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Tatas get loan commitment from SBI-led consortium for Air India

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Summary:

A group of lenders led by the State Bank of India has agreed to lend money to Tata Group in order to keep loss-making Air India afloat. The Tata Group, which won the bid to buy the national carrier, Air India Express, and a 50 percent investment in AISATS in October of last year, is likely to take over the airline formally on Thursday. The Tata Group had outbid a partnership led by SpiceJet entrepreneur Ajay Singh for Rs 15,100 crore. Air India has a total debt of Rs 61,562 crore as of August 31. Before turning over the loss-making airline to Tatas, almost 75% of the debt, or Rs 46,262 crore, would be transferred to a special purpose organization called AIAHL.

Facts and Figures:

- A unit of the holding company of the salt-to-software conglomerate had offered Rs 18,000 crore as part of its winning bid of Rs 15,300 crore for Air India's existing debt and Rs 2,700 crore to be paid as cash to the government.
- On October 11, 2021, a Letter of Intent (LoI) was issued to the Tata Group confirming the government's willingness to sell its 100 per cent stake in the airline.
- Tata Group had surpassed the Rs 15,100 crore offer by a consortium led by SpiceJet promoter Ajay Singh and the reserve price of Rs 12,906 crore set by the government for the sale of its 100 per cent stake in the loss-making carrier.
- As of August 31, Air India had a total debt of Rs 61,562 crore. Around 75 per cent of this debt or Rs 46,262 crore will be transferred to a special purpose vehicle AIAHL.

Opinion: Tata owning back the Airliners is good news for all the employees, ensuring their salary for the next three years and the government getting free of the debt.