

Air India poised for \$1bn cash injection despite Singapore opposition

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Air India's owners are set to inject more than \$1bn of fresh funding into the loss-making airline despite mounting opposition in Singapore over continued support for the business.

Tata Sons, which holds a 75 per cent stake, approved the amount to be released periodically to Air India as it meets various performance metrics at a board meeting in June, according to people familiar with the matter.

"As and when it needs the money they will dispense the sum," said one of the people. "It . . . makes sense they do this."

Singapore Airlines, which owns the remaining stake in Air India, has yet to approve the cash call, another person said. Singapore Airlines said its board would "carefully consider" any additional requests for capital and was

working to support the Indian carrier's "transformation programme".

Tata founded Air India and bought back the debt-laden carrier from the Indian government in 2022. The conglomerate continues to grapple with an airline haemorrhaging money as it attempts to modernise its ageing fleet and deal with elevated costs triggered by the Middle East conflict.

Air India lost \$2.8bn in its most recent financial year and its chief executive Campbell Wilson resigned in April. Tewolde Gebremariam, the former head of Ethiopian Airlines, will take control this month.

Tata's chair, N Chandrasekaran, this year described Air India's problems as a "perfect storm" and said its transformation could take as long as a decade.

The heavy cost of turning around the airline, along with some other capital-intensive bets, was among the key sources of contention between Chandrasekaran and Noel Tata, chair of the

charitable trusts that control the Tata group. Amid this tussle, Chandrasekaran announced last month that he would step down in February.

The final findings from an official probe over last year's Air India crash in Ahmedabad, which killed 260 people, are yet to be published and also loom over the carrier.

The prospect of further capital calls on Singapore Airlines has proved controversial in the city-state. Last week,

An Air India jet at Begumpet airport in Hyderabad. The carrier lost \$2.8bn in its most recent financial year

Almas Masood/Reuters

opposition MP Kenneth Tiong criticised the role that state investor Temasek — which owns a 50 per cent stake in Singapore Airlines — would play in providing additional investment for Air India.

"No one, least of all Singaporeans, owes Air India a living," he said.

Since taking a 25 per cent stake in Air India less than two years ago, Singapore Airlines has booked operating losses of about S\$1bn (\$780mn) on the ailing carrier, with analysts warning of more pain ahead.

It has also already made capital investments of S\$989mn in that time, with the company saying it would consider any additional requests from Air India, taking into account other capital requirements for the group and the Indian carrier's business strategy.

Responding to criticism of Singapore Airlines' investment in Air India, Temasek said that it stood by the deal.

Air India and Tata did not respond to requests for comment.

