

Government investigations into Jet Airways could derail revival plan

Mumbai: The government's investigations into Jet Airways (India) Ltd and its founder Naresh Goyal could derail plans of the Hinduja Group, Etihad Airways PJSC and Abu Dhabi's sovereign wealth fund Mubadala Investment Company's plan to invest in the grounded Indian carrier, people with direct knowledge of the matter told Mint.

Jet Airways' revival was still a long shot away since there were lots of issues to be resolved for Gulf-based companies to make an investment in the grounded airline, including re-negotiation of bilateral flying rights between India and Abu Dhabi. This would further increase traffic between the Gulf state and India, and also give Etihad Airways access to extra slots, two people with direct knowledge of the matter told Mint requesting anonymity.

"The Hindujas are happy to partner Etihad. But their caveat is to first resolve all pending issues before making investments. These include ongoing investigations of the airline by security agencies," said the first of the above mentioned people.

"No investor will be ready to take on past liabilities if investigations are going on. Unless they are given indemnity that the new management will not be responsible for any past action," according to the second person.

Jet Airways founder Naresh Goyal and his wife Anita Goyal were recently stopped from flying abroad after the Ministry of Corporate Affairs (MCA) sent a request to the Intelligence Bureau to issue a lookout circular for Naresh Goyal, which would prevent him from leaving the country during the tenure

of the investigation.

Meanwhile, representatives of Etihad Airways and Hinduja Group recently met at Abu Dhabi to discuss about their potential investment in Jet Airways.

“It’s a tough deal as Jet Airways is losing value every day and there is lot of mess inside the company. The investigations faced by Naresh Goyal, issues of bilateral and landing rights will have to be resolved first before Etihad Airways, The Hinduja Group, and Mubadala Investment Company decide on the investment,” said the first person mentioned above.

At present, the income tax department is probing possible tax violation case against Jet Airways, while the MCA has ordered a probe into the books of the airline after the Registrar of Companies (RoC) had submitted a report to the MCA highlighting instances of violation of Companies Act in the airline. Separately, the Enforcement Directorate (ED) is also trying to ascertain if certain foreign direct investment (FDI) norms were violated when Etihad Airways took a stake in Jet Privilege in 2014.

Queries sent to Etihad Airways PJSC, Mubadala Investment Company, The Hinduja Group, and State Bank of India (SBI) remained unanswered till press time.

Jet Airways has not flown since 18 April due to funding woes. Lenders to Jet Airways, led by the State Bank of India (SBI), are looking for investors to recover their dues. The airline’s total liability, including unpaid salaries and vendor dues, is nearly ₹15,000 crore. If all else fails, Jet may be referred to the National Company Law Tribunal (NCLT). However, under the bankruptcy resolution process, lenders may recover only a fraction of the ₹8,400 crore that the airline owes them.

“Jet Airways’ revival is still a long shot away and there’s no certainty of any deal happening (to revive the airline),” said

the first person mentioned above. The revival of Jet Airways will also depend on how the governments of India and Abu Dhabi resolve issues key for this deal, they added.

“Indian lenders of Jet Airways are unlikely to do anything unless there is a substantial offer on hand. Abu Dhabi and the Hindujas can make the substantial offer, but only if pending issues are resolved,” the first person added. [Amazon.in Widgets](#)