the terms and conditions. Members of FFPs also enjoy recognition benefits such as fast-track check-in, access to special lounges at airports, higher priority in the ticket reservation system, higher baggage allowance and seating and meal preferences on board etc. A member of FFP of an airline may also accrue miles for travel on a flight operated by a partner airline or for buying the products or services of non-airline partners. These benefits/arrangements depend on the nature of agreement entered between the airline operating the FFP and its partner. FFPs are viewed as loyalty inducing programmes intended to keep the passengers within the relevant network.

9. It is observed that Jet and Etihad are already frequent flyer partners pursuant to their reciprocal FFP implementation agreement dated 10th June 2008. Further, the Commission vide its Order dated 12th November 2013, approved Etihad's acquisition of 24 percent stake and certain other rights in Jet. Considering that Jet and Etihad are already frequent flyer partners and the Commission had approved their earlier combination under sub-section (1) of Section 31 of the Act, Etihad's acquisition of 50.1 percent stake in JPPL is not likely to raise any appreciable adverse effect on competition.
10. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the relevant factors mentioned in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have appreciable adverse effect on competition in India and therefore, the Commission hereby approves the combination under sub-section (1) of Section 31 of the Act.
11. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.



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12. The Secretary is directed to communicate to the Parties accordingly.

(Ashok Chawla)
Chairperson

(Geeta Gouri)
Member

(M.L. Tayal)
Member

(S.N. Dhingra)
Member

(S.L. Bunker)
Member