

India's Tata Group announces to merge Air India with Vistara

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Dhaka: Indian conglomerate Tata Group announced to merge Air India with Vistara, its joint venture with Singapore Airlines (SIA), to create a bigger full-service carrier that will strengthen its presence in domestic and international skies.

Tata will hold 74.9 per cent of the combined entity, while SIA will own the remaining 25.1 per cent, the Indian group said in a statement on November 29.

SIA will invest USD 252 million into Air India as part of the deal, Tata said, with the pair aiming to complete the merger by March 2024, subject to regulatory approvals.

Tata Group Chairman Natarajan Chandrasekaran said the merger was an important milestone in efforts to rebuild Air India into a “world-class airline”.

“Air India is focusing on growing both its network and fleet, revamping its customer proposition, enhancing safety, reliability, and on-time performance,” Chandrasekaran said.

It will allow the Indian conglomerate to consolidate its brands around the full-service Air India and low-cost Air India Express, which is being merged with AirAsia India after Tata bought out former partner AirAsia.

SIA said it and Tata had agreed to participate in additional capital injections into Air India if required to fund growth and operations over the next two financial years.

SIA could spend up to USD 615 million based on its 25.1 percent post-completion stake, payable after the completion of the merger, it said, adding it would fund the plans from internal cash resources.

“We will work together to support Air India’s transformation programme, unlock its significant potential, and restore it to its position as a leading airline on the global stage,” said Goh Choon Phong, Chief Executive, SIA.

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