

STRATEGIC DISINVESTMENT OF PAWAN HANS LIMITED

GLOBAL INVITATION FOR EXPRESSION OF INTEREST (EOI) FOR PROPOSED STRATEGIC DISINVESTMENT OF 51% STAKE IN PAWAN HANS LIMITED (PHL) BY GOVERNMENT OF INDIA (GoI)

IMPORTANT NOTICE Responses to Queries of Interested Bidders

This has reference to the advertisement and Preliminary Information Memorandum issued on July 11, 2019 for inviting Expressions of Interest from Interested Bidders for strategic divestment of Pawan Hans Limited by Government of India uploaded on websites of DIPAM at www.dipam.gov.in, Ministry of Civil Aviation at www.civilaviation.gov.in, Company at www.pawanhans.co.in and Transaction Advisor at www.sbicaps.com.

Frequently Asked Questions – Pawan Hans Limited			
S.No.	Description	Query/Clarification	Responses
1.	INR 5 Lac as Fee for EOI	<p>The PIM seeks INR 5 lacs as fees for EOI from every participant. However, we had paid an EOI fee for earlier PIM published on two instances - on Oct 13, 2017 and then subsequently in April 14, 2018.</p> <p>Both the time, the process was withdrawn and cancelled without mentioning any reason. We were assured about its refund.</p> <p>We seek refund or adjustment of the same as the earlier process was withdrawn and cancelled</p>	<p>Fresh process for disinvestment of Pawan Hans Limited was commenced with issuance of PIM on July 11, 2019.</p> <p>It is clarified that any Interested Bidder (IB) who had participated and submitted the non-refundable fee in an earlier process is required to submit the non-refundable fee alongwith EOI pursuant to PIM dated July 11, 2019.</p>
2.	Bid Security	Please clarify if there are any changes in the bid security amount	The details regarding Bid Security shall be

Frequently Asked Questions – Pawan Hans Limited			
S.No.	Description	Query/Clarification	Responses
		of INR 25 crs as was the case in the earlier process	provided in the RFP to be issued to shortlisted bidders.
3. a)	Contingent Liabilities	PIM mentions a cover of 51% of contingent liabilities (Rs 577 crs) up to an amount of INR 294 crs offered by GOI as shareholder Please clarify - a) Whether ONGC will provide the balance 49% cover as they are obliged to sell at same terms as Gol?	It is clarified that ONGC vide its board resolution dated July 26, 2019 has accorded to indemnify the balance 49% (to the extent of its shareholding) of the contingent liability as identified in the PIM. Draft ONGC SPA has also been uploaded in the VDR and the same may be accessed for further details and clarification.
3. b)	Contingent Liabilities	Section A, Para 3.4, Contingent Liabilities: Whereas it is clearly laid out that the GOI will indemnify the successful bidder for 51% of the contingent liability - INR 577cr, there is no clarity for the remaining 49%? Clarity on the balance 49% will have a direct impact on the bidding price and hence some clarity is required on the same	
4.	Fleet	Out of 43 helicopters in the PHL fleet, only 32 have certificate of airworthiness. Please clarify the implications? Does it mean the 11 remaining helicopters can no longer fly and need to be scrapped? Is there any fleet audit report available certifying the health of the fleet.	As on date 35 helicopters (including one helicopter taken on lease from HAL) are having valid ARCs. The ARC of the following helicopters is not valid due to the following reason : a) 05 Dauphin N helicopters VT ELI, VT ELK, VT ELQ, VT ELR and VT ENX are undergoing Major Inspection b) Bell 206 L4 helicopter VT PHD is on ground due to hard landing. The helicopter is under damage assessment for repair proposal by OEM. c) Bell 407 helicopter VT PHI is on AOG and

Frequently Asked Questions – Pawan Hans Limited			
S.No.	Description	Query/Clarification	Responses
			<p>engine replacement</p> <p>d) MI-172 helicopter VT PHG is due for Overhaul at OEM facilities.</p> <p>The helicopters will be flyworthy when the major inspections are completed and/ or components as due are replaced and ARCs are issued by DGCA after inspection of the helicopter and its documents. The ARC is issued after physical inspection of the helicopter and its documents.</p> <p>The process is the health audit of the concerned helicopter/fleet.</p>
5.	Facilities	<p>Under new agreement with AAI, PHL has right to use various facilities but subject to a NOC from AAI.</p> <p>What are the conditions for this NOC and under which circumstances this may be refused by AAI?</p>	<p>As stated in PIM dated July 11, 2019, PHL has executed a licence agreement for identified hangars and bases with AAI on November 14, 2018, and commercial rates applicable post disinvestment are stated therein.</p> <p>The agreement is uploaded in VDR and interested bidders may access the same upon compliance on conditions for VDR access stated in the PIM.</p>
6.	RCS	<p>Out of 11 RCS routes awarded to PHL in Feb 2018, only 3 truncated segments are operating. What are the damages and liabilities expected for such non – performance</p>	<p>Non-performance is not from PHL side. PHL has already deployed 3 helicopters for the RCS and keen to add more helicopters to open more routes.</p> <p>As per strict regulation set by RCS, operations</p>

Frequently Asked Questions – Pawan Hans Limited			
S.No.	Description	Query/Clarification	Responses
			can only be launched on DGCA approved heliports at various locations which is the responsibility of state governments and the state government is still working to develop heliports. Once they are ready, PHL can launch more routes.
7.	Price Adjustments	Since divestment is for a going concern, a price adjustment mechanism must be included for price adjustment from the date of bid till the closing date	<p>Draft GOI SPA is uploaded in VDR and interested bidders may access the same upon compliance on conditions for VDR access stated in the PIM.</p> <p>It is to further clarify that a special provision has been provided in this Transaction where Bidders have the option to access the VDR in stage I itself upon compliance on conditions for VDR access stated in the PIM (<i>as against VDR access to Shortlisted Bidders in Stage II</i>) so as to provide bidders sufficient time for due diligence and make a considered investment decision.</p>
8.	Sale of Assets	All restrictions on creating mortgage or on sale of assets be deleted. PHL fleet requires large scale replacement and is unviable to service customer contract on account of vintage. Any restrictions on sale / mortgage of the assets are a business deterrent	<p>As per PIM dated July 11, 2019. Draft GOI SPA uploaded in VDR may be accessed for further details.</p> <p>It is to further clarify that a special provision has been provided in this Transaction where Bidders have the option to access the VDR in stage I itself upon compliance on conditions for VDR access stated in the PIM (<i>as against VDR access to Shortlisted Bidders in Stage II</i>) so as to</p>

Frequently Asked Questions – Pawan Hans Limited			
S.No.	Description	Query/Clarification	Responses
			provide bidders sufficient time for due diligence and make a considered investment decision.
9.	Employees	The bidder shall be allowed to carry out necessary re-organization of PHL including restructuring the organization structure, introduction of VRS schemes, reallocation of headcounts etc. without any special restrictions under the disinvestment process	As per PIM dated July 11, 2019. Draft GOI SPA uploaded in VDR may be accessed for further details. It is to further clarify that a special provision has been provided in this Transaction where Bidders have the option to access the VDR in stage I itself upon compliance on conditions for VDR access stated in the PIM (<i>as against VDR access to Shortlisted Bidders in Stage II</i>) so as to provide bidders sufficient time for due diligence and make a considered investment decision.
10.	GOI Assistance	GOI assistance in all clearances required by the bidder as contemplated in the transaction is requested. All Condition precedents shall be the responsibility of GOI where it does not relate to the bidder	Successful Bidder is required to secure all the necessary approvals/ clearances required for successful consummation of the Transaction. If required, GOI shall extend necessary assistance to consummate the Transaction in accordance with extant directions.
11.a)	Real Estate	Section A, Para 2.7.1 XIII Real Estate: Some clarity is required on the nature of ownership of the listed real estate assets that form a part of the transaction. Are the assets owned or leased? If on lease, what is the residual life of the lease and its associated costs?	The ownership details of the Assets information provided in PIM (Part A, Section 2.7.1 XIII Real estate) is as under: a) 192 flats in Juhu, Mumbai have been constructed on AAI land under development agreement with PHL. PHL has the right to occupy these flats till 2028

Frequently Asked Questions – Pawan Hans Limited			
S.No.	Description	Query/Clarification	Responses
			<p>b) Flats in Andheri, Kandivali & Malad (total 51) in Mumbai are owned by PHL.</p> <p>c) Corporate office at Sector-1, Noida is owned by PHL. Land has been allotted to PHL by Noida Authority on a long term lease of 90 years.</p> <p>Further details pertaining to nature of ownership of real estate assets have been provided in the Virtual Data Room. Interested bidders may access the same upon compliance on conditions for VDR access stated in the PIM.</p>
11b)	Real Estate	Real Estate should be removed from the scope	As per PIM dated July 11, 2019.
12.	Rohini Heliport	<p>Section A, Para 2.7.1 XIV: It is well laid out that the ROHINI HELIPORT will not form a part of the proposed transaction. Some clarity is sought that what will be the status of the PHL employees that are currently employed for undertaking activities at the ROHINI HELIPORT?</p> <p>Will such employees continue to remain a part of PHL after divestment or will they be transferred to the demerged entity?</p>	<p>3 regular employees and 3 third party contract employees will be transferred to Rohini Heliport on approval of Demerger Scheme.</p> <p>Employees other than those mentioned above will continue to remain part of PHL after disinvestment</p>
13.	Eligibility Criteria	Section B, Para B iii: If a foreign NSOP has a valid AOP from its home country (Not India), will it be considered positively and all flexibilities available for Indian NSOP bidders (holding up to 51% EQUITY) as per the revised PIM be also made available to such a foreign NSOP?	As per PIM dated July 11, 2019.
14. a)	Consortium	In a consortium, provision of change in lead member should be allowed	As per PIM dated July 11, 2019.

Frequently Asked Questions – Pawan Hans Limited			
S.No.	Description	Query/Clarification	Responses
14. b)	Consortium	Changes in the consortium members should be allowed for more than one time	As per PIM dated July 11, 2019.
15	Extension in EoI submission	We would like to submit our request for extending the last date for EOI submission from 22 nd August to 22 nd November, 2019. This will create an interim period to conduct a deeper and satisfactory Due Diligence via the VDR and also provide an opportunity for a wider participation in the disinvestment of M/s Pawan Hans Helicopters	As per PIM dated July 11, 2019 it is further clarified that the process for strategic disinvestment of PHL has been divided into two stages. In Stage I, Interested Bidders are required to submit only an Expression of Interest (EoI). Post evaluation of EoIs, Shortlisted Bidders (SBs) shall be provided with Request for Proposal in Stage II and would be required to submit their Financial Bid. However, in order to provide sufficient time for due diligence to IBs, IBs have been given the option to access the VDR in stage I itself after payment of access fee and documents as mentioned in the PIM

Responses to other queries raised by Interested Bidders will be given shortly.