

Tata's takeover of AirAsia India receives approval

A Monitor Report

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New Delhi : Tata's takeover of the Indian aviation industry continues with the Competition Commission of India (CCI) on June 14 approving its plans to buy the entire equity share capital of AirAsia India.

Tata already had a majority stake in the airline, at 83.7 per cent, and will purchase the rest of the holding from AirAsia Investment Limited.

The Tata Group signaled in late 2021 that it was planning to unite Air India Express with the low-cost AirAsia India. The move was the first step to creating a single airline entity in India under the Tata brand, but was subject to clearances by the CCI. With that approval now in place, the road is clear for Tata to press on with its plans.

Since its inception, Tata has been intrinsically involved in the development of AirAsia India. The joint venture was launched in 2014, with Tata holding a 51 per cent stake in the airline. In 2020, Tata upped its share to 83.67 per cent. Now, it is seeking to buy the remaining stake for a reported USD 19 million.

The Tata Group, through its subsidiary Talace Private Limited (which also owns Air India), wants to merge AirAsia India with its own Air India Express. Part of this is due to the move of Air India Express from government-owned to privately owned. Indian aviation rules dictate that airlines should deploy 20 per cent of their capacity on domestic operations.

With indications Tata is seeking to take Air India Express to new international destinations, the merger will give it additional scope to maintain that 20 per cent without restricting its expansion plans.

The Indian low-cost brand of AirAsia has been losing money for some time. For the full year 2021, it posted a loss of USD 206 million. Tying it up with Air India Express would seem like a logical move to streamline operations and stem the losses from the airline.