

Clarifications sought by Interested Bidders on PIM/EoI for the Strategic Disinvestment of Air India and its Subsidiaries/JV

S.No.	Query	Response
Government's 24% Minority Stake		
1.	We understand that the objectives of the Government in retaining a 24% stake are predominantly financial. Please outline these financial objectives and also explain any non-financial objectives for which the retention of a stake is considered to be important.	It is a considered decision by Government of India (GOI) to retain 24% stake.
2.	If the interest of the government is simply to capture an upside, rather than retaining equity stake, can we not agree on any other structure such as a payout to be made to Gol based on FMV 3-5 years post-Closing? This will allow the government to divest 100% while retaining upsides	Suggestion is noted however it is a considered decision by Government of India (GOI) to divest 76% stake and retain a 24% stake. It is noted that ESOPs will also be provided from Gol's shareholding.
3.	What are the key veto and minority rights required by the Government?	GOI is divesting 76% along with management control. GOI will have rights similar to that of a minority investor as per Companies Act and as per Shareholders' Agreement. A draft Shareholders' Agreement will be provided at RFP stage.
4.	What restrictions, if any, would the Government place on an IB compared to a reference of the IB having full and unrestricted management control?	
5.	At what stage will the draft Shareholder's Agreement be circulated to IB's?	Shareholders' Agreement draft shall be provided at RFP stage.
6.	In what form will the Government stake be held? Directly, via a subsidiary or in trust?	GOI currently directly holds 100% equity stake in Air India. Shareholders' Agreement shall have necessary details providing flexibility to GOI, if any, to hold its balance equity holding. The 24% ownership will be owned directly by Gol.
7.	Is the three year timeframe for an IPO of the Government's stake negotiable? In the event that an IPO is the best exit route for the Government, it may be beneficial for both the IB and the Government to have a later "long stop" date.	There is no reference to "three year timeframe for an IPO" in the PIM. Please refer to Para 11.20 of the PIM. Additional details would be provided at the RFP stage.
8.	Will the IB have a call option to buy the Government's stake, without requiring an IPO?	Details, if any, may be provided at the RFP stage.
9.	Could this call option be initiated within 3 years of the sale of AI to an IB?	Please refer to answer to query 8.
10.	Does the Government require a put option to force a sale or IPO of its stake and, if so, what would be the process for deciding the timing and terms of such a put option?	Details, if any, may be provided at the RFP stage.

11.	Given the past issues in implementing put and call options, how practical an exit option is the call/put option? Government may consider selling 100% stake upfront.	It is a considered decision by GOI to disinvest 76% stake at present.
Operational Integration and Synergies		
12.	What restrictions, if any, would be placed on the cost rationalization/integration by combining AI operations with those of the IB?	GOI is divesting 76% along with management control. A corrigendum to PIM in this regard is being issued separately. Further clarified that operational synergies span the full range of business activities associated with running a large global airline including inter alia, H R policies, operations, sales and marketing, revenue management, procurement and contracting, financial management and business strategy. Details in this regard will be provided at RFP stage.
13.	What is meant in detail by the requirement to “keep value created within Air India”? Synergies with an industrial IB will naturally accrue to both AI and the IB’s other airline businesses. Normal “arm’s length” arrangements would imply that such synergies would be shared in a similar manner to that which might apply if the companies were not connected through ownership. Is something more than this envisaged? What is envisaged in terms of legal structures to enforce this requirement?	The words “keep value created within Air India “do not find a mention in the PIM. With respect to flexibility of integrate the business of IB with AI business, please refer response to query 12.
14.	Please provide a statement regarding employee rights and commitments that go beyond the normal requirements of employment legislation, both within the first year after purchase and subsequently.	The conditions to safeguard employees’ interest will be detailed at the RFP stage.
15.	Preference is to integrate AI with existing airline business – to what level would it be allowed?	Please refer to response to query 12.
16.	Arms-length is difficult to demonstrate as there may be no market transactions to benchmark against	Arms -length is a widely used concept. Bidders are advised to take their own legal view on this. Requirements as per applicable law to be followed.

Financials & Subsidiaries		
17.	It is presumed that the buyer after acquiring the target gets into AI Express and AISATS with similar rights and responsibilities. Are there any covenants in the JV in the nature of change of control/ ownership?	Air India is a party to the AI-SATS JV agreement and will continue to be party to this JV agreement even after the change in ownership of Air India from the Government to a private investor. Further details shall be provided at RFP stage.
18.	Will the proforma financial statements of AI be dependent on the sale of HCI, AASL, AIESL (MRO business) and AIATSL (“Subsidiaries”)?	These subsidiaries are going to be transferred to Air India Asset Holding Company before completion of strategic disinvestment of AI – hence, the proforma financial statement of Air India would be dependent on the terms of transfer of these subsidiaries from Air India to Air India Asset Holding Company and not on the subsequent disinvestment of these subsidiaries. The terms of transfer of subsidiaries are currently being worked out and the proforma financial statements of Air India (after accounting for such terms) shall be provided at the RFP stage.
19.	What is the process and timeline of the sale of the Subsidiaries not included in the sale of AI? Whether the new equity owner get preference in the subsequent disinvestment of the remaining AI subsidiaries?	No preference is being proposed to be given to the Confirmed Successful Bidder for Air India in the disinvestment process of the remaining entities (which are currently part of Air India Group).
20.	What is the cash impact, if any, to AI or an IB on the sale of the Subsidiaries? What is the impact if the Subsidiaries are not sold by the Government /AI prior to the sale of AI to an IB?	These subsidiaries are going to be transferred to Air India Asset Holding Company before strategic disinvestment of AI – relevant details for this (including cash impact, if any) shall be provided at RFP stage. Subsequently irrespective of whether Air India Asset Holding Company ultimately undertakes strategic disinvestment of such entities or not, there will be no cash impact on AI.
21.	What is the contractual nature of the services provided by these Subsidiaries to AI today and how is that proposed to change following a sale of these Subsidiaries and/or following the acquisition of AI by an IB?	As a part of the disinvestment process, at RFP stage, bidders shall be provided copies of material Service Level Agreements (SLA) between the current subsidiaries and Air India (listing out certain details of the services, quality requirements, prices etc.).
22.	What would happen to Intra Group transactions post disinvestment	Please refer to the response to query 21.
23.	What contracts need to be renegotiated with the MRO or the domestic Ground Handling business and over what time frame? These terms will impact the terms of the deal and therefore could these negotiations take place before the closing of any Proposed Transaction?	Details will be provided at the RFP stage.

24.	Can you provide a proforma Balance Sheet and Income Statement which matches the proposed scope of the sale and when will this be available? For which period(s) will this be available?	The proforma balance sheet as of 31 st March, 2018 shall be available at RFP stage.
25.	When will the consolidated audited (or unaudited) financial statements be available for the financial year ending March 2018?	The accounts for FY18 are getting audited and would be provided at RFP stage.
26.	Can you clarify, the total debt and other debt-like obligations intended to remain with AI at the point of purchase. Please provide as detailed a breakdown as possible, at least separating interest bearing from non-interest bearing obligations, separately identifying aircraft lease obligations and aircraft related debt.	<ul style="list-style-type: none"> • On page 92 of the PIM, it has been mentioned that debt and liabilities as on 31st March 2017, including net current liabilities of INR 88,160 Mn, aggregating to INR 3,33,920Mn will remain with AI and AIXL (no change for AI-SATS except in normal course of business). Essentially, the amount of Rs. 3,33,920Mn includes both debt and liabilities including net current liabilities. The net current liabilities are Rs. 88,160 Mn and these will remain with AI and AIXL as these have been incurred in the course of business. The derivation of this figure of INR 88,160 Mn is enclosed with this clarification as Annexure : Table 1 • After deducting INR 88,160 Mn from INR 3,33,920Mn, the remaining figure of INR 2,45,760 Mn is the debt and liability quantum that will remain with AI and AIXL. <p>Please note that these will be further adjusted for material business developments post March 31, 2017.</p> <p>Further details will be provided at RFP stage.</p>
27.	Debt level proposed to be retained in business is very high compared to business earnings. What is GOI/AI expectation of cash shortfall over next 2 years.	Cash flow is a function of various internal and external factors, the prospective bidders to undertake their own analysis to estimate future cash flows.
28.	What is the level of stretched creditors in the business which will need to be paid by selected bidder?	Detailed financial statements of FY17 are already available on the Air India website. Bidders shall be provided detailed accounts for FY 18 at the RFP stage. All creditors are arising out of transactions in the course of business.

29.	Refer to the debt position summary (page no. 57) provided in the PIM for FY17, please provide similar breakup after the proposed reallocation of the debt?	Interest-bearing debt can either be assumed under new terms or paid down. Details will be provided at RFP stage.
30.	What level of cash or cash equivalent assets is intended/forecast to remain within AI at the point of purchase? Please clarify any restrictions which exist on any of these cash balances.	For estimation of the net current liabilities of INR 88,160 Mn, a cash balance of INR 8,917 Mn (as of 31 st Mar,2017) has been considered. Please also refer to answer to query 26.
31.	What financial guarantees are intended to remain in place following a purchase, either to the benefit of AI from the Government or third parties, or obligations of AI to the Government or other third parties?	<p>As part of strategic disinvestment GOI should be released of all the guarantees/support extended on behalf of the Air India.</p> <p>Please also refer to clause 11.18 of the PIM.</p> <p>Details regarding debt, financial leases etc. and guarantees issued by GOI and AIL are already available in the detailed financial statements of AIL and its subsidiaries (available on http://www.airindia.in).</p> <p>In the RFP stage, bidders shall be provided with certain details of the existing guarantees extended by GOI.</p> <p>Please refer Clause 3.13.5 for the details on guarantees provided by AI on behalf of its wholly owned subsidiaries.</p>
32.	In case of junior debt provided under GOI guarantee, will there be a requirement to fund/securitise this by the buyer/ Consortium? How can GOI Facilitate/assist the buyer?	<p>Please refer to response to query 31.</p> <p>The details of debt, leases and GOI guarantee and securities for lenders/lessors are provided in the detailed financial statement of AIL and its subsidiaries available on the Air India website.</p> <p>Certain additional details of the debt and lease facilities of AIL, AIXL and AI-SATS will be shared with shortlisted bidders at RFP stage.</p>
33.	Any existing Government Guarantees? If these will be removed, how will it impact the interest rate/terms of the loan? Needs facility wise breakup (whether Govt. guarantee applicable or not)along with interest rate	<p>Please refer to response to query 31.</p> <p>The impact of withdrawal of Government guarantee on the debt terms would, inter-alia, be dependent on the credit quality of the potential bidders. Hence, it is the bidders themselves who are in the best position to estimate the impact, if any, due to Government Guarantees not continuing post strategic disinvestment.</p>

34.	Please provide a list of key financial covenants entered into by AI with its lenders. Is AI currently in breach of any financial covenants?	As on date, AI has not committed any material breach of financial covenants that has resulted in lenders calling an Event of Default under the financing documents. Further, “no overdues” certificates have been obtained from all major lessors as on December 31, 2017. Further, certain additional details shall be provided at RFP Stage.
35.	Schedule for loan repayment (terms, interest rate, attached security) by type of facility	Certain details are already provided in the financial statements for FY 17 available on Air India website. Further additional details shall be provided at RFP Stage
36.	Will the change of control/ ownership trigger MAC provisions in the finance leases/loan agreements/ purchase agreements?	Certain agreements may be impacted by Change of Control/ownership change. Details to be provided at RFP Stage. Please also refer to the response of query 31.
37.	What would be the status of the “Advances Given to Subsidiaries” on page 58 of the PIM	Please refer to clause 1.1 of the PIM. At the RFP stage, bidders shall be provided pro-forma balance sheet factoring such settlement.
38.	Please provide a statement confirming the financial amounts of any employee obligations and a breakdown of contingent liabilities (whether employee related or not) remaining with the IB following the purchase.	Details of employee related liabilities shall be provided at RFP stage. Please refer to clauses 3.13.5, 4.12.4, 5.9.4 and 6 of PIM for details and treatment of Contingent liabilities. Details of contingent liabilities are also available in the financial statements of AIL and its subsidiaries (available on http://www.airindia.in).
39.	Provide provisional financial statements for FY2018 for AI, AI express and AISATS. Please provide figures for key profit and loss items for financial years ending March 2017 and March 2018 (Revenue, EBITDAR, EBITDA, EBIT, financial costs, lease expenses, other expenses, extraordinary items), together with key operational statistics (ASK, RPK, Passenger numbers, sectors, block hours) with some commentary on the evolution of each item in the latest financial year or alternatively, please provide a Management Discussion & Analysis of the latest accounts.	Please refer to PIM/audited financial statement for FY 17 figures/information. Details of contingent liabilities are also available in the audited financial statements for FY 17 (available on http://www.airindia.in). FY18 audited financial statements will be available at the RFP Stage. Bidders are required to undertake their own analysis of the financial statements for FY 18 that shall be provided at RFP stage.

40.	Would NOL's (Net Operating Losses) be available to use by the IB in future years in India? Are there any other tax benefits or tax credits available to an IB?	Please refer clause 2.3 of PIM for the details of carry forward losses and unabsorbed depreciation. IBs are advised to take their own tax advice on this aspect.
41.	Will the RFP document include vendor due diligence report?	Vendor due diligence reports shall not be available.
42.	To what extent can GOI indemnify contingent liabilities to be left with AI after the proposed disinvestment? Please provide the breakup of remaining contingent liabilities	Please refer to clauses 3.13.5, 4.12.4, 5.9.4 and 6 of PIM for details and treatment of Contingent liabilities. Details of contingent liabilities are also available in the financial statements of AIL and its subsidiaries (available on http://www.airindia.in).
43.	Details of trade payables and indication on delinquency	Please refer to response to query 28.
44.	What are the commercial terms of advances extended to subsidiaries and contractual period for repayment of outstanding advances?	Please refer to response to query 37.
45.	What are the provisions that have been provided in the financials towards future employee benefit obligations, frequent flyer programme etc.? Is it possible to get accrual as of date and the expected costs when these obligations are due?	As mentioned in clause 3.9 of the PIM, an actuarial valuation is being undertaken and the details of the same will be shared at the RFP stage. FY17 financial statements have an accounting provision towards Employee benefits/terminal benefits liability of INR 13,620 Mn. This does not include employees' dues of INR 12,982 Mn (which had already been provided for in profit and loss account but not paid to employees) on account of Justice Dharamadhikari Commission Report which AI/ Air India Asset Holding Ltd. will commit to pay before consummation of the Proposed Transaction. Bidders may refer to the financial statements of FY17 for provisions for frequent flyer programme.
46.	Calculation basis of 8816 Cr Net Current liabilities	Please refer to Annexure-Table 1 of this document

47.	How much of the available cash /cash equivalents is restricted cash	<p>Please refer to answer to query 30. Out of Total Cash and Bank Balances as of March 31, 2017 of INR 7,351.4 Mn in Air India, margin money deposit is around INR 3692 Mn.</p> <p>Further, out of Total Cash and Bank Balances as of March 31, 2017 of INR 7,351.4 Mn in AIXL, margin money deposit is around INR 3692 Mn.</p>
48.	What would the cash closing position of Company at time of disinvestment as cash would be required for company operations	Details will be provided at RFP stage. For estimation of the net current liabilities of INR 88,160 Mn, a cash balance of INR 8,917 Mn (as of 31 st Mar,2017) has been considered
49.	AI pays discounted rates for the real estate that it uses within airports such as check-in counters, flight operations area, lounges, office space, parking bays etc. because these were leased at historical rates. What is the estimated increase in charges once the airline is acquired by a private entity?	Details of existing rates applicable for AI will be provided at RFP stage. Bidders to independently estimate/factor any change in rates post strategic disinvestment.
50.	AI pays discounted rates for LPH charges. What is the estimated increase in charges once the airline is acquired by a private entity?	Details of existing rates applicable for AI shall be provided at RFP stage. Bidders to independently estimate/factor any change in rates post strategic disinvestment.
Assets		
51.	Need the breakup of aircraft wise book values, debt, financing, age and financier's details (Banks/ Lessors etc.).	Details will be provided at RFP stage
52.	Provide delivery/ redelivery schedule for aircrafts. Also, provide pre – delivery payment schedule for all new orders.	<p>Please refer to clause 3.6 of the PIM for delivery schedule for new aircraft.</p> <p>Details of redelivery schedule will be provided at RFP stage.</p>
53.	What are the provisions that have been provided in the financials towards future maintenance obligations for the aircrafts on finance lease and owned? Is it possible to get accrual as of date and the expected costs when the maintenance obligations are due?	Please refer to detailed audited financial statement for FY 17 for maintenance policy on operating lease.

54.	<p>What will be the impact of privatization on</p> <p>a) Renewal of existing slots and bilateral flying rights? Also provide a list of existing slots with their expiry dates</p> <p>b) Existing code share agreements?</p>	<p>Details of existing slots and code share agreements will be provided at RFP stage.</p> <p>It is expected that there will not be any impact of disinvestment on existing slots and bilateral rights.</p> <p>Bidders are advised to undertake their own assessment for the impact of disinvestment process on the existing code share agreement.</p>
55.	<p>List of any outstanding commitments or agreements as of the date of EOI for capital expenditures in the future by which the company is bound</p>	<p>Refer to Clause 3.10 of the PIM.</p> <p>Further, details to be provided at RFP stage.</p> <p>Please refer to response to query 52.</p>
56.	<p>AI will continue to have the right of use specified assets. Clarity is needed on the current and post transaction ownership status of these assets. Also, clarity is needed on the status/ commercial terms of use of Airlines House (Corporate office) post disinvestment.</p>	<p>Details will be provided at RFP stage.</p>
57.	<p>What are the commercial arrangements/terms of use with GOI for aircrafts used in VVIP operations? What would be the contractual period for payment of outstanding advances?</p>	<p>Please refer to clause 3.6 of the PIM.</p>
58.	<p>What are the terms relating to services provided to GOI (2 Aircraft for which services have to be provided)</p>	<p>Please refer to answer to query 57 above.</p> <p>Details will be provided at the RFP stage</p>
59.	<p>What would be the impact of delayed delivery of A320 Neos following issues with CFM-manufactured engines on the cost and operations?</p>	<p>As per Air India management, engines made by CFM have not been facing the issues that certain Pratt & Whitney engines have faced. Hence, Air India does not expect any delays in the delivery of A320 Neos.</p>
60.	<p>What is going to be the treatment of grounded aircraft – what’s the current status and whose responsibility would it be to dispose the same</p>	<p>Grounded aircraft are assets of AI. Successful bidder/AI post strategic disinvestment can deal with them/dispose as deemed fit subject to the terms and conditions of the Shareholders’ Agreement</p>
61.	<p>What data would be provided on the quality/maintenance record of the aircrafts in the data room?</p>	<p>Relevant maintenance logs of aircraft shall be made available at the RFP stage.</p>

62.	Would an asset valuation report be provided to the bidders? If not, how do the bidders assess the value of the assets?	No asset valuation report shall be provided. However, details of the age and maintenance of the aircrafts shall be provided in the RFP stage so as to enable bidders to make their own assessment of the approximate valuation.
63.	Slots, Bilateral rights etc. allotted to Air India were on a preferential basis because of their status as the national carrier. On what basis can these be passed onto a private company? Should these not be allotted/auctioned off so that other airlines can be in the same competitive position as AI which would also be a private airline post disinvestment	Slots and Bilateral rights will continue with Air India. Further details to be provided at the RFP stage.
64.	At the time of redelivery of aircrafts, a maintenance log needs to be provided to the lessor which shows what parts have been repaired/modified. We understand that Air India has not maintained these logs. Also they have used parts for grounded aircrafts as quick fix solutions and hence redelivery costs are expected to be very high. Please provide an estimate of the redelivery cost of each aircraft. Also the maintenance logs should be provided	Relevant maintenance logs of aircraft as available shall be provided at RFP stage. Bidders to undertake own assessment of redelivery costs based on such data.
Unions/Employees/Management		
65.	What representation do AI union or employee representatives have in the process? Do you anticipate employee representatives being able to block the sale of AI to an IB?	Employee concerns are being suitably addressed.
66.	Any resistance from employees/unions for the proposed disinvestment process?	Please refer to response to query 65.
67.	Please provide a description of the provident fund/pension contributions made by AI on behalf of its employees.	Please refer to clause 3.9, 4.8 and 5.6 of the PIM for details. Details on retirement benefits will be provided at RFP Stage.
68.	What will be the ongoing annual pension costs post sale? (Please estimate and comment). Do you anticipate these obligations changing after twelve months post sale?	There are no pension costs/liability on AI as pension payments are under defined contribution by employees. Please refer to Clause 3.9 of the PIM for further details.

69.	To the extent relevant, please provide an explanation of the gratuity and voluntary retirement schemes and other benefits used by AI for its (a) management (b) employees and if appropriate, (c) contractors.	Currently, there is no VRS scheme for Air India. Gratuity – Employees are eligible for Gratuity on completion of 5 years of service or more and is capped at INR 2,000,000. This limit has been recently increased from INR 1,000,000 to INR 2,000,000 based on amendment to Payment of Gratuity Act, 1972.
70.	To the extent relevant, please provide an explanation of the severance packages currently used by AI for its (a) management (b) employees and if appropriate (c) contractors.	Details will be provided at the RFP stage.
71.	We need to understand the arrangement of deputation of employees from and to various subsidiaries of AI? Also what would be status of housing allotment facility given to employees post transaction as non-core assets will be hived off?	Details will be provided at the RFP stage.
72.	What is the nature and amount of the total terminal benefit liabilities	Please refer to clause 3.9, 4.8 and 5.6 of the PIM for details. More details on terminal benefits to be provided at RFP Stage.
73.	Please provide key terms of the contract for contractual employees?	Contract period is typically between 3-5 years. Further details shall be provided at RFP stage.
Consortium/Qualification Related Points/Other Issues		
74.	Please reiterate the qualification requirements for an Indian financial partner. What financial and registration requirements are necessary for such a partner to be a qualified member of a consortium?	Please refer Clause 11 of the PIM for the complete eligibility criteria.
75.	What flexibility is there in extending the May 14 EOI deadline to allow an IB to form a consortium? Given the paucity of information so far provided, the timescale may be extremely difficult for the formation of a consortium which meets the requirements of the EOI.	A corrigendum to PIM in this regard is being issued separately.
76.	How much time would be provided for the submission of the RFP?	Reasonable period shall be provided to Qualified Interested Bidders. Bidders for submission of the RFP. Details shall be provided at RFP stage
77.	Bidders should have the right to change consortium prior to submission of financial bid.	A corrigendum to PIM in this regard is being issued separately.

78.	Can a HNI form a consortium with a fund? a) If yes, how will the PAT criteria be assessed for the HNI? b) In such case, where clearly net worth requirement cannot be met with, is it possible to have the net worth criteria on the entire consortium instead of individual constituents of the consortium?	Individuals will not satisfy the criteria set out in Clause 11.1 of the PIM
79.	For a newly formed consortium (SPV) how will you assess the criteria for the HNI?	Individuals will not satisfy the criteria set out in Clause 11.1 of the PIM
80.	For a newly formed company how the PAT criteria would be assessed? Does the criteria imply that each member of the consortium needs to be in existence for a minimum of 5 years to bid?	The company needs to be profitable for, and in existence for at least 3 years. If a Bidder was incorporated less than five years ago, it should have positive Profit After Tax in at least three completed financial years (each of not less than 12 months duration).
81.	Can a consortium be formed with one HNI and 3 or more companies who are either a PE or corporate bodies? Is there any criteria on debt equity ratio on the consortium?	Individuals (other than employees) are not allowed to bid. Please refer to clause 11.1 of PIM.
82.	In the next 2-3 years if additional funding is required through the consortium owing to the nature of business, can the consortium get additional investors which may alter the control/ shareholding structure?	Clause 11.7 and 11.20 restrict Confirmed Selected Bidder to sell its shareholding or cede management control of AI or special purpose vehicle. This “lock-in” restriction does not restrict fresh issue of capital. Detailed terms for fund raise shall be provided in the RFP.
83.	Could you please clarify on the irrevocable guarantees for performance under various transaction documents that need to be provided	Please refer to Clause 11.11 of the PIM. Further details will be provided at the RFP stage.
84.	Why is Lock-in imposed for a 3 year period, consortium members should have the ability to sell their shareholding	Please refer to the response to query 82.
85.	Can an OCI (Overseas Citizen of India) bid as an individual?	Individuals will not satisfy the criteria set out in Clause 11.1 of the PIM.
86.	Can an overseas entity floated by an OCI bid on its own? Would this be counted as FDI or Indian investment?	Please refer to clause 11.4 of PIM. Bidders should seek their independent legal advice for this matter.
87.	Would the government/public stake be counted in the 51% stake to be held by Indian nationals? Or does the 51% (Indian)/49% (FDI) stake split apply solely to the 76% stake that is being sold by the GoI?	To meet FDI/SOEC guidelines, the majority ownership and control of the consortium should be with resident Indian Citizens. No more than 49% of the 76% offered for disinvestment can be directly or indirectly owned by foreign entities.

Other Queries		
88.	What would be the Impact of elections on the process	The query is irrelevant for the PIM.
89.	Would R&Ws be provided for litigations not disclosed	Details will be provided at RFP stage
90.	How would indemnity work – would IBs have to pay and then claim from GoI or would GoI settle directly	Details will be provided at RFP stage.
91.	Would GOI put in place any indemnity escrow?	Details will be provided at RFP stage
92.	How long would Air India brand required to be continued	Please refer clause 11.19 of PIM. Further details to be provided at the RFP stage.
93.	What is Company's capex budget for FY 2019 and FY 2020?	Details will be provided at the RFP stage.
94.	Would meetings with the management be allowed?	Details will be provided at the RFP stage.
95.	Would site visits be allowed?	Site visit (cost of which will be borne by the IBs) to the extent feasible and subject to approval of authorities, may be scheduled.
96.	Merger of an existing airline with Air India should be permitted so that operations can be integrated.	Please refer clause 11.7 of PIM. Details, if any, in this regard will be provided at RFP stage.
97.	Would Air India be allowed to acquire other airlines immediately post-Closing? In that case would the GoI contribute cash or would the GoI be diluted?	Air India will be allowed to acquire other airlines post-closing. Detailed terms and conditions for such acquisitions will be provided in Shareholders' Agreement at RFP stage.
98.	Would debt restructuring be permitted given that restructuring has already happened in the past?	At present, there are no restrictions on Debt restructuring. Details will be provided in the RFP.
AISATS Business Related		
99.	What is the sequence of sale of the 3 companies, given Air India Ltd is the shareholder of AISATS (pg. 22 PIM)	Transaction is for sale of 76% equity share capital of Air India held by GOI, which will include AI's shareholding interest in AIXL and AISATS. Shares of AISATS or AIXL are not being sold separately.
100.	Will the selling entity be "Air India Ltd", or the new owner of Air India Ltd? (pg. 22 PIM)	
101.	Will other entities (namely AIATSL) be divested at a later stage? If so, what is the expected timeline?	AIATSL would be disinvested separately within the time frame to be determined by GOI.
102.	Who will be the selling entity? (pg. 22 PIM)	Please refer to response to query 99 and 100.
103.	Regarding AISATS: what specific plans does the Govt. have at these 5 locations to invest and upgrade airport infrastructure (pg. 25 PIM)	Airport infrastructure would be upgraded as per plans of the relevant airport operator. Bidders are advised to undertake their own assessment.
104.	Given AISATS is a 50:50 JV -> Which entity consolidates financials? (pg. 79)	Please refer to Page 70 of the Consolidated Financial Statement for the year ended 31 March 2017 of Air India Group available on the Air India website for principles of consolidation.

105.	Board of Directors: who, in addition to the Chairman, is appointed by AI?	Details will be provided at RFP stage.
106.	How are the tasks and responsibilities divided between AI and AISATS (pg. 79)	Details will be provided at RFP stage.
107.	Why does AISATS not provide cargo services at Hyderabad and Mangalore? Who provides the service there?	Details will be provided at RFP stage.
108.	Table 51 (pg. 83): can you provide the market share for cargo as well?	Certain details of business handled by AISATS will be provided at RFP stage. Bidder may independently assess the market share.
109.	Table 51 (pg. 83): can you provide who holds the remaining market shares? Who is the largest player in Delhi?	
110.	Are all AISATS employees (11,813) permanent employees?	Currently, AISATS does not have permanent employees (all employees are contractual employees).
111.	Figure 10: why has the % of employee costs increased in the last year?	Increase is due to the increase in the number of employees, annual increase in salaries and other factors. Please note that employee expenses as a percentage of revenue in FY 17 is 55% which is in line with the historical data.
112.	Table 55: can you provide the no of flights per year as well?	Please refer to Table 50 of the PIM. Details for past years to be provided at RFP stage.
113.	FY14-17 traffic grew by CAGR of 20% (figure 11)-why has revenue (table 55) grown significantly behind the 20%?	Factual information has been provided in PIM.
114.	What tax rate applies to AISATS? Why was there a tax credit in the last year?	Details will be provided at RFP stage.
115.	Receivables (table 56) are 2,223 mn, which is approx., 1/3rd of the annual revenue. What are payment terms applied to customers (AI and others).Why so high?	Details will be provided at RFP stage.
116.	Can you provide further information on short term borrowings of 1,420 mn?	Further details to be provided at RFP stage.
117.	What date do you close financial year at AISATS?	31 st March
118.	Pt 6 (pg. 92) refers to AI and AIXL and has no impact on AISATS, correct?	Yes, that is correct
119.	Does SATS have any influence in the choice of buyer?	No.
120.	Does SATS have any preferential treatment, options etc in view of this disinvestment?	No.
121.	What impact will the new policy (pg. 105) have for the operations/competition of AISATS at their locations?	Bidders are advised to assess the impact of new policy on their own.
122.	As of today, are there any intentions of AISATS to enter new locations?	Details, if any, to be provided at RFP stage

123.	Profitability: will you also consider bidders with negative net profit after tax?	Please refer to clause 11.2, 11.3 , 11.5 (d) of the PIM
124.	For how long is the license valid at each airport?	Details will be provided at RFP stage
125.	Is the license including other services like Lounges, security, maintenance, executive aviation	Question is not clear
126.	How many ground handling agents are at these airports?	Details will be provided at RFP stage
127.	For how many years are in average the customer contracts valid?	Details will be provided at RFP stage
128.	In the customer contracts any “change in ownership clause”?	Details will be provided at RFP stage
129.	Is the invoicing currency the local currency?	Details will be provided at RFP stage
130.	Mangalore has only 5 daily flights, but >0.5 mn PAX. Is this data correct?	Factual information has been provided in PIM.
131.	CGO handling is including full freighter handling?	Details will be provided at RFP stage.
132.	Is AISATS owing warehouses? If not, for how long is the lease contract?	Details will be provided at RFP stage.
133.	If the financial year in line with our current calendar year?	Financial year ends on Mar 31.
134.	Are the financials shown based on which accounting standards?	The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting principles generally accepted in India (“Indian GAAP”) and comply with the accounting Standards (AS) prescribed under the Section 133 of the Companies Act, 2013 (to the extent notified), read with rule 7 of the Companies (Accounts) Rules, 2014, read with the Companies (Accounting Standards) Amendment Rules, 2016 applicable with effect from 1 st April 2016 and other relevant provisions of the Act, to the extent applicable.
135.	P&L: employee expenses increased from 16 to 17 by 16%, whereas revenue only grew by 9%. What is the driver behind?	Details will be provided at RFP stage.
136.	P&L: is it possible to get breakdown of other expenses	Details will be provided at RFP stage.
137.	P&L: is the equipment financed by cash, finance leases or as well partially by operational leases/rent?	Details will be provided at RFP stage.
138.	P&L: depreciation increased massively to 2016-17, what is the reason?	Details will be provided at RFP stage.
139.	P&L: are the HQ costs (from Mumbai) as well in full allocated?	Details will be provided at RFP stage.
140.	P&L: how much are the costs of HQ	Details will be provided at RFP stage.

141.	BS: new long term borrowings as of 2015 and increased short term borrowings despite healthy results, what was the reason behind?	Details will be provided at RFP stage.
142.	BS: long term loans & advances, what is the rationale behind? Any related party transactions/ items?	Further details to be provided at RFP stage.
143.	Will it be possible for interested bidders to acquire only the 50% share in AISATS, i.e., without 76% share in Air India Ltd and its 100% share in AIXL?	No, the Interested Bidder has to bid for the 76% stake of Air India which holds 100% of AIXL and 50% of AISATS.
144.	Are concessions required for provision of ground handling services at the airports of Bengaluru, Hyderabad, Mangalore, Trivandrum and Delhi or are such concessions only required for the provision of cargo services?	Details will be provided at RFP stage.
145.	In case concessions for the provision of ground handling/cargo services are required: are AISATS concession limited in time and if so, when do they expire? What is the process and timeline of obtaining or renewing any such concessions?	Details will be provided at RFP stage.
146.	Are there any restrictions under Indian Law for Ground Handling Agency with foreign ownership of 50% or more of its paid up capital other than with regard to Civil Enclaves and Joint User Defence Airfields as mentioned on pg. 105, item 8.3, subsection 3 of the PIM	Please refer to the relevant regulations/laws, including Ministry of Civil Aviation (Ground Handling Services) Regulations, 2017 and FDI Policy.
147.	What needs to be declared under the certificate of eligibility as required under pg. 113, item 10.4 subsection b, cover 2 g)? does this refer to pg. 154 of the PIM, annex 6, form A, subsection D. 10 so that any interested bidder only needs to state that its memorandum and articles of association or any other similar constitution documents do not prohibit the interested bidder in participating in the proposed transaction?	Yes. Bidders are required to provide a certificate duly signed by its authorised signatory stating that the bidder is eligible to participate in the Proposed Transaction in terms of its constitutional documents.
148.	What needs to be listed under pg. 115 of the PIM, item 10.4, section b, cover 2 s)? does this refer to pg. 155 of the PIM, Annex 6, form A, subsection D I. So that any interested bidder needs to state any approvals which it has already applied for or obtained under any Indian foreign direct investment restrictions?	Refers to Annex 6, Form A, Sub Section I.

149.	We note on pg. 117, item 10.12 that the EOI and all related correspondence and documents shall be in English. Will a simple non-certified English translation be sufficient in case of any documents which are not in English or do we need to submit certified translations?	The translation needs to be notarized (or apostilled, as relevant).
150.	We note that under pg. 118 of the PIM item 10.9 (a) (ii) the substantial ownership and effective control shall be vested in Indian Nationals. Does this also apply to the separate shareholding in AISATS?	AI-SATS is not being sold separately.
151.	Does SATS have ROFR in the purchase of AI's share of AISATS?	Details will be provided at RFP stage.
152.	Our understanding is the AISATS loses all grandfather rights as soon as AISATS is a private entity – is this correct?	Bidders are advised to refer to ground handling regulations issued Ministry of Civil Aviation (updated from time to time) and other relevant regulations.
153.	If bidder already has presence in some Indian operators where AISATS provides services, would it be a conflict of interest. What is your perspective? We couldn't be in competition with ourselves. How would this work?	This will be up to bidder to assess and to decide how to avoid potential conflict of interest, if any.
154.	We understand that once AISATS is public, they will have to bid to keep their license. Do you know on what time frame that will happen?	Question is not clear
155.	Will Air India be signing a long term SGHA with the new JVCo as if they still had a share or is AI entitled to engage any Ground Handler they prefer	Present disinvestment process does not envisage AI-SATS to be sold independently. Please refer to response to query 99 and 100.
156.	On what time frame would the airport authorities initiate bidding for license renewal?	Please check with relevant airport authority/operator(s)
157.	AI have the right to keep their name in the new JV Co I read in the documentation. Is this only the airline or also AISATS?	Details will be provided at RFP stage
158.	Do you have the lowest concession figures available for the 5 airports where AISATS is present?	We understand the query refers to the concession fee paid by other ground handling agencies operating at such airports. Bidders are advised to check with relevant airport operator for this.
159.	How much AI has to invest into the AISATS JV	Question not clear.
160.	What are the covenants around dividend payment under AISATS JVA	Details will be provided at RFP stage.

Annexure - Table 1: Calculation of Net Current Liabilities as of Mar, 2017

Figures in INR Million

Description	AIL	AI Balance Sheet: Note Reference	AIXL	AIXL Balance Sheet: Note Reference	Total (AI+AIXL)	Remark
Current Assets						
Debtors	18,572	Note 11	624	Note 11	19,196	
Cash & Bank	7,351	Note 14	1,566	Note 12	8,917	
Inventories	12,767	Note 13	2,081	Note 10	14,848	
Short Term Loans & Advances	10,826	Note 10	3,084	Note 9	13,910	
Other Current Assets	14,386	Note 12	4		14,390	
Sub Total (1)	63,903		7,359		71,262	
Current Liabilities						
Trade Payable	93,177	Note 5	10,755	Note 7.1	1,03,931	
Interest accrued (Int. accrued but not due + Int. accrued and due)	6947.2	Note 5	18	Note 7.2	6,965	
Forward Sales / advances from customers	21,415	Note 5	3,663	Note 7.2	25,078	
Other Liabilities	38,537	Note 5	1,021	Note 7.2	39,558	AIL : Includes non current liab. of INR 586.4 Mn AIXL: does not include payable to Air India of 6467.76 Mn
Provisions	13,748	Note 6	83	Note 5.1 /5.2	13,831	AIL: Includes Long term employee provision of INR 11671.8 Mn. AIXL: Includes Long term employee provision of INR 73.12 Mn.
Sub Total (2)	1,73,824		15,539		1,89,363	
Less: Adjustments to Current liabilities:						
SBI Bill Discounting considered as Debt from Trade Payables	3340	Not appearing on the face of BS			3,340	

Description	AIL	AI Balance Sheet: Note Reference	AIXL	AIXL Balance Sheet: Note Reference	Total (AI+AIXL)	Remark
Employee Provisions / unfunded terminal liabilities	13,536	Note 6	83	Note 5.1 /5.2	13,618	AIL – Includes Long term employee provision of INR 11671.8 Mn.
Provision for balance 25% payable to Employees as per JDC to be carved to SPV	12,982	Note 23			12,982	Note 23 – Exceptional Item. Part of Other Current liabilities
Sub Total (3)	29,857		83		29,940	
Adjusted Current Liabilities (4) = (2) – (3)	1,43,966		15,457		1,59,423	
Net Current Liabilities (4) – (1)	80,064		8,097		88,161	