Indian Institute of Technology
Guwahati

MnAnalyse

Case Analysis Competition

Mergers & Acquisition

Team **Succession**

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OVERVIEW

EXECUTIVE SUMMARY

Our recommendation and take on the: STRATEGIC HORIZONTAL MERGER

Primary Supporting Rationales

Stronger Competitive Position
(A stronger airline lets Tata rival IndiGo and global giants like Emirates, Qatar)

Full Service Operation Consolidation
(Cut duplication, gain scale efficiencies, and unify brand across markets.)

Cost and Resources Optimization
(Merged ops: optimize assets, share systems & training, cut costs, and boost margins.)

Tata's Broader Aviation Strategy
(Dual-brand strategy: full-service for premium, low-cost for budget travelers.)

Global Network Expansion
(Air India's long-haul rights and Vistara's premium service speed expansion into US, Europe, and Middle East markets.)

Customer Experience Upgrade
(Use Vistara's service, punctuality, and modern fleet to revive Air India's image and boost satisfaction.)

Market Demand & Growth Perspective
(India's aviation grew 15% in 2024; premium rebound and synergies may add ₹3.5–4.5K cr.)

SITUATION OVERVIEW

Vistara's Credentials

Ownership: A joint venture between Tata Sons (holding a 51% stake) and Singapore Airlines (holding a 49% stake).
Launch Date: Commenced operations on January 9, 2015.
Brand Identity: Positioned itself as India's premier full-service carrier, focusing on a premium passenger experience.
Main Hub: Operated primarily from Indira Gandhi International Airport, New Delhi.
Fleet: Flew a modern fleet consisting mainly of Airbus A320neo, Airbus A321neo, and Boeing 787-9 Dreamliner aircraft.
Pioneering Service: The **first airline to introduce a Premium Economy cabin** in the Indian domestic market.
Cabin Classes: Offered a three-class configuration: Business Class, Premium Economy, and Economy Class, with complimentary meals for all passengers.
Loyalty Program: Ran a popular frequent flyer program called Club Vistara (CV).
Network Size: Served over **50 destinations** across India and internationally, including cities in Europe, Asia, and the Middle East.
Reputation & Awards: Consistently recognized for its excellence, frequently winning awards like '**Best Airline in India & South Asia**' and '**Best Cabin Crew**' from Skytrax.

70 Aircrafts
Fleet Size

$173 Million
(FY24)
Revenue

67% Growth in Capacity
63% growth in departures
(YoY)
Passenger Growth

Vistara Operations

Role of Investment Bank

Investment Bank involved: BANK OF AMERICA

Bank of America (BofA) served as the exclusive financial advisor to **Air India in its landmark merger with Vistara**, creating a dominant player in Indian aviation. Acting as the **buy-side advisor**, BofA guided Air India through the entire M&A process, from early strategic planning to final closing and managing the complexities of the transaction at every stage.

Key Events by the bank in this merger deal:

1. Strategic Planning and Target Evaluation
2. Due Diligence
3. Valuation and Financial Analysis
4. Negotiation and Deal Structuring
5. Regulatory Approvals and Closing

MOTIVATION

5 Reasons that motivated this merger

The core objective was to consolidate their **full-service airline operations. Instead of having two separate premium airlines (Air India and Vistara)** competing against each other for the same slice of the market, the merger combines their strengths into one, much larger entity. This creates a clear market leader in the full-service segment in India.

1. Operational Synergies & Cost Savings

(Integrated operations, optimized networks, increased bargaining power)

2. Unified Brand Strategy

(Vistara merged into Air India to revive iconic global name)

3. International Market Dominance

(India's largest overseas carrier to challenge Emirates, Qatar, Etihad)

4. Fleet & Talent Optimization

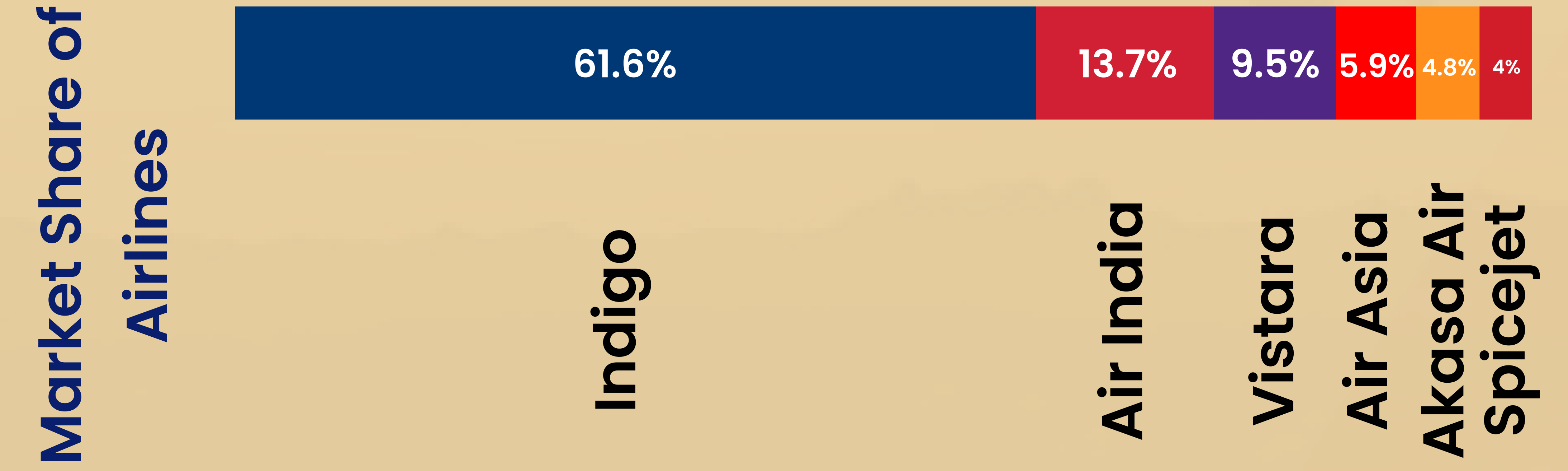
(Smarter use of 200+ aircraft, unified skilled workforce)

5. Singapore Airlines Partnership

(25.1% stake, expertise in efficiency & service)

2024: INDUSTRY OVERVIEW

India's airline industry in 2024 is among the **world's fastest-growing,** fueled by rising domestic travel, a growing middle class, urbanization, and improved regional connectivity. Intense low-cost carrier competition, major infrastructure investments, and record aircraft orders are reshaping its global standing.



- **Strong Passenger Growth:** Jan–May 2024 saw 66.14 million domestic passengers, up 3.97% from 63.62 million in 2023.
- **Full-Year Outlook**: FY2025 domestic traffic is projected to rise 8–10%, reaching 150–155 million passengers.
- **Key Hubs:** Delhi (Indira Gandhi International), Mumbai (Chhatrapati Shivaji Maharaj International), and Bengaluru (Kempegowda International) remain the busiest airports.

Vistara & Air India Valutation

DCF Analysis (Vistara)

Link to the Excel File for detailed Calculation: https://docs.google.com/spreadsheets/d/1ztSjri0kRFGk4s_JGwmFPwNtWI7wbnpA/edit?usp=sharing&ouid=100754305453544885551&rtpof=true&sd=true (Vistara DCF)

Projected FCF

Year	Free Cash Flow (FCF) (₹ Million)	Growth (15.00%)	Discount Factor @ 11.27%	Present Value of FCF (₹ Million)
FY 2025 (t=1)	1,150.00	(100.00 x 1.15)	0.8987	1,033.50
FY 2026 (t=2)	1,322.50	(115.00 x 1.15)	0.8077	1,068.20
FY 2027 (t=3)	1,520.90	(132.25 x 1.15)	0.7259	1,104.00
FY 2028 (t=4)	1,749.00	(152.09 x 1.15)	0.6524	1,141.20
FY 2029 (t=5)	2,011.40	(174.90 x 1.15)	0.5863	1,179.20

Assumptions

Explicit Forecast Period	5 Years (FY25 - FY29)	A standard period for high-growth turnaround scenarios.
FCF Growth Rate (Forecast Period)	15.00% p.a.	As provided, reflecting "turnaround growth."
Terminal Growth Rate (g)	6.50%	As provided, representing perpetual growth post-FY29.
Currency	Indian Rupee (₹ Million)	All figures are in Millions.

Historical Data

Financial Year	Operating Cash Flow (CFO) (₹ Million)	Investing Cash Flow (ICF) (₹ Million)	Capital Expenditures (CapEx) (₹ Million)	Free Cash Flow (FCF) (₹ Million)
2018-19	-12,000	-10,000	10,000	-22,000
2019-20	-15,000	-8,000	8,000	-23,000
2020-21	-18,000	-5,000	5,000	-23,000
2021-22	-12,000	-7,000	7,000	-19,000
2022-23	1,000	-10,000	10,000	-9,000
FY 2024 (Base)	—	—	—	1,000

Enterprise Value & Terminal Value

FCF 2029 (₹ Mn)	2,011.40
Terminal Growth Rate (g)	6.50%
WACC	11.27%
Sum of Discounted FCFs (₹ Mn)	5,526.10
Terminal Value (TV)(₹ Mn)	44908.61635
Present Value of Terminal Value(₹ Mn)	26329.29523
Enterprise Value (EV)(₹ Mn)	31,855.40

Vistara & Air India Valutation

DCF Analysis (Air India)

Link to the Excel File for detailed Calculation: https://docs.google.com/spreadsheets/d/1X7VBPmt44KJWs2Dr5lYFNLQOcDvshvet/edit?usp=sharing&ouid=100754305453544885551&rtpof=true&sd=true
(Air India DCF)

Historical Data

Year	Net Cash from Ops	Capex	FCF	EBIT
2023-24	302.71	398.73	-96.02	771.05
2022-23	1173.9	66.22	1107.68	972.97
2021-22	1109.63	162.76	946.87	-19.41
2020-21	130.66	107.5	23.16	-2230.85
2019-20	1359	1358.24	0.76	1338.58

*in M rs.

Assumptions

Base EBIT (2023-24)	771.05	
EBIT Growth Rate	0.08	*in M rs.
CFO Conversion Factor	1.15	
Capex Ratio	0.35	
Risk-Free Rate (Rf)	0.072	
Beta (β)	1.45	
Market Return - Risk Free (Rm-Rf)	0.06	
Interest Expense	81.76	
Total Debt (D)	2432.21	
Total Equity (E)	4601.64	
Tax Rate	0.25	
long term growth rate	0.03	
Cost of Debt (Rd)	0.033616	
Cost of Equity (Re)	0.159	
Total Capital (E+D)	7033.85	
WACC	0.112738	

Forecast & Present Value

Year	EBIT	CFO	Capex	FCF	PV of FCF
2024-25	832.734	957.6441	335.1754	622.4687	559.4028226
2025-26	899.3527	1034.256	361.9895	672.2662	542.9446628
2026-27	971.3009	1116.996	390.9486	726.0475	526.9707175
2027-28	1049.005	1206.356	422.2245	784.1312	511.4667408
2028-29	1132.925	1302.864	456.0025	846.8617	496.4189058

*in M rs.

Valuation Summary

Parameter	Formula (Excel)	Notes
Last Year FCF	846.861747	Uses final forecast year's FCF (2029-30)
Terminal Value (TV)	10542.5527	Gordon Growth formula: TV = FCF(last yr) × (1+g) / (WACC – g)
PV of Terminal Value	6179.90188	Discounts TV to present, t=5
Sum of PV of FCF	2637.20385	Sum of PV of all forecast years
Enterprise Value (EV)	8817.10573	PV of FCF + PV of TV
Net Debt	-2169.43	Debt – Cash (or from your actual numbers)
Equity Value	10986.5357	EV – Net Debt

*in M rs.

Comparable Companies

	Indigo	Spicejet	Akasa Air
Route Network & Market Dominance	**Market Share:** IndiGo controls 64% of domestic market. **Network:** 2,200+ flights, 90+ domestic, 40+ international; hubs DEL, BOM; expanding to SE Asia, Middle East, Europe.	**Market Share:** Down to 2.4% (May 2025) amid operational and financial struggles. **Network:** Shrunk to profitable routes; focus on regional UDAN flights with Q400s; mainline jet presence on key routes sharply reduced.	**Market Share:** Since launching in Aug 2022, Akasa has grown to 5.3% (May 2025). **Network:** Rapid expansion from metro–Tier 2 routes to international ops via Mumbai hub, focusing on Middle East and future Navi Mumbai/Noida airports.
Cost Structure & Pricing Strategy	**Cost Structure:** Ultra-low CASM via uniform A320/ A321neo fleet, high utilization, and quick turnarounds. **Pricing:** Low base fares + ancillary revenue; dynamic pricing to undercut rivals or maximize on key routes.	**Cost Structure:** High, volatile CASM due to grounded/mixed fleet, older 737s, and costly wet leases. **Pricing:** Heavy discounts to fill seats; limited network and service inconsistency hinder premium pricing and ancillary revenue.	**Cost Structure:** Low CASM via new fuel-efficient 737 MAX fleet; CASK ex-fuel down 7% in FY25. **Pricing:** Competitive LCC with strong service focus, new aircraft, and 25+ ancillary products to drive revenue.
Operational Efficiency & Reliability	**OTP:** IndiGo led major carriers in May 2025 with 84% on-time performance, reinforcing its reliability-focused brand. **Load Factor:** Maintained a strong 85.1%, slightly down with market trends but still key to profitability.	**OTP:** Among the lowest, hit by disruptions, crew issues, and maintenance delays. **Load Factor:** Strong at 84% (May 2025) and 88.1% (Q4 FY25) via aggressive pricing, but at reduced yields.	**OTP:** Key focus, often matching or beating IndiGo, boosting brand image. **Load Factor:** Industry-leading >87% in FY25, reflecting strong demand and efficient planning.
Financial Health	**Financials:** Q1 FY26 profit ₹2,176.3 cr (down 20%), cash reserves ₹49,405 cr. **Outlook:** Strong finances, ~1,000 aircraft on order, well-positioned for growth and resilience.	**Financials:** FY25 profit ₹48 cr (first in 7 years) from falling revenue, other income, and restructuring; negative net worth, legal battles persist. **Outlook:** Focused on survival via fresh capital and reactivating grounded fleet; long-term future uncertain.	**Financials:** FY25 revenue up 49%, EBITDAR margin up 50%; still burning cash but backed by fresh funding. **Outlook:** Strong growth path with cost discipline, reliability, expansion, and large aircraft orders driving future profitability.

Stakeholders Analysis

Internal Stakeholders

Stakeholder	Interest	Influence	Impact of Merger
Tata Group (Owner)	Better efficiency, and global competitiveness.	Very high	Gains a stronger unified brand
Singapore Airlines (SIA)	Maximize return on investment, protect brand equity	High	Benefits from expanded network but must align with Tata strategy.
Employees (Air India + Vistara)	Job security, career growth, work culture integration	Medium	Face restructuring, skill upgrades, larger network exposure, and redundancy risks.
Management & Leadership	Tasked with smooth integration	High	Cost control, and brand harmonization.

External Stakeholders

Stakeholder	Interest	Influence	Impact of Merger
Passengers	Enjoy wider network, better service	High	Enjoy integrated loyalty programs
Government & Regulators	High influence, oversee compliance, competition	High	Regulate safety, and service standards.
Competitors	Protect market share, adapt to competitive pressure	Medium - High	Face stronger competition, may respond with pricing and service changes.
Suppliers & Service Providers	Long-term contracts, revenue stability	Medium	Benefit from larger orders and supply chain integration.
Airports & Ground Handlers	Increased passenger volumes, better utility of infrastructure	Medium	May need to adjust operations for larger fleet and consolidated schedules.
Investors & Financial Institutions	Profitability, debt servicing, growth potential	High	Expect efficiency gains, better revenue performance, and long-term value creation
Media & Public Opinion	Brand perception, industry sentiment	Medium	Coverage will influence public trust and brand image during transition

Risk & Challenges

Entity	Risk & Challenges Involved
Tata Group (Majority Owner)	Cultural integration challenges, high capital strain, and potential brand dilution risk alienating loyal customers.
Singapore Airlines (SIA)	Thin-margin competition may limit ROI, while strategic misalignment and service issues could strain the Tata–SIA partnership and brand image.
Employees	Role overlaps may cause redundancies, cultural differences could affect morale, and retraining may be needed for new standards.
Passengers	System and schedule changes may disrupt service, reduced competition could raise fares, and unmet premium expectations may erode loyalty.
Competitors	Aggressive Air India expansion may trigger price wars, while rival lobbying could lead to regulatory constraints.
Government & Regulatory Bodies	Need to maintain compliance with safety, competition, and consumer standards, while avoiding reduced competition on certain routes.
Shareholders & Investors	Profitability is vulnerable to fuel, currency, and geopolitical shifts, while missed integration targets could hurt confidence and valuation.
Suppliers & Partners	Consolidation may trigger contract changes, while payment delays or procurement shifts could disrupt supplier stability.

Stakeholder’s Impact

Positive Impact	Negative Impact
Employees: 30 new HR policies, standardized contracts, digital HR tools, VRS for fresh hiring.	**Employees:** Pay cuts, reduced flying hours, resignations, and cultural frictions hurt morale.
Passengers: Merged loyalty program, wider network, 24×7 support, better on-ground service.	**Passengers:** Flight cancellations from pilot unrest.
Shareholders: SIA takes 25.1% stake with ₹2,059 crore investment.	**Shareholders:** SIA profits hit, share price drop, investor doubts on partnership value.

Post Merger Positioning Report

Merger: Air India + Vistara (Tata Group)
Completion Date: 12 November, 2024

Strategic Positioning

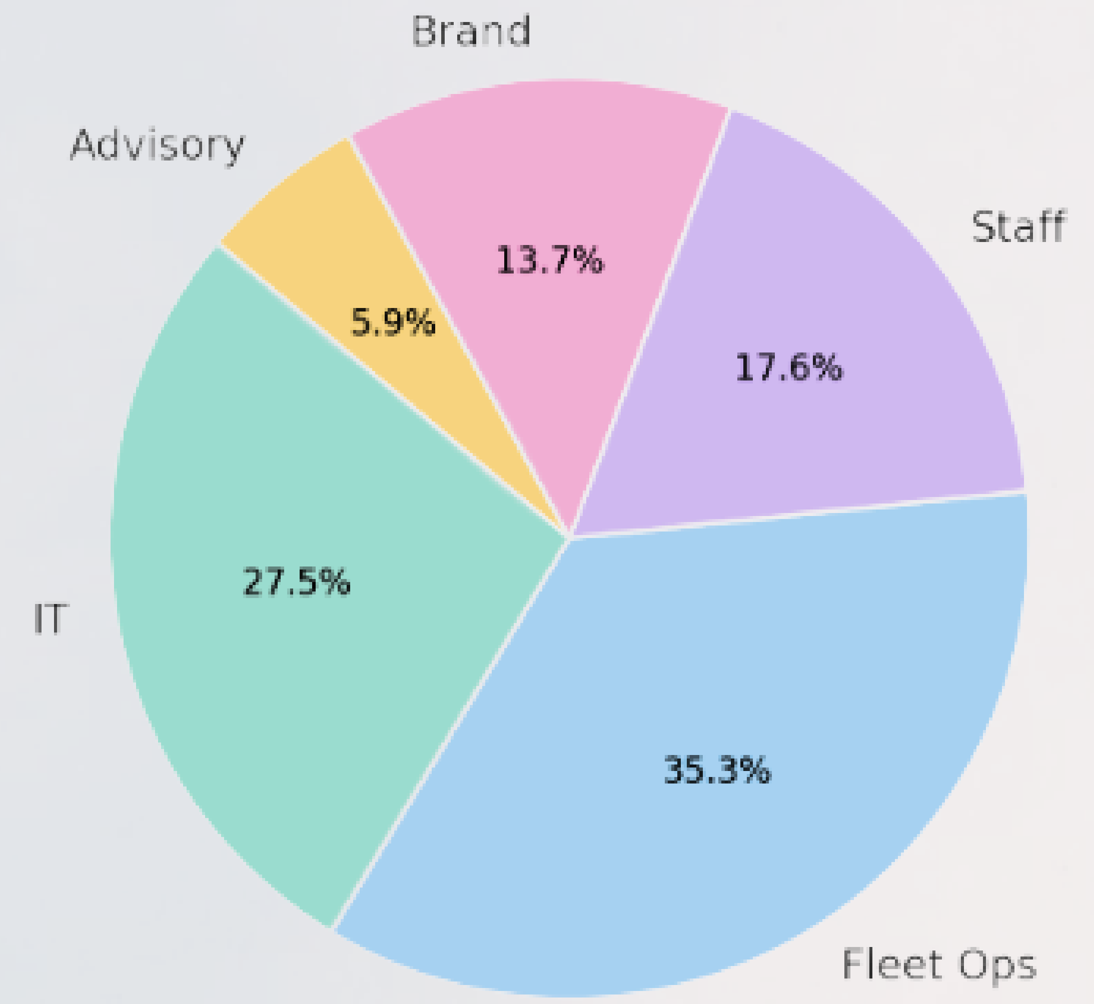
	Pre-Merger		Post-Merger Air India
	Air India	Vistara	
Stakeholders	Tata Sons (100%)	Tata (51%), SIA (49%)	Tata (74.9%), SIA (25.1%)
Fleet Size	120 Aircrafts	65 Aircrafts	185 Aircrafts
Destinations	~75	~20	~95+
Market Share (Domestic)	13.7%	9.5%	~24%

Synergy Realisation

Synergy Estimates & Break Even

Category	Value	Drivers
Cost Synergy- Baseline	₹500 Cr/yr	Contract renegotiations, redundancy cuts
Cost Synergy- FY27 Target	₹1800 Cr/yr	Vihaan.AI integration
Cost Synergy- Optimistic	₹4000-5000 Cr/yr	Route, maintenance, procurement scale
Revenue Synergy	+15–18% growth (Annually)	Cross-sell, intl. routes, premium upsell

One-time Integration Costs (₹ Cr)



Total Cost: ₹2200-2900 Crores

Break- Even Scenario

Case	Cost (₹ Cr)	Annual Gain (₹ Cr)	Years
Conservative	2,500	800	~3.1
Likely	2,500	2,500	~1
Optimistic	2,900	5,200	~0.6

Synergy Realisation

Realization Plan & Targets

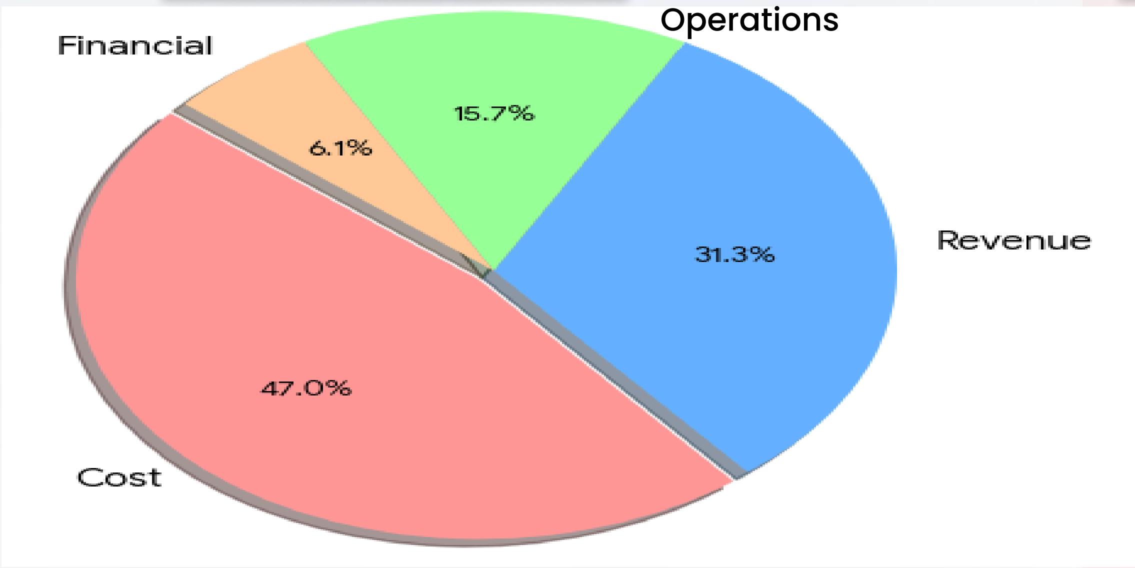
Synergy	Example	Timeline (Months)
Revenue	Cross-sell network, loyalty merge	12–24
Cost	Route overlap removal, joint buys	6–18
Operations	Fleet harmonization, shared IT	12–36
Financial	Better credit terms	≤12
Strategic	Stronger full-service position	24–36

Phases (Months)

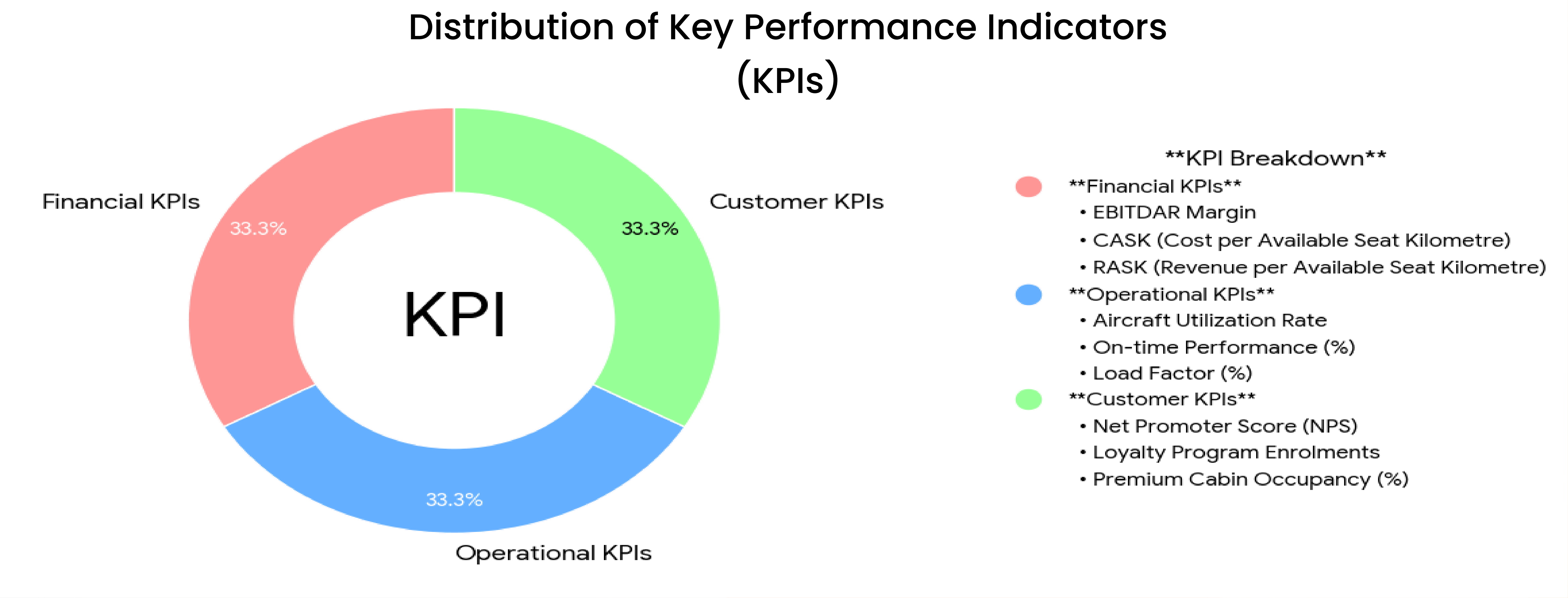
6 — Plan & baseline KPIs

24 — Merge systems, optimize fleet

36 — Expand premium & intl. network



Total Annual Target Impact Cost:
₹ 2550-3200 Cr



Future Developments & Customer Experience

Brand Unification Strategy

- Post-merger: Air India Group
- 8,300 weekly flights
- 312 routes, 100+ destinations
- 300 aircraft, 30,000+ staff
- Full-service Air India: 5,600 flights, 208 aircraft
- Air India Express: 2,700 flights, 90 aircraft

→

- 120,000+ passengers daily
- 800+ destinations via 75+ codeshare/ interline partners
- Merger prep: Integrated 6,000+ Vistara staff
- Harmonized procedures
- Aligned 140+ IT systems
- Consolidated 4,000+ vendor contracts
- Migrated 270,000 bookings
- Added 4.5M Club Vistara members to Maharaja Club

→

- Merger coordination: DGCA, MoCA, BCAS, international regulators, key stakeholders
- Vihaan.AI program: 500+ new aircraft commitment
- $400M retrofit for legacy planes
- 600,000 sq ft training center for 2,000 staff daily
- 12-bay maintenance base (operational 2026)
- Hired 9,000+ employees
- Fully modernized IT platform

Loyalty Program Transition (Club Vistara -> Maharaja Club)

- Nov 12, 2024: Club Vistara merges into Air India's Flying Returns
- 1:1 transfer: memberships, IDs, points
- Validity extended by 1 year
- Tier status preserved
- Expanded redemption via Star Alliance

→

- Vistara co-branded credit cards: Benefits valid until Mar 31, 2026
- Annual renewals by Mar 31, 2025
- Nov 12, 2024: Added perks — complimentary tickets, upgrade vouchers
- Tier privileges retained for 1 year post-merger

→

- Merger nearing completion
- 2.7 lakh passenger bookings migrated to Air India systems
- 45 lakh loyalty accounts migrated
- Integration goal: Enhance customer experience for Vistara passengers across all digital platforms.

M&A Cycle

1

Strategy & Planning
- Tata's Vihaan.AI plan: consolidate 4 airlines → 2 entities.
- Objectives: market leadership, synergies, cost efficiencies

2

Target Selection & Deal Structuring
- Target = Vistara (existing JV with SIA).
- Structured as full merger; Vistara brand to be phased out.

3

Valuation, Negotiation & Due Diligence
- SIA invests ₹2,059 Cr for 25.1% stake in merged entity.
- Operational, IT, contracts, and workforce integration reviews.

4

Approvals & Closing
- Regulatory clearances: CCI, DGCA, NCLT, MoCA, CCCS, foreign bodies.
- Definitive agreement signed; legal closing in Nov 2024.

5

Post-Merger Integration
- Unified brand under Air India, loyalty programs merged.
- Fleet, staff, and service standards harmonized.

DCF Analysis of Merged Entity

Link to the Excel File for detailed Calculation: https://docs.google.com/spreadsheets/d/18GF39QWhjZkwROKTaJe8_ihtHtHGhEcz/edit?usp=sharing&ouid=100754305453544885551&rtpof=true&sd=true (Merged Entity DCF)

Assumptions

Category	Assumption	Rationale / Source
Transaction Structure	Share Swap Ratio	For every 1,000 Vistara shares, shareholders received 2,554 shares in the enlarged Air India.
	Initial Cash Injection by SIA	Singapore Airlines (SIA) invested ₹2,059 crore in cash into the merged entity as part of the transaction.
	Future Capital Commitment by SIA	SIA has committed to further capital infusions to maintain its 25.1% stake, potentially up to ₹5,020 crore, to cover its share of funding provided by Tata prior to the merger's completion.
	Final Ownership Structure	Post-merger, Singapore Airlines holds a 25.1% stake, and the Tata Group holds the remaining ~74.9%.
Valuation	Implied Post-Merger Valuation	The enlarged Air India entity is valued at approximately ₹36,114 crore, based on calculations derived from the transaction terms.
	Goodwill Calculation	Goodwill is calculated as the excess of the purchase consideration over the fair value of Vistara's net identifiable assets, reflecting intangible assets like brand reputation and market position.
Standalone Financials (FY24)	Air India's Financials	Based on reported figures: Revenue of ₹38,812 crore and a Net Loss of ₹4,444.10 crore.
	Vistara's Financials	Based on reported figures: Revenue of ₹15,191 crore and a Net Loss of ₹581 crore.
	Vistara's Detailed Statements	Due to absence of detailed public filings, Vistara's cost structure and balance sheet were estimated using industry benchmarks and its reported FY23 net worth of ₹502 crore.
Synergies & Costs	Revenue Synergies	Estimated to reach 2–3% of the combined revenue base at full run-rate (3–4 years) via network optimization, loyalty program integration, and enhanced global reach.
	Cost Synergies	Estimated at 4–5% of Vistara's non-fuel operating cost base, phased in over 2–3 years, driven by economies of scale, procurement leverage, and reduced overheads.
	One-Time Integration Costs	Estimated at 1.0x–1.5x the annual run-rate cost synergies to cover IT system migration, rebranding, and employee training.
Pro-Forma Projections	Future Performance	Combined entity projected to gradually improve profitability, accelerated by phased-in synergies.
	Capital Expenditure	Significant ongoing capital required for historic order of 500+ aircraft and USD 400 million cabin retrofit program.
	Share Count Estimation	Pre-merger share count for unlisted Air India estimated using MCA filings and recent capital infusion data to enable EPS calculation.
Market & Strategy	Strategic Rationale	Merger forms part of "Vihaan.AI" strategy to create a dominant full-service carrier and a single low-cost carrier.
	Competitive Landscape	Post-merger market expected to consolidate into a duopoly, with Air India Group and IndiGo controlling 75–80% of the domestic market long-term.

Standalone Financials

Particulars	Acquirer (Air India)	Target (Vistara)
Sales	388120	151910
Less: Operating E	368787.6	-129731.1
EBITDA	19332.4	22178.9
Less: D&A	-61570	-20000
EBIT	-42237.6	2178.9
Less: Interest Exp	-17154	-10942.7
Add: Other Incom	0	1000
EBT	-59391.6	-7763.8
Less: Income Tax	-14950.6	-1953.8
Net Income	-44441	-5810

Source & Use of Funds

Sources	Sources Amount (Million)	Uses	Uses Amount (Million)
Acquirer's Stock Issued	39,825.00	Acquisition of Target Equity	39,825.00
Total Sources	39,825.00	Total Uses	39,825.00

Transaction, Assumption, Valuation

Category	Metric	Value	Units
Acquirer: Air India	Current Share Price	6.16	₹ per share
	Diluted Shares Outstanding	33,379.00	Million shares
	Equity Value	205,722.00	₹ Million
	Net Loss	-44,441.00	₹ Million
	Standalone EPS	-1.33	₹
Target: Vistara	Standalone Equity Value (DCF Basis)	31,860.00	₹ Million
Synergies & Financing	Estimated Annual Pre-Tax Synergies	5000	₹ Million/year
	Acquirer's Tax Rate	251.7	%
	Transaction Type	100% Stock	—

Accretion & Dilution Model

Particulars	15% Premium	20% Premium	25% Premium	30% Premium	35% Premium
Standalone Equity Value of Target	31,860.00	31,860.00	31,860.00	31,860.00	31,860.00
Acquisition Value	36,639.00	38,232.00	39,825.00	41,418.00	43,011.00
Acquirer's Share Price	6.16	6.16	6.16	6.16	6.16
No. of Shares Issued by Acquirer	5,945.00	6,204.00	6,462.00	6,721.00	6,980.00
Acquirer Pre-merger Net Income	-44,441.00	-44,441.00	-44,441.00	-44,441.00	-44,441.00
Target Pre-merger Net Income	-5,810.00	-5,810.00	-5,810.00	-5,810.00	-5,810.00
After-Tax Synergies	3,741.50	3,741.50	3,741.50	3,741.50	3,741.50
Pro-Forma Net Income	-46,509.50	-46,509.50	-46,509.50	-46,509.50	-46,509.50
Acquirer Pre-merger Shares O/S	33,379.00	33,379.00	33,379.00	33,379.00	33,379.00
New Shares Issued	5,945.00	6,204.00	6,462.00	6,721.00	6,980.00
Pro-Forma Shares O/S	39,324.00	39,583.00	39,841.00	40,100.00	40,359.00
Acquirer Standalone EPS	-1.33	-1.33	-1.33	-1.33	-1.33
Pro-Forma EPS	-1.18	-1.17	-1.17	-1.16	-1.15
Accretion / Dilution (%)	11.30%	11.80%	12.30%	12.80%	8.70%
Accretive / Dilutive	Accretive	Accretive	Accretive	Accretive	Accretive

Synergy Realization (Rs Million)

Synergy Type	Year 1 (FY25)	Year 2 (FY26)	Year 3 (FY27)
Pre-Tax Cost Synergies	5000	6500	7500
Procurement & Operations	3500	4500	5000
Overhead & IT	1500	2000	2500
Pre-Tax Revenue Synergies	1000	4000	10,500
Network & Connectivity	1000	3000	8000
Loyalty & Ancillary	0	1000	2500
Total Pre-Tax Synergies	6000	10,500	18,000

SWOT Analysis of the Air India - Vistara Merger

1. Strengths

- Support from western countries like USA, ENGLAND AND FRANCE.
- Access to 39 international and 46 domestic destinations.
- Access to funds from different financial institutions at lower interest rates.

2. Weaknesses

- Actual time required to complete all the legal proceedings exceeds the expected time.
- Delay in receiving order of 840 aircrafts from Airbus and Boeing.

3. Opportunities

- To become the largest domestic and 2nd largest international carrier.
- Revival of Air India as a merged entity with Vistara.

4. Threats

- More aircraft means more reach—IndiGo's 300-plane order gives it delivery ahead of Air India, enabling route expansion.
- Smaller airlines are ordering planes to counter Air India and IndiGo's dominance.

Conclusion

1. Strategic Consolidation

The merger unifies **Air India and Vistara into a single, formidable full-service airline** under the Air India brand, orchestrated by the Tata Group.

2. Competitive Goal

The primary objective is to create a **powerful entity capable of effectively challenging** domestic market leader IndiGo and major international airlines like Emirates and Qatar Airways.

3. Dual-Airline Strategy

This move is a cornerstone of **Tata's broader aviation strategy**, which establishes a distinct structure with one single low-cost carrier.

4. Key Partnership

By retaining **Singapore Airlines (SIA) as a strategic partner with a 25.1% stake**, the new Air India secures significant global aviation expertise and financial backing.

5. Ultimate Aim

The success of the merger **hinges on leveraging the combined strengths of Vistara's service excellence and Air India's vast network** to achieve significant market synergies, brand loyalty, and long-term profitability.

6. Long-Term Advantage

Consolidation aligns with Tata Group's aviation strategy, **improving competitiveness across both full-service and low-cost segments.**

Appendix & Resources

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