

Air India considers raising \$1 billion

- A Monitor Desk Report

Date: 02 October, 2022



Air India Ltd. is considering raising at least \$1 billion in a funding round that could value the carrier at around \$5 billion, according to people familiar with the matter.

The carrier, controlled by India's oldest conglomerate Tata Group, is in discussions with potential investors including private equity funds and sovereign wealth funds, said the people.

Air India is working with financial advisers on the fundraising, which could be completed in the next few months, the people said, who asked not to be identified as the information is private

Deliberations are ongoing and details of the funding round including size and timeline could still change, the people said. A representative for Tata Group declined to comment, while a representative for Air India didn't immediately respond an email seeking comment.

The fundraising plans come at a time when Air India is considering ordering as many as 300 narrowbody jets, Bloomberg News reported in June. The purchase could be one of the largest orders in commercial aviation history as the formerly state-run airline looks to overhaul its fleet under new ownership.

Once known for its premium services and advertisements featuring Bollywood stars, Air India still has lucrative landing slots at most major airports, but it faces competition from foreign airlines with nonstop services to India, as well as carriers that fly via hubs in the Middle East. Ordering new planes in bulk, especially with

favorable terms on long-term maintenance, would help Air India cut costs and compete better with rivals that offer lower fares.

The carrier on Friday announced that it will start 20 additional weekly flights to San Francisco, London and Birmingham in a gradual manner from next month. Its flights to the US and the UK will increase to 40 and 48 each week, respectively. Tata Group completed the acquisition of Air India in January after beating out others with its \$2.4 billion bid last year. The transaction marked the country's most high-profile privatization under Prime Minister Narendra Modi, ending decades of attempts to privatize the money-losing, debt-laden airline and years of taxpayer bailouts. Tata is expected to consolidate its aviation business, including four airline brands.

-B