

## Air India begins merger process with Vistara

- A Monitor Desk Report

Date: 20 February, 2023



Air India and Vistara will need approvals from a number of countries in order to complete the merger conditions, according to people familiar with the matter.

Legal teams from both airlines are currently assessing which regions to approach for approval, with Europe and Singapore on their list.

It generally takes six months for approvals to be completed, and both stakeholders are concerned that the merger process should be completed as quickly as possible, the second official explained, adding that a quick transition will also help employees understand their role in the merged company.

On 29 November, Singapore Airlines and Tata Group announced a merger between Air India and Vistara, with Singapore Airlines holding 25.1% of the merged entity. The merger is expected to be completed by March 2024. Vistara is a 51:49 joint venture between Tata Group and Singapore Airlines.

The merger will also need approvals from the Directorate General of Civil Aviation, the Ministry of Civil Aviation, and Reserve Bank of India, besides seeking anti-trust and merger control clearances and approvals from Competition Commission of India, and Competition and Consumer Commission of Singapore. Both parties will also have to comply with relevant provisions of India's Companies Act and Indian foreign exchange regulations on the fair market value of the shares.

In addition, the parties will need the sanction of the National Company Law Tribunal, and redemption or conversion of certain outstanding liabilities owed by Airports Authority of India to TATA Sons (and/or its affiliates) on or before the filing of the merger scheme.

“The process has been initiated. Paperwork is getting ready and will be filed at the respective agencies for approval,” another person aware of the development said, adding that the transition is expected to be fast tracked as has been seen in the case of AirAsia India and Air India Express.

On 2 November, Air India said that it has signed an agreement to buy a 100pc stake in AirAsia India and a consolidation between Air India Express and AirAsia India is underway. On 22 December, it was announced that Alope Singh, the CEO of Air India Express, will head the combined low-cost platform of Air India Express and AirAsia India with effect from 1 January.

While Air India’s consolidated low-cost platform will have to let go of the AirAsia brand name in a year, the Tata Group and Singapore Airlines are still assessing whether to keep both brand names or consolidate Vistara and Air India under the Air India brand. In case they decide to consolidate both airlines under a single brand, they will also need to approach civil aviation regulator DGCA to amend the air operator certificate of Air India, the official added.

-B