



MEDIA RELEASE

10 January 2022

CCCS consults on the Proposed Acquisition of Air India Limited by Talace Private Limited

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on the proposed acquisition (the “**Proposed Transaction**”) by Talace Private Limited (“**Talace**”) of Air India Limited (“**Air India**”) (collectively, “**the Parties**”). The Proposed Transaction will involve Talace acquiring all shares and voting rights of Air India from the Government of India (“**Gol**”), along with Air India’s shareholding interest of 100% in the equity share capital of Air India Express Limited (“**Air India Express**”) and 50% in the equity share capital of Air India SATS Airport Services Private Limited (“**Air India SATS**”). Air India, Air India Express and Air India SATS are collectively referred to as the “**Target**”.
2. CCCS received an application from Talace for a decision on the Proposed Transaction and accepted the application as complete on 6 January 2022. CCCS is now assessing whether the Proposed Transaction would infringe section 54 of the Competition Act (Cap. 50B), which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

The Parties

Talace

3. Talace is a private company incorporated in India solely for the purposes of the Proposed Transaction and has no business activities worldwide or in Singapore. Talace’s parent company, Tata Sons Private Limited (“**Tata Sons**”) is engaged in the provision of air transport services (both passengers and cargo) in India through its subsidiary, Air Asia India Ltd, and through its joint-venture with Singapore Airlines Ltd, Tata SIA Airlines Ltd, which operates under the brand name “Vistara”. Vistara also provides international air passenger transport services, including routes from and to Singapore.

The Target

4. Air India is India's national airline which presently operates under the administrative control of India's Ministry of Civil Aviation and is entirely owned by the GoI.
5. Air India, along with its 100% subsidiary, Air India Express, is primarily engaged in the business of providing (a) domestic scheduled air passenger transport services in India, (b) international scheduled air passenger transport services, (c) international air cargo transport services, (d) international charter flight services and (e) cargo handling services in India.
6. Air India SATS, a 50/50 joint venture between Air India and SATS Limited, provides ground handling services at the following airports in India, i.e. Delhi, Bengaluru, Hyderabad, Mangalore and Trivandrum, as well as cargo handling services at Bengaluru airport.

The Proposed Transaction

7. As a result of the Proposed Transaction, Talace will acquire 100% of the equity shareholding in Air India, 100% of the equity shareholding in Air India Express, and 50% of the equity shareholding in Air India SATS.
8. Talace submits that Tata Sons (through its involvement in the provision of international air transport services through Vistara), Air India and Air India Express overlap in the supply of:
 - a. the provision of international air passenger transport services, along direct flights on the Singapore-Mumbai ("**SIN-BOM**") route (and vice versa);
 - b. the provision of international air passenger transport services, along direct flights on the Singapore-Delhi ("**SIN-DEL**") route (and vice versa); and
 - c. the provision of air cargo services from Singapore to India (and vice versa).
9. According to Talace, the Proposed Transaction will not result in a substantial lessening of competition in Singapore because:
 - a. Existing competitors have the ability to rapidly expand their operations in response to any hypothetical increase in prices or reduction in the quality of services or flight offerings;
 - a. There exist no barriers to entry or expansion. For instance, bilateral rights for flights between countries are allocated by the relevant governments to their respective designated carriers; such rights are not purchased. Air transport

services between two nations primarily depend on the bilateral air service agreement between them, which establishes the framework for scheduled air services. Such bilateral agreements may include open skies agreements, which envisage minimal or no restriction on the ability of designated airlines of the party nations. In this regard, airlines currently operating on the relevant routes would be able to utilise any unutilised bilateral rights in order to meet any increase in demand, and other airlines would be able to promptly enter any or both of the relevant routes and discipline any attempt by the merged entity to increase prices or lower quality; and

- b. Customers can easily switch between airline carriers. Given the presence of several players, and lack of switching costs associated with choosing a relevant airline, the customers have the ability to switch to another airline virtually immediately and the combined entity would not have the ability to unilaterally increase prices or act independently of its competitors.

Public Consultation

10. CCCS is inviting public feedback on the Proposed Transaction from 10 Jan 2022 to 2pm on 24 Jan 2022.
11. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section "[Public Consultation](#)". If the submission or correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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About the Competition & Consumer Commission of Singapore (CCCS)

The Competition and Consumer Commission of Singapore (“CCCS”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act 2004 which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act 2003 which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit www.cccs.gov.sg.

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