

Tata-Air India deal: Analysts see aviation sector to go for re-rating, revaluation – check views here

With the Tatas winning the bid for Air India, the aviation sector is expected soon to go for re-rating and revaluation. The analysts believed that the news of the Tatas taking back the control of Air India almost after 68 years has boosted the confidence within the industry.



The government Friday announced Tata Sons emerged as the winning bidder for Air India: PTI

With the Tatas winning the bid for Air India, the aviation sector is expected soon to go for re-rating and revaluation. The analysts believed that the news of the Tatas taking back the control of Air India almost after 68 years has boosted the confidence within the industry.

Quoting it as a landmark development for the aviation sector, TradeSwift's Director and the market expert Sandeep Jain said, the chances of the government coming up with more developmental initiatives are high with Tatas buying the Air India. He added that it eventually increases the confidence within the overall sector and believes the sector would soon go for re-rating and re-valuation.

The market analyst isn't much bullish on the aviation companies stock due to pricing war and the sector being impacted through multiple factors both domestic and global. Jain added, Indigo, an aviation market leader, now likely to see stiff competition from a big brand like Tata.

Air India has gone to good hands, to its founder and pioneer, the TradeSwift Director said, he further added, "The government has received a major impetus for its divestment strategies and plans amid Tatas acquiring controlling stake in Air India."

The market analyst also pointed out, the government is likely to be more aggressive to sell their sick and ailing public sector units with Air India's divestment in the third attempt.

Similarly, Dolat Capital Head of Research Amit Khurana mentioned that Tatas overtaking Air India is good for the aviation sector, because it now has a new player now with deep pockets and good branding. He added, "Tatas will look to consolidate all the business in on umbrella and should lead to the better availability of services for the consumers and eventually good for the country at large."

Khurana said, "It will add a high amount of intensity in the sector as Tatas have a strong commitment towards the business and have already set new benchmarks with already existing Vistara airlines."

"India is the only aviation market, which is actually growing in leaps and turns, while competition will go up with the sector certainly to see growth and opportunities going ahead," the analyst said.

"The Air India privatisation deal is a unique deal of disinvestment where the government gave various flexibilities to the prospective buyer to attract more bids from investors," MVIRDC World Trade Center Mumbai Chairman Vijay Kalantri said in a comment on the Tata-Air India deal.

"We hope Tata Group will bring professional management and operational excellence to turnaround this loss-making firm. The deal is subject to the approval of the Competition Commission of India as Tata already owns Vistara and Air Asia, which together hold 10 per cent market share in the domestic aviation sector, Kalantri further said.

"We hope Tata Group will bring professional management and operational excellence to turnaround this loss-making firm. The deal is subject to the approval of the Competition Commission of India as Tata already owns Vistara and Air Asia, which together hold 10 per cent market share in the domestic aviation sector, Kalantri further said.

He pointed out, "Combined with AirAsia and Vistara, Tata Group will become a dominant player with a market share of 25 per cent in the domestic aviation market and this will give it the might to compete with Indigo, SpiceJet and Go Air, which are three prominent players."

The government Friday announced Tata Sons emerged as the winning bidder for Air India. The announcement was made by the secretaries of DIPAM and the ministry of civil aviation. DIPAM is the department that looks into the disinvestment of government assets and holdings.

It was further informed that the transaction is expected to close by December 2021. Chairman Emeritus of Tata Sons, Ratan Tata tweeted about the development. He said, "Welcome back, Air India".