

NCLT approves Air India-Vistara merger

- A Monitor Desk Report

Date: 07 June, 2024



New Delhi: The National Company Law Tribunal (NCLT) on Thursday (June 6) approved the merger of Air India and Vistara, paving the way for the creation of one of the world's largest airline groups.

Post-merger, which was announced in November 2022, Singapore Airlines will have a 25.1 per cent stake in Air India. Vistara is a joint venture between Singapore Airlines and Tata Group.

In a 31-page order, the Chandigarh bench of the NCLT approved the "composite scheme of arrangement" involving Talace, Air India and Vistara. All are part of the Tata Group.

Air India expects the merger to be completed by the end of this year.

A two-member bench of the Chandigarh bench of NCLT observed that the scheme has already received necessary approvals from the shareholders and creditors of both airline companies.

Moreover, it has also received applicable approvals including that of fair trade regulator the Competition Commission of India (CCI) and the Directorate General of Civil Aviation (DGCA). Besides, "no sustainable objections" have been raised by the Income Tax department or any other interested party.

"Accordingly, a sanction is hereby granted to the 'Composite Scheme of Arrangement' amongst the petitioner companies and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013," the NCLT order said.

It added that the sanctioned scheme shall be binding on the petitioner companies and their respective shareholders.

"The Transferor Companies (Vistara) shall stand dissolved without undergoing the process of winding up on completion of the merger and associated formalities after receipt of necessary approvals including FDI approval/security clearances as required under relevant CARs (Civil Aviation Regulations) issued by DGCA/MCA/any other authority within a period of nine months from the date of this order," it said.

The order also said the companies shall ensure Foreign Direct Investment (FDI) approval by Singapore Airlines (a shareholder of Vistara) and security clearances as required under relevant CARs from DGCA/MOCA within a time frame of nine months from the date of this order.

In March this year, Singapore's competition regulator CCCS gave a conditional nod for the proposed merger. In September 2023, the deal received approval from the CCI, subject to certain conditions.

Tata Group took over the reins of loss-making Air India in January 2022.

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