

Clarifications sought by Interested Bidders on PIM for the Strategic Disinvestment of Air India Limited, including AI's shareholding interest in the AIXL and AISATS

The PIM (including the clarifications to the PIM) are subject to changes basis the finalization of the definitive documents. The definitive documents will be negotiated with the QIBs at the RFP stage. The GOI reserves the right to make any changes including consequent changes to the provisions of the PIM/ clarifications basis such negotiations or otherwise.

Terms not defined in this document will have the meaning ascribed to them in the PIM.

Sl. No.	Query	Response
Transaction Structure/Process Related		
1.	<p>(A) Along with AIXL & AISATS is it feasible to include AIESL within the perimeter of the Proposed Transaction considering the maintenance & repair overhaul services provided by AIESL to AI is critical for the airline business</p> <p>(B) Potential structure to include AIESL in transaction perimeter for continuity and operational ramifications from AIESLs employees</p>	<p>(A) It is a considered decision of GOI to include only AIXL and AI's stake in AISATS within the perimeter of the Proposed Transaction.</p> <p>(B) The service level agreements between AIESL & AI and AIESL & AIXL will be provided at the RFP stage. These service level agreements will govern the scope of services between AIESL & AI and AIESL & AIXL, respectively, from a business continuity perspective.</p>
2.	In connection with the bid criteria- could you please clarify if the final financial bid criteria under the RFP contain any scoring metrics for equity infusion in AI. In other words, will the bidders be shortlisted on the basis of the highest secondary consideration proposed to be paid to GOI or on the basis of the highest aggregate amount of both the secondary consideration proposed to be paid to GOI + any proposed capital infusion in AI upfront or staggered over a period of time?	Please refer to clause 9.8 and 9.9 of the PIM. Further details to be provided at the RFP stage

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	<p>We understand that the detailed criteria for the financial bid will be provided in the RFP- but it would be really helpful if this is clarified at this stage in order for the parties to assess the overall terms of the deal better.</p>	
3.	<p>Air India is likely to require significant financial investment in repairing the grounded aircraft, upgradation & revival of old aircraft, new aircraft acquisition and loss funding till turnaround. Given this large upfront investment required and the large debt proposed to be transferred (INR 23,286 Cr), there is a possibility that potential bidders do not place bids at RFP stage if Gol adopts the standard Reserve Price approach.</p> <p>In view of this possibility, please confirm that at the RFP stage, Gol will invite bids on Enterprise Value basis (on a debt free and cash free basis) which will maximise competition and will result in full value discovery for Air India, instead of Equity Value basis.</p>	<p>No change in PIM provisions. Please refer to the response to query 2. Further details to be provided at the RFP stage</p>
4.	<p>Request to extend the EOI deadline by not less than 30 days from the existing date as per PIM i.e 17th March 2020. The deadline for release of response to queries on PIM is 16th March, 2020. We would need time to comprehend the response and come out with a viable bidding interest, as also to analyse additional data if uploaded on the VDR.</p>	<p>Please refer to Third Corrigendum and Fourth Corrigendum to the PIM for revised date of EOI deadline</p>
5.	<p>Date extension (Para 1.2) : It is submitted that the original PIM had a window of 3 weeks between the last date for</p>	<p>Please refer to Third Corrigendum and Fourth Corrigendum to the PIM for revised date of EOI deadline</p>

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	<p>release of response to queries on PIM and SPA by the Gol and the last date for submission of Eols. Given that the date of release of response is now March 16, 2020 we request that the same principle be followed and bidders be allowed at least a minimum extension of 3 the same principle be followed and bidders be allowed at least a minimum extension of 3 weeks from the last date for release of response to queries i.e. till April 06, 2020.</p>	
6.	<p>Please clarify whether any preference will be given to the Confirmed Selected Bidder with respect to the sale/disinvestment of the other subsidiaries of AI which are not included in this transaction.</p>	<p>No preference is proposed to be given to the Confirmed Selected Bidder of Air India in the disinvestment process of the remaining entities (which are currently party of the Air India Group)</p>
7.	<p>Does the process permit relaxation of compliance with FDI guidelines and SOEC at the time of submission of Eol (17-Mar), and extension in flexibility towards formation of Consortium, up until submission of the binding financial bid?</p> <p>(A) Since the Eol is a preliminary expression of interest prior to Due Diligence, there are many unknown elements of the business and operations of Air India, that create practical hurdles to forming a definitive consortium upfront</p> <p>(B) We believe that the relaxation in FDI-cum-SOEC and broad flexibility in Consortium formation prior to binding financial bid, could enable formation of sustainable Consortiums, leading to better process outcomes</p>	<p>The bidders are required to submit an undertaking for compliance with FDI Policy/SOEC even at the EOI stage. Please refer to Annexure 2 & 3. Further please refer to clause 13.2 (r) and clause 13.2 (v) of the Disqualifications section in the PIM and Clause 11.5 of the PIM.</p>
8.	<p>In section 12.1 of the PIM it states;</p>	

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	<p>“Where a sole bidder or a Consortium has submitted the EOI, it is expected that there shall not be any changes in the members of the Consortium or sole bidder will not form a Consortium except as provided below: Any change prior to the EOI Deadline is permissible by withdrawing the EOI and submitting a fresh EOI before the EOI Deadline. However, no change in composition of Consortium will be permitted after the EOI deadline till the shortlisting of the IBs.</p> <p>If after shortlisting of IBs, a Consortium bidder desires a change in the Consortium or a sole bidder desires to form a Consortium by inducting new members, it shall have to apply for approval for such change to the TA no later than 21 days from the date of issue of the RFP. Endeavour shall be made to provide approval or disapproval for such a change no later than 21 days from the date of receipt of such application by the TA”.</p> <p>It is our intention to bid initially as a sole bidder. However we are aware that under current Indian legislation it is mandated that a foreign entity can only control 49% of AI. We will therefore require a suitably qualified Indian Partner to join the process at some point. It is our understanding that section 12.1 would allow us to joint venture with such suitably qualifies partner at some point after submission of an EOI should we successfully qualify. Please confirm that this understanding is correct.</p>	<p>Please refer to the response to query 7</p>

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9.	<p>What depth of information can be expected in Stage-2. Will the below be available in the Virtual Dataroom (VDR)</p> <p>(A) Detailed financial projections (B) Vendor Due Diligence</p>	<p>(A) A limited legal due diligence report and a limited technical due diligence report is proposed to be provided at the RFP Stage. Qualified Bidders are expected to make their own financial projections, however certain information relevant for their diligence shall be provided at the RFP stage to the QIBs.</p> <p>(B) QIBs will also have option to request for additional specific documents (subject to GOI/AI/TA discretion), if some information gaps are perceived with respect to information provided at the RFP stage.</p>
10.	<p>What is the proposed timeline in Stage-2</p> <p>(A) Facility visits, asset inspections (B) Management presentation and Q&A</p>	<p>Details to be provided at the RFP Stage.</p>
11.	<p>Restrictions post closure:</p> <p>A) Any restrictions (directly via SPA, or indirectly via existing contracts) on operational changes</p> <p>B) Any restrictions that are applicable <u>beyond first one year</u></p>	<p>(A) Indicative terms of restrictions within and post 1 year, as currently proposed by GOI, are set out in Clause 12 of the PIM and are further detailed in the SPA. Bidders can access the SPA by paying a VDR Access Fee.</p> <p>(B) Further, existing material contracts are to be provided at the RFP stage, subject to confidentiality conditions set out therein. Restrictive conditions, if any, in such contracts, may be examined by QIBs.</p>
12.	<p>Given that we are yet to receive access to the VDR (and consequently the SPA), we request you to extend the last date for submission of written queries on PIM and SPA to at least two weeks from the date on which we receive access to the VDR</p>	<p>Please refer to the revised timelines as provided in Corrigendum and Second Corrigendum to the PIM</p>
13.	<p>Given that we have extremely limited access to VDR between our overall working group and the consortium, do</p>	<p>No change in PIM provisions in relation to last date of submission of queries of PIM and SPA. It is clarified that</p>

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	<p>not have any download or print rights, the fact that even a very preliminary review of the SPA at this stage would require considerable time and there are issues with the VDR site in loading/ viewing the SPA for a prolonged period, it is extremely difficult for our team to be in a position to submit any considered comments on the SPA by 6 March 2020. Accordingly, we ask that the deadline for submission of comments on the SPA be extended by a further period of two weeks.</p>	<p>except for certain identified documents, the download rights have been provided (including for the SPA), to the IBs who have access to the VDR. Bidder's comments on the SPA, have been noted for due consideration at the RFP stage.</p>
14.	<p>VDR Access : Given that a large amount of information has been uploaded in the VDR, including information regarding material licenses, financials, operations, litigation etc, we request that download and print access to the VDR be provided in order for bidders to increase the speed and efficiency of the review exercise.</p>	<p>Please refer to the response to query 13.</p>
15.	<p>Will QIB be able to:</p> <p>(A) physically access the Companies offices, catering facilities, MRO facilities, documents, supplies & inventory stores?</p> <p>(B) Physically access material assets including but not limited to aircrafts?</p> <p>(C) Interview management and staff of the Companies to assess current work process?</p>	<p>(A) Site visits are proposed as a part of due diligence process. Further details would be provided in the RFP stage</p> <p>(B) The QIBs would be able to access the documents in the VDR as well as those documents which are proposed to be a part of the physical data room. Further details of the same would be provided at the RFP stage.</p> <p>(C) The bidder would be able to meet the Chairman & Managing Director of AI or any representatives authorised by</p>

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	<p>(D) In addition, will there be an opportunity for bidders to perform a due diligence on the systems implemented by the Companies including but not limited to Information Technology Systems, compliance and health, safety systems? Such access is important to verify the accuracy of data presented in VDR, as well as to assess efforts and cost in a turnaround plan.</p> <p>(E) We would require an index of documents uploaded in the VDR to be provided to understand that level and quality of information provided. We reserve the right to seek additional information post our review of the VDR.</p>	<p>the Chairman & Managing Director of AI at the RFP stage. Further details to be provided at the RFP stage.</p> <p>(D) The bidders may be permitted to perform diligence on some of these aspects (subject to GOI/AI/TA discretion), but without impacting the operations of the Companies. Further details will be provided at the RFP stage .</p> <p>(E) Index of documents would be provided in the VDR. Further, please refer to the response to query 9.</p>
16.	<p>(A) AI has interests in other entities i.e. Air India Engineering Services, Air India Air Transport Services, Airline Allied Services and Hotel Corporation of India (collectively the “Carved Out Entities”), which are in the process of being transferred to a separate company – Air India Assets Holding Limited (“AIAHL”) and will not be a part of the Proposed Transaction. Whilst we will need to evaluate the dependencies between the Companies and the Carved- Out Entities, please confirm that there are no material dependencies. If there are material dependencies, then we would need to have the right, exercisable at our option, to (a) to purchase the relevant Carved Out Entity; and/or (b) avail the services from the relevant Carved Out Entity on terms which are no less</p>	<p>(A) It is a considered decision of GOI to include only AIXL and AI’s stake in AISATS within the perimeter of the Proposed Transaction.</p> <p>The service level agreements of AI/AIXL with the Carved Out entities (if applicable), including with AIESL, would be provided at the RFP stage.</p>

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	<p>favourable than those granted to AI currently (please let us also know these specific terms).</p> <p>For illustrative purposes only: In the course of our due diligence of the Companies, if we reach an assessment/finding that AI is significantly dependent on the MRO services provided by Air India Engineering Services Limited (“AIESL”), then in such a scenario we would require a right, exercisable at our option to either (a) purchase AIESL as part of this Proposed Transaction; or (b) require AIESL to continue to provide MRO services to AI on terms which are no less favourable than those granted to AI currently.</p> <p>(B) We will require the flexibility to decide whether or not to continue existing contracts between the Companies and the Carved Out Entities.</p> <p>Please confirm that suitable clauses will be incorporated in the PIM and/or the definitive documents to cover the above point as it necessary for the business of the Companies to be sustainable/viable post-closing without any material dependencies on the Carved Out Assets.</p>	<p>(B) Suggestion has been noted for due consideration at the RFP stage</p>
17.	<p>What is the timeline for transfer of AI subsidiaries not part of this transaction to AIAHL</p>	<p>The process for transfer of AI subsidiaries (not a part of the Proposed Transaction) has been initiated and shall be completed before closing of the Proposed Transaction. Further relevant details of the same may be provided at the RFP stage</p>

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18.	We would require that any transfer of the Carved-Out Assets and any other assets will (a) result in all the liabilities (contingent or otherwise) pertaining to the Carved-Out Assets being transferred to AIAHL; (b) result in all the litigations pertaining to the Carved Out Assets being transferred to AIAHL; (c) not result in any tax incidence on the Companies or its shareholders including the Confirmed Selected Bidder; (d) not require the Companies to provide any indemnities; and (e) will be completed prior to Closing of the Proposed Transaction. We would require that Gol indemnify any residual liabilities and losses, or future litigation that may relate to : (i) the Carved-Out Assets; or (ii) the transfer or divesture of the Carved-Out Assets.	The terms governing the carved-out assets, including treatment of liabilities with respect to the such carved out assets, will be set out in the definitive documents.
19.	Will it be a condition precedent for the GOI/AI to get the consent from the lessors/lenders to closure of the Proposed Transaction, given that (i) this falls within the GOI/AI's control and is a typical seller obligation, and (ii) IBs would be restricted from negotiating with continuing lenders in the face of likely confidentiality clauses?	The SPA (available in the VDR) sets out current proposal of the Government with respect to the conditions precedent of GOI/AI and the Confirmed Selected Bidder. Bidder's comments has been noted for due consideration at the RFP stage.
20.	How many parties have collected Tender - can we get list ?	Query is not clear. PIM for the process is available for download by prospective investors on the websites of MOCA, DIPAM, AI and TA. The Request for Proposal (RFP) is yet to be issued by GOI
21.	Any extension to collect tender collection date ?	Query is not clear. Please refer to the response to query 20
22.	Can anyone pick up tender without any document ?	Query is not clear
23.	Is EOI necessary to collect the tender document ?	The RFP will be provided only to the QIBs (IBs shortlisted in the PIM stage)

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24.	Do we have to collect Tender Form from EY office or Civil Aviation Ministry or from both.	Query is not clear. Please refer to the response to query 20
25.	Can an individual company bid without partner?	Yes, an individual company can participate as a sole bidder subject terms set out in the PIM including the eligibility criteria.
Contracts Related		
26.	Services provided by AI group entities not forming part of perimeter – Currently certain services are being provided by AI / AIXLs sister concerns (MRO, ground handling etc.) – whether the existing commercial arrangement expected to continue	The services between AI, AIXL and other group entities would be governed by service level agreements. The service level agreements of AI/AIXL with group entities (if applicable) would be provided at the RFP stage.
27.	Please provide the key terms of the Service Level Agreements between AI & AIESL viz. pricing, tenor of agreement, etc.	The service level agreement of AI with the AIESL would be provided at the RFP stage.
28.	Are there any potential conflicts between entities that are part of transaction and those being transferred to AIAHL? For example, ground handling services being conducted by both AI-SATS and AIATSL or low-cost carriers AIXL and AASL? We would like to understand the linkages between the entities	<p>AIATSL and AISATS are both in the business of providing Ground Handling services. AISATS presently provides ground handling services at Delhi, Trivandrum, Bangalore, Hyderabad and Mangalore airports. AIATSL provides ground handling services at other 81 airports (as on December 31, 2019)</p> <p>Rights have been provided to AIATSL and AISATS, even after privatization, for a specific period, in the respective aforementioned airports, as per the ground handling policy. There is an understanding that AIATSL and AISATS would not be in any competing position at any airport. This understanding would, however, end if either AIATSL or AISATS get privatized.</p> <p>With respect to AIXL and AASL, AIXL currently operates as a low-cost carrier with B737-800 aircraft largely to the Gulf</p>

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		and South East Asia while AASL operates with ATR Aircraft largely to domestic stations in India and Jaffna. Post disinvestment of AI/ AIXL or AASL, commercial aspects will decide the network of AIXL and AASL.
29.	Please provide further details of the contractual relationship between AI and its other subsidiaries with respect to services rendered by such subsidiaries to AI. Please clarify the impact of such contractual relationship and/ or services after the proposed sale of AI	The service level agreements of AI/AIXL with the entities being transferred to AIAHL (if applicable) would be provided at the RFP stage.
30.	Scope of services being provided by AI subsidiaries and what is the impact of the Proposed Transaction on the continuity of these services, tenure and pricing	Please refer to the response to query 26.
31.	Please provide the details of the Change of control of airline on Star Alliance agreements and costs / liabilities of terminating this agreement	Please refer to the response to query 11.
32.	We understand from media reports that AI is in process of renegotiating GDS contracts. Since these contracts are relatively longer term and of strategic implications, please provide details of AIs approach regarding the renegotiation and see if such renegotiation is put on hold till disinvestment process is complete (so that new bidder can enter into agreements as per their own strategic priorities)	At present, there are no agreements or contracts with any GDS which are under negotiation. Additional details would be provided at the RFP stage.
33.	Which agreements are expected to be impacted by control/ ownership/ MAC triggers	Please refer to the response to query 11.
34.	Any future commitments with Gol (e.g. VVIP operations)	Aircraft dealing with VVIP operations are proposed to be transferred out of AI to AASL.

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		Indicative terms for on-going commitment of AI with respect to such VVIP operation, have been set out in the SPA.
35.	Air India's relationship with its affiliates and other Government entities and PSUs (i.e. other than AIXL, AISATS): Overview of contractual terms of services that are expected to be affected post change in ownership of Air India (A) Those with material commercial impact (B) Time horizon for likely impact	Please refer to the response to query 11 and query 26.
36.	Details of Code share agreements, validity and broad terms. Any clauses that will impact continuity due to the change in ownership/Proposed Transaction.	Please refer to the response to query 11.
37.	Please share with the Bidder the rights and obligations relating to termination of AISATS shareholders agreement in case of a sale of investment in AISATS	Please refer to the response to query 11.
PIM Provisions Related Clarifications		
38.	Disclaimer: The disclaimer states that 'Neither the GOI, the Companies, nor TA (nor any of their respective affiliates, subsidiaries, advisors, agents, officials, employees or representatives): (i) make any representations or warranties, express or implied, as to the reliability, accuracy or completeness of the information and data in the PIM This does not give bidder any assurance and comfort that the complete, accurate and reliable picture is presented. We would require a specific representation and warranty that all the information provided during the bid process	No change in PIM provisions. However, bidders can refer to the SPA, available in the VDR, for indicative terms.

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	including the PIM are true, correct and complete. We will require an appropriate indemnity for such representation and warranty.	
39.	Whilst we understand that the IBs will be provided an opportunity to undertake a detailed diligence, please represent and warrant the information set out in paragraphs 2.3, 2.4, 3,4, 5 and 6 of the PIM are true, correct and complete in all material respects and no material information relating to the Companies has been omitted from the PIM. We will require an appropriate indemnity for such representation and warranty.	Please refer to the response to query 38.
40.	<p>The PIM requires the following payments;</p> <ol style="list-style-type: none"> 1. A non-refundable VDR access fee in the form of a demand draft of INR 10,000,000 which would equate to approximately US\$135,345. 2. An application fee in the form of demand draft of INR 1,000,000 which would equate to approximately US\$13,500. <p>Please note that it is a matter of corporate policy and an instruction from the Group Board that we will not pay fees in advance of, or for, an investment opportunity. We invest a lot of money in due diligence and in preparation of suitable proposals. In fact, it would be normal for us to receive some reimbursement for such work. We will not pay for the privilege of doing so. This is inequitable and unacceptable.</p>	No change in the PIM provisions
41.	Para 9.15 (Page 102)	VDR access fee is non-refundable. The suggestion has been noted.

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	GOI has the right to call off the proposed transaction at point of time. In such an event, would the non refundable amount of 1 crore paid for purposes of VDR access, be repaid?	
42.	<p>Para 9.14 (Page 102), and Disqualifications (Para 13.9, 13.10)(Page141)</p> <p>These provisions inter alia provide for the right of GOI to disqualify for any other reason deemed fit and without providing reasons. This seems very broad and arbitrary. Please consider deletion. Further, please clarify if a bidder can be disqualified despite meeting bid conditions.</p>	There is no intent to disqualify a bidder who meets the bid conditions. However, no change in the PIM provisions.
43.	<p>Disqualifications (Para 13.2 (d)) (Page 135)</p> <p>This provides disqualification for a failure to provide additional documents to TA, within time prescribed by TA. This time period needs to be not less than 30 days, given the failure to provide these documents could result in disqualification.</p>	No change in the PIM provisions.
44.	<p>Disqualifications (Para 13.2 (i)) (Page 136)</p> <p>This provides for disqualification on account of failure to comply with any reasonable request of the GOI – This is vague and hence, should be deleted.</p>	No change in the PIM provisions. Further, please note that the provision is in relation to the Proposed Transaction.
45.	<p>Disqualifications (Para 13.2 (s)) (Page 137)</p> <p>Whether any adverse order against the shareholder of consortium will negatively impact the qualification process. Scope of adverse to be clearly defined.</p>	Please refer to clause 13.2 (s) of the PIM which sets out the scope of adverse order as “any adverse order passed against it by a regulatory authority which would cast a doubt on the IBs ability to manage the Companies when it is disinvested,

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		or which is related to a grave offence that outrages the moral sense of the community.”
46.	<p>Para 10.11 (Page 110)</p> <p>This provision provides for obligations under the PIM to continue even post execution of definitive agreements – this is fairly onerous given that the PIM contains language (for instance in Para 12.12, the GOI has the right to seek, any additional performance obligations from the IBs). It is submitted that all obligations on the IBs should only be contained in the definitive agreements and the PIM should only operate to govern parties till the execution of the definitive agreements.</p>	To clarify, any such additional obligations will be set out in the definitive documents at the RFP stage.
47.	<p>Para 10.20 (Page 110)</p> <p>The current EOI does not provide for a single window clearance for successful bidders and it requires bidders to apply for the various approvals separately, as a part of the transaction. It is requested that given the scale of the transaction and the detailed bidding process, the successful bidder should be accorded an opportunity to seek all relevant approvals through a single window clearance system within the GOI (other than the CCI approval)</p>	The suggestion has been noted for due consideration at the RFP stage.
48.	<p>Para 12.10 (Page 133)</p> <p>The TA has the ability to call for additional documents, however there are no confidentiality or similar obligations on the TA or other advisors or the GOI. Also generally, GOI should confirm that confidentiality of all information / documents submitted as part of the EOI / Proposed</p>	No change in the PIM provisions

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	Transaction shall be maintained by the GOI, TA and all other advisors.	
49.	<p>Signatories to EOI (para 10.1 and 10.5, page 103 and 109)</p> <p>(A) This para requires that "all members of the Consortium shall submit their individually filled in and signed (by respective Authorised Signatories of IB) and stamped forms/certificates as required under para 10.4, as if it was a sole bidder, to the Lead Member, who shall sign (through its own Authorised Signatory) and stamp every page of the forms filled by the members, and submit the same on behalf of itself and all the members of the Consortium to the TA"</p> <p>Further, 10. 1 states that the IBs should submit the 'original EOI' ...with IB's signature and stamp on each page. Given that the definition of IB includes each member of the consortium, please clarify if is a signature and stamp of each of the consortium member is required on the EOI or is it only the Lead Member. This is also contrary to the provision quoted in the paragraph above.</p> <p>(B) Please note that the Lead Member will not be able to verify the contents of the documents submitted by the other consortium members and therefore, the Lead Member should not be required to counter-sign the documents submitted by the other consortium members. Accordingly, we request you to delete the</p>	<p>(A) Please refer to clause 10.5 and 10.6 of the PIM</p> <p>(B) No change in the PIM provisions</p>

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	requirement of the Lead Member being required to counter-sign / stamp each document.	
50.	Clause 9.7 of PIM : Bank Guarantee What amount is being considered for the Bank Guarantee (in addition to other observations/queries shared earlier)	This information would be provided at the RFP stage
51.	Clause 11.3 (b) and 12.7 of PIM Parent Guarantee What amount is being considered for the Parent Guarantee ?	Indicative terms have been set out in the SPA. Further details to be provided at the RFP stage
52.	Requirement to legalize or apostle documents executed overseas : In relation to any documents which are being executed overseas, the requirement to apostle or legalize the document should be relaxed and the interested bidders should be allowed to submit such documents as part of the EOI so long as such documents are duly executed in accordance with applicable laws of the relevant jurisdiction. This is because the process to apostle / legalize the documents is onerous and time-consuming in certain jurisdictions and the number of documents required to be submitted as part of the Eoi is large.	IBs may submit the apostilled or legalized documents (which are being executed overseas) within 10 days, subsequent to the EOI Deadline provided the original documents without apostillation/ legalization are submitted with the EOI. The evaluation of the EOI will be contingent on IBs submitting such apostilled and legalized documents within 10 days of EOI Deadline.
53.	Substantial Ownership and Effective Control (para 10.20 and para 11.5) How will SOEC be determined?	IBs are advised to take their own legal advice prior to submitting the undertaking at EOI stage.
54.	Para 10.4 (B)(iv)(j) (Page 106) and Annexure 6 (Para 11, page 163) (A) This clause stipulates that IBs should submit audited financial statements for the previous 3 financial years,	(A) As clarified in clause 11.4 (a) of PIM, Latest audited financial statements should not be older than 15 months from the EOI Deadline. Accordingly, if EOI deadline is

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	<p>and if audited financial statements are not available for the immediately preceding financial year, then latest available unaudited / provisional numbers as certified by statutory auditors need to be submitted.</p> <p>(B) In the event the EoI deadline extends beyond March 31, 2020, IBs whose financial year ends in March will be able to submit neither the audited financials for FY'20 nor provisional for FY'20 (as the provisional financials take time to be prepared and further statutory auditors don't certify unaudited / provisional financials). In view of this, please confirm that if EoI submission deadline is extended beyond March 31, 2020, IBs (whose financial year ends in March) need to submit audited financials for only FY'19 (ended March 2019), FY'18 and FY'17, but not audited / unaudited / provisional financials for FY'20.</p> <p>(C) Further, whilst para 10.12 of the PIM states that all financial statements or data to be derived therefrom shall be based on consolidated financials, para 10.4(j) provides flexibility to IBs to provide reasons in case it can not submit its consolidated financial statements. We request a clarification that even for the purposes of para 10.12, standalone financials can be used if consolidated financials are not available for any reason.</p>	<p>beyond March 31,2020 , audited financial statements for 12 month period ending March 2019 , March 2018 and March, 2017 can be provided.</p> <p>(B) Further please refer to Clause 10.4.B.iv. j of the PIM. It is clarified that if the provisional/ audited financials are not available for the immediately preceding year, despite compliance with applicable laws and IB's undertaking reasonable endeavours, the IBs may submit the EOI without such financials, provided the IBs provide such financials (provisional and audited) as and when the financials are prepared.</p> <p>(C) It is clarified that only if IB is not required to prepare consolidated financial statements, standalone financials can be used. This needs to be backed by certificate from statutory auditor of IB as per format given in Annexure 16</p>
55.	<p>Annexure 2 (Format For Letter of EOI (Sole Bidder))(Para 3) (Page 144)</p> <p>The sole bidder should only be required to represent that the information is "complete and accurate in all material respects to the best of their knowledge". In this regard,</p>	<p>No change in the PIM provisions</p>

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	<p>please note that the Guidance Note-1 On Strategic Disinvestment Ministry of Finance Department of Investment & Public Asset Management already states in relation to the information that is required to be submitted that it "is complete and accurate in all material respects to the best of their knowledge". We request you apply the same threshold here</p>	
56.	<p>Annexure 3 (Format For Letter of EOI (Consortium)) (Para 4) (Page 150) and Annexure 20 (Affidavit) (Page 217) Each member should only be required to represent that the information is accurate in "complete and accurate in all material respects to the best of their knowledge". Further to the submissions in relation to the information in item 55 above and this item 56, Para 1 the affidavit states that the information provided by the IB is "true and correct and complete in all aspects". This is very wide and onerous and should be changed to the information being provided by the IB being true and correct in all material respects to the best of their knowledge. In this regard, please note that the Guidance Note-1 On Strategic Disinvestment Ministry of Finance Department of Investment & Public Asset Management already states in relation to the information that is required to be submitted that it "is complete and accurate in all material respects to the best of their knowledge". We request you apply the same threshold here.</p>	No change in the PIM provisions
57.	<p>Annexure 7 (Power of Attorney) (Page 167) The Format of the Power of Attorney ("PoA") prescribed in the PIM states that it is the PoA for signing of the</p>	

Sl. No.	Query	Response
	<p>EOI. We note that only the Lead Member is required to 'sign' the Eol. Accordingly, please clarify if:</p> <p>(A) please confirm if this POA can be executed in favour of any Authorised Signatory.</p> <p>(B) this POA needs to be executed by each consortium member in favour of an Authorised Signatory of the Lead Member in addition to its own Authorised Signatory?</p> <p>(C) if any other form of authorisation i.e. extract of charter document / board resolution will suffice from the perspective of the other consortium members (who are not Lead Members) instead a PoA.</p> <p>(D) this POA is to be countersigned by the Authorised Signatory of the Lead Member. Please note that the Lead Member cannot authenticate accuracy/ completeness of information and should not be asked to take on any additional liability on behalf of information/ documents provided by other members of the consortium.</p>	<p>(A) Please refer to the Fourth Corrigendum</p> <p>(B) Yes, this understanding is correct</p> <p>(C) A power of attorney is required to be submitted in terms of the PIM.</p> <p>(D) No change in the PIM provisions</p>
58.	<p>Annexure 8 (Format for Consortium Agreement) (Page 169) The Consortium Agreement contains the following onerous clauses:</p> <p>(A) Term of the Consortium Agreement: This agreement is silent on the term. It is submitted that the consortium agreement should only remain effective till</p>	<p>(A) Please refer to clause 17 of Annexure 8. Further, the comment has been noted for due consideration at the RFP stage.</p>

Sl. No.	Query	Response
	<p>the execution of the SPA and shall fall away automatically thereafter. This is because (a) upon execution, the SPA will govern the relationship of the parties; and (b) the members would require flexibility in operations and it will be onerous for the members to commit to this agreement after the execution of the Proposed Transaction, as doing so would require separate negotiations between the parties. Without prejudice to the clarification above, we request you to further clarify the following:</p> <p>(B) Scope of consortium agreement: The consortium agreement states that it sets out the entire understanding between members. Please note that the consortium members should be allowed to enter into other agreements and only confirm that the contents of such agreements do no conflict with the terms of the draft required by GOI under the PIM. If there is a conflict, the agreement submitted to GOI (as annexed to the PIM) shall prevail.</p> <p>(C) Interest in the consortium and financial Contribution: Para 2 states that “We have formed consortium comprising of ____members as follows....____% of interest and financial contribution in the Consortium” It is submitted that the language above assumes that the shareholding interest of a member in the consortium will be similar to</p>	<p>(B) Comment has been noted for due consideration at the RFP stage.</p> <p>(C) Please refer to clause 6 of the Annexure 8. %age of interest and financial contribution referred to in this clause 3 is in reference to shareholding percentage in SPV only</p>

Sl. No.	Query	Response
	<p>the financial contribution of such member. However, there could be a scenario where a member holds a certain shareholding percentage in the SPV but is also contributing through debt. Therefore, we request a clarification to this language which states that the above percentage should be limited to the shareholding percentage in the SPV and not the consortium and the words 'financial contribution', should accordingly, be deleted.</p> <p>(D) Obligation to submit the bid: Para 3 of Consortium Agreement states that "the Lead Member is hereby authorized by the Members of the Consortium and Members to the Agreement to bind the Consortium and receive instructions for and on their behalf". It should be clarified that the consortium members will not be compelled to a submit a bid after the execution of the consortium agreement and that the requirement of the Lead Member to bind the other consortium members is without prejudice to ability of the consortium members to exit the consortium at any time prior to the bid.</p> <p>(E) Timing for change in consortium and corresponding changes to the format of the Consortium Agreement: Currently, the PIM permits changes in the consortium 21 days from date of issue of RFP. We request you to amend the PIM to clarify that</p>	<p>(D) No change in the PIM provisions</p> <p>(E) Please refer to the Fourth Corrigendum.</p>

Sl. No.	Query	Response
	<p>changes to the consortium shall be permitted up to a period of 21 days prior to the submission of the bid in terms of the RFP and not 21 days from the date of issue of the RFP.</p> <p>Further, paragraph 5 of the Consortium Agreement also states that “there shall be no change to the ‘composition’ of the Consortium, and that any change prior to the EOI Deadline is permissible by withdrawing the EOI and submitting a fresh EOI before the EOI Deadline. The provisions of Para 12.1 of the PIM shall apply in this regard”. However, please note that para 12.2.2(b) of the PIM (applicable post closing of the Proposed Transaction) allows transfer of securities held by any consortium member in the SPV to another consortium member provided that such transferring member continues to hold 10% in the SPV. We submit that a similar principle is followed for the purposes of para 5, and accordingly, so long as the members of the consortium i.e. the ‘composition’ remain the same, change in proposed shareholding can be made provided that each consortium member maintains 10% in the SPV.</p> <p>(F) Transfer of shares inter-se between the consortium members: There is a contradiction between the flexibility provided in para 12.2.2(b) of the PIM (which</p>	<p>(E) & (F) If there is a change in the consortium holding, in accordance with Clause 12.1 of the PIM, then the consequent and similar change in the shareholding of the SPV would be permitted, subject to execution of necessary documents by the bidders, if required.</p>

Sl. No.	Query	Response
	<p>allows transfer of securities held by any consortium member in the SPV to another consortium member provided that such transferring member continues to hold 10% in the SPV) and Cl.7 of the consortium agreement which states that the 'entire shareholding' of each consortium member to be locked in for one year. Please clarify that the principle set out in para 12.2.2(b) of the PIM shall be followed.</p> <p>(G) Change in control / management control: Para 8 of the Consortium Agreement provides that: "There should not be a restriction on "change in management control" of each member of the consortium as required under Clause 12.2 of the PIM". Para 12.2.1(d) further provides that there should be no change in control of Confirmed Selected Bidder or the SPV. Please note that the requirement prohibiting change of control of consortium members / confirmed selected bidder should be deleted as some of the members could be publicly listed companies and accordingly, this requirement should only apply to the change of control of the bidding SPV. In any event, it may be noted that the consortium members / confirmed selected bidders are being evaluated on their financial capability, accordingly, once they meet the financial criteria, the restriction on change of control should not be made applicable to them.</p>	<p>(G) No change in the PIM provisions. Further, the comment has been noted for due consideration at the RFP stage.</p>

Sl. No.	Query	Response
	<p>(H) Change in shareholding of the SPV: Para 6 of the Consortium Agreement prescribes that “the shareholding of each Member of the Consortium in the SPV shall be the same as its interest in the Consortium as set out in Clause 2 above (subject to clause 12.1 of the PIM).</p> <p>It is submitted that the consortium members should be allowed to change the shareholding prior to bid submission. The consortium members should not be bound by the provisions of the consortium agreement until they submit a binding bid. Once the bid is submitted then the binding commitment should start for the consortium members.</p> <p>(I) Restriction on assignment, delegation and transfer: Para 19 states that “no Member at any given point of time, may assign or delegate or transfer their respective rights, duties or obligations under the PIM and/or EOI except with prior written consent of GOI.” It is submitted that such commitment should be part of SPA as this effectively means any change of shareholding requires GOI approval.</p> <p>(J) Accuracy and veracity of the representations and information and liability for breach: Para 13 and 18 of the Consortium Agreement make the Lead Member responsible for</p>	<p>(H) Please refer to clause 12.1 of the PIM and response to query (F) above</p> <p>(I) Please refer to clause 6, 7 and 8 of the Consortium Agreement (Annexure 8). Further, the comment has been noted for due consideration at the RFP stage.</p> <p>(J), (K) and (L) – No change in the PIM provisions</p>

Sl. No.	Query	Response
	<p>(a) any breach of commitments or obligations by any of the members under the PIM, EOI, RFP, Consortium Agreement, definitive documents or any other documents relating to the Proposed Transaction, and</p> <p>(b) the accuracy and veracity of the representations and information submitted by the Members respectively from time to time in EOI.</p> <p>(K) Responsibility for obligations: Para 4 makes the Lead Member liable and responsible for ensuring the individual and collective commitment of each of the Members of the Consortium in discharging all of their respective obligations in relation to the Proposed Transaction, including the obligations set out in the PIM. Para 10 also makes each Member of the Consortium, jointly and severally, responsible for the guarantee</p> <p>(L) In relation to the paragraph (I) and (J) above, it is submitted that:</p> <ul style="list-style-type: none"> • the Lead Member will not be able to verify the contents of the documents submitted by the other consortium members. • it is not legally feasible for the Lead Member to undertake such an onerous obligation and responsibility on behalf of the other members and be responsible for the individual and collective commitment of each of the Members of the Consortium in discharging all of their respective obligations in relation to the Proposed 	

Sl. No.	Query	Response
	<p>Transaction, including the obligations set out in the PIM.</p> <ul style="list-style-type: none"> • whilst, it is understood that a breach by one consortium member would disqualify the entire consortium, the Lead Member cannot assume the liability, if any, for any misstatements by any other member. The liability of each member in respect of accuracy of the documents and representations should be several and not joint. • Further, if there is a breach by any other member, the lead member should have the ability to buy-out the defaulting member (or bring in a new member) and in such a case the consortium and the lead member would continue to be eligible. <p>(M) In light of the inconsistencies between the PIM and the format of the consortium agreement, you are requested to clarify that the requirements of the consortium agreement will not enlarge the requirements of the PIM. Accordingly, the provisions in para 6, 7, 8 and 9 should be deleted from the consortium agreement and language in relation to the parties being in compliance with the requirements of para 12 of the PIM can be inserted. Accordingly, the PIM and the draft consortium agreement should be amended to reflect the above.</p>	<p>(M) No change in the PIM provisions. Please refer to the response to query (F) above</p>
59.	(A) Information / declaration in relation to Associates and other amendments:	(A)The principal officers have to be identified by the IB. For companies incorporated in India, key managerial personnel

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	<p>benefit of financial strength of such Affiliate), ours and our Affiliates' Controlling Shareholder(s)/partners (in case the IB or Affiliate includes a LLP), our Associate(s) shall not impact our capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact our qualification in terms of the Eligibility Criteria set out in the PIM, extant GOI instructions on disinvestment and instructions contained in the PIM.</p> <ul style="list-style-type: none"> • Annexure 18: We certify that based on our assessment, likely outcome of our contingent liabilities, contingent liabilities of our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate),ours and our Affiliates' Controlling Shareholder(s)/partners (in case the IB or Affiliate includes a LLP), our Associate(s) shall not impact our capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact our qualification in terms of the Eligibility Criteria set out in the PIM, extant GOI instructions on disinvestment and instructions contained in the PIM. <p>It is submitted that the certification requirement is too wide. Practically, given the size of operations of some of the IBs, they may have not the list of the litigations or the details of the litigations / contingent liabilities etc. against their Associates. Therefore, it is submitted that Associates should be deleted from the ambit of all the certifications / deceleration under the PIM.</p>	
60.	<p>Materiality threshold A number of requirements in the PIM / annexures</p>	

Sl. No.	Query	Response
	<p>seek disclosure of all information regardless of any materiality, for instance, Annexure 6 (Form A, Cl. H (page 165 of the PIM)</p> <ul style="list-style-type: none"> • IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) must provide with the EOI list of all the outstanding litigation along with certificate that as per IB's and Affiliate's (only in case IB is taking benefit of financial strength of such Affiliate) assessment, likely outcome of outstanding litigations against such IB, its Associate ,Controlling Shareholder(s) (or partners in case the IB or Affiliate includes a LLP) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), shall not have any impact on IB's capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact IB's qualification in terms of the Eligibility Criteria. • IB (sole bidder or each member of Consortium, as applicable) must provide with the EOI a List of all the contingent liabilities along with certificate that as per IB's assessment, likely outcome of contingent liabilities of such IB, its Associate and Controlling Shareholder(s) (or partners in case the IB or Affiliate includes a LLP) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), shall not impact on IB's capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed 	

Sl. No.	Query	Response
	<p>Transaction and impact IB's qualification in terms of the Eligibility Criteria - Annexure 18</p> <p>It is requested that IBs be allowed to use the materiality thresholds applicable in their financials for the purposes of the above disclosures, where relevant.</p> <p>In any event, it is submitted that given the wide and onerous requirements of the PIM and supporting document, the IBs be allowed to used standard materiality qualifiers for the purpose of any representations, warranties and covenants sought under the EOI documents.</p>	<p>Please refer to the Fourth Corrigendum</p>
61.	<p>10. 4 and Annexure 6 (Form A) (page 104 and page 160) Please provide the following clarifications :</p> <p>(A) Sources of funds: The executive summary requires the interested bidder to provide details of 'sources of funds', please clarify if this means the source of funds as set out in the financial statements of the relevant bidder or the sources of funds for the transaction. "</p> <p>(B) Ultimate Beneficial Owner: Whilst a definition of ultimate beneficial owner has been provided, there is no definition of 'influence' or 'ultimate effective control'. Accordingly, please clarify if the criteria prescribed in the Companies Act, 2013 for the purpose of determination of</p>	<p>(A) IBs have to provide details of sources of funds available for the Proposed Transaction</p> <p>(B) IBs are advised to take their own legal advice for the same</p>

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	<p>significant beneficial ownership can be used to determine ultimate beneficial owner.</p> <p>(C) Please clarify the scope of the term 'revenue details' and whether the revenue details set out in the financial statements can be used for this purpose.</p> <p>(D) Contact Information: Please clarify if the contact details required to be submitted for this purpose are required to be those of the Authorised Signatory or whether details of any other appropriate person can be provided for this purpose.</p> <p>(E) The form requires the submission of a list of 'principal shareholders'. Please clarify the scope of this term i.e. whether they would be the same as ultimate beneficial owners.</p> <p>(F) The shareholding pattern of the interested bidder is required to be disclosed in several places in the EOI documents, please clarify if such shareholding should be calculated on a fully diluted basis.</p> <p>(G) The form requires that if the IB is a foreign bidder, then a list of statutory approvals from GOI / RBI / DIPP / relevant ministry / government agency should be submitted. Please clarify that such a list of approvals can be inclusive in nature and updated from time to time. This is for the reason</p>	<p>(C) Yes, revenue details set out in financial statements can be used</p> <p>(D) Authorised Signatory contact details to be provided</p> <p>(E) Principal shareholders of IB to be provided (can be different from ultimate beneficial owners)</p> <p>(F) Such shareholding should be provided both for (i) equity shareholding and (ii) on a fully diluted basis. IBs are advised to ensure that such information, wherever required, is in compliance with the provisions of the PIM including Annexure 21.</p> <p>(G) Based on the consortium composition submitted as part of EOI, details should be furnished. IBs can update the information in case of change in consortium composition, or inter-se shareholding change among consortium members, undertaken in accordance within terms of the PIM.</p>

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	<p>that some approvals may depend upon the structure of the consortium and addition / deletion of members thereof. Accordingly, the IBs should have the ability to update the information submitted. "</p> <p>(H) The PIM and the Form use a number of undefined terms, such as 'joint venture' / 'alliance' / 'international operations'. It is submitted that whilst terms like 'joint venture' are defined in the Companies Act, 2013 / accounting standards, terms like 'alliance' or 'international operations' are very broad and not defined. Accordingly, please clarify that for the purpose of undefined terms under the PIM, the definitions under the Companies Act, 2013 or accounting standards can be used and for the purposes of foreign parties, such terms can have the meaning given to them under the laws applicable in the relevant jurisdiction. Further, please clarify the approach in relation to terms which are not defined under applicable laws (both Indian and foreign).</p> <p>(I) Para 10.4 (g) requires the IBs to submit a certificate for eligibility to participate in the Proposed Transaction. We note that no format has been prescribed for this purpose. Accordingly, please clarify whether the provisions contained in para 10 of Form A will cover this requirement as they set out the 'basis of eligibility to participate in the bid process'. Accordingly, a separate certification in this regard will be redundant.</p>	<p>(H) For the purpose of undefined terms under the PIM, the definitions under the Companies Act, 2013, applicable accounting standards or definitions under the laws applicable in the relevant jurisdiction may be used.</p> <p>It is clarified that the IB shall provide brief details of only those entities which the IB considers as being material (directly or indirectly) to its business and/or the Proposed Transaction.</p> <p>(I) Annexure 2 (clause 3) or Annexure 3 (clause 4) would suffice this requirement</p>

Sl. No.	Query	Response
62.	Please provide the estimated loss of revenue on account of non-continuity of mandatory travel of GOI employees (on duty) in AI and its impact on company's profitability	The contribution of revenue from travel of GOI employees is around 2.9% of the total revenue for AI & AIXL (for FY2019). However, post disinvestment, GOI employees may still continue to travel in AI and AIXL, considering AI's and AIXL's network coverage and service offerings.
63.	Clause 3.8 of PIM : The mandatory air travel on official account is to be discontinued for the proposed transaction. Additional details on the operations from such official account is required. To understand the post transaction effect on the operational side - the real traffic on routes, real passenger load factor and resultant profitability.	Please refer to the response to query 62
64.	Please consider extension of 6 month period related to possession/rights of use of fixed assets from MIAL/DIAL for a longer period and 2 years for period related to possession/rights of use of the corporate office, training facilities and airline house additional years.	No change in the PIM provisions
65.	Clause 6.1 (Preliminary Information Memorandum ("PIM")) - Debt Allocation : Please confirm if there are any proposed re allocation of debts in relation to AISATS.	It is clarified that there would be no re-allocation of debt and/or liabilities of AISATS.
66.	Clause 1.1 (PIM)- Terms of the existing JV (AISATS)- Please clarify the terms of the AISATS.	Please refer to the response to query 11.
67.	Lock in of 1 year (12.2.1) (Page 127) This currently restricts transfer of shares for a period of one year. GOI to consider if consortium members should be permitted to make inter group transfers to their respective Affiliates.	No change in the PIM provisions
68.	Please consider extending the availability of slots/ bilateral flying rights from 6 months to at least 24/36 months as the	Please refer to the Fourth Corrigendum

Sl. No.	Query	Response
	new investor would require more time to stabilize and ramp up its operations post takeover	
69.	Licensed fixed assets from MIAL and DIAL: right to use up to 6 months post disinvestment to be extendable at the option of shortlisted bidder. Terms and Conditions pertaining to the right to use these fixed assets to be shared.	Please refer to clause 3.10.1 of the PIM for the terms and conditions for the right to use and also to response to query 64. Further details would be provided at the RFP stage.
70.	We understand that the AI Office at Nariman Point, Mumbai would not be transferred to the Bidder as part of the Proposed Transaction. Please confirm our understanding.	Yes, this property will not be a part of the Proposed Transaction.
71.	Please provide details of the existing ownership and rights-to-use/treatment for Indian Airlines brand	There is no registered Indian Airlines brand at present.
72.	Whether Air India as a brand part of the transaction – Ownership of brand also gets passed to the buyer?	The identified brands of AI will be part of the Proposed Transaction. Please refer to the Clause 3.11.vi and 12.15 of the PIM
73.	Please provide broad terms regarding usage of the Air India Brand (including time period for which the brand is compulsorily to be used)	Indicative terms of usage of AI brand have been set out in the SPA.
74.	Please provide broad terms of the ESOP (in reference to Clause 12.3).	Indicative terms of the ESOP have been set out in the SPA.
75.	Please provide broad terms relating to indemnities provided by GOI and procedure to be followed with respect to the same	Indicative terms of the indemnities and associated procedure to be followed have been set out in the SPA.
76.	Please clarify whether GOI will indemnify against any undisclosed litigation/ legal action	Indicative terms of the indemnities are set out in the SPA.
77.	Clause 11.5 - Confirmation on applicable clauses as per FDI policy pertaining to Substantial Ownership	Bidders are advised to review the FDI policy/guideline (including Press Note 1 – 2018 and Press Note 2 - 2020)

Sl. No.	Query	Response
	<p>and effective Control applies to Air India: As per the consolidated FDI policy published on 28th August 2017, the clause pertaining to Substantial ownership and effective control is a sub clause to paragraph c. Note (iii) further mentions that para c does not apply to Air India. Since the onus of compliance with the FDI policy rests with the bidder/consortium, we request Authority to clarify and confirm the following understanding:</p> <p>(A) Investment in Air India by a foreign airline would be through the approval route and shareholding of the foreign airline would be limited to 49% only</p> <p>(B) Para c sub point (ii) mentions that 49% limit will subsume FII/FPI investment. Since para c does not apply to Air India, please confirm that a consortium comprising only of Foreign institutional investors will be eligible to bid for Air India</p>	<p>(A) Yes, investment in AI by a foreign airline would be through approval route and be limited to 49% (directly or indirectly) in accordance with the FDI policy.</p> <p>(B) Bidders are advised to review the FDI policy/guideline (including Press Note 1 – 2018 and Press Note 2 - 2020)</p>
78.	<p>Section 5.2.9.2 of the Consolidated FDI policy issued 28th August 2017 states that FDI beyond 49% in Scheduled Air transport services is through approval route:</p> <p>(A) At what stage will the Interested bidder/consortium be required to seek approval of GOI.</p> <p>(B) Will GOI and TA reject a bidder/consortium's EOI where FDI is projected to be beyond 49% or will the bidder/consortium be offered a chance to participate in the</p>	<p>Bidders are advised to review the FDI policy/guideline (including Press Note 1 – 2018 and Press Note 2 - 2020)</p> <p>(A) Govt. approval (only for the Confirmed Selected Bidder), if required under the FDI Policy, would have to be obtained before the completion of the Proposed Transaction and not at the EOI stage. Please also refer to the response of query 7. Further details to be provided in the RFP stage.</p> <p>(B) and (C) - Bidders are advised to review the FDI policy/guideline (including Press Note 1 – 2018 and Press Note 2 - 2020)</p>

Sl. No.	Query	Response
	<p>RFP stage, subject to the bidder/consortium meeting other conditions as specified in the PIM?</p> <p>(C) When does a consortium with FDI in excess of 49% seek government approval:</p> <ul style="list-style-type: none"> i. During EOI stage ii. During RFP stage OR iii. On being selected as the preferred bidder <p>What are the modalities for obtaining such an approval?</p>	
79.	How much maximum % of equity the Foreign company bidding for the AI will be eligible for ?	This would be subject to the extant FDI policy & SOEC guidelines. Bidders to seek their independent legal advice for this matter
80.	<p>(A) Can a foreign bidder investing hundred 100% need an Indian partner.</p> <p>(B) If yes can that Indian partner come in with only 350 Cr criteria.?</p>	<p>(A) Please refer to Clause 11.5 of the PIM. Please also refer to the response to the query 7</p> <p>(B) Minimum net worth of each consortium member should be equal to or more than INR 3,500 Mn. Accordingly, an Indian party with a net worth of INR 3,500 Mn may participate as a member of a consortium, provided the consortium meets the minimum net worth requirement of INR 35,000 Mn and other conditions set out in the PIM.</p>
81.	Can a foreign company listed in stock exchange with no balances and drawing finance from stock exchange shares participate.	Query is not clear. Please refer to response to query 80
82.	Qualification by using experience of an affiliate: For a bidder to use the financial strength of an affiliate, the Affiliate is required to submit:	No change to the provisions of the PIM. IBs are required to comply with the requirements as set out in the PIM including under Clause 12.7 of the PIM.

Sl. No.	Query	Response
	<p>a. Annexure 21 which is a confirmation by the affiliate permitting the Interested bidder to use its experience.</p> <p>b. Annexure 7 which is a power of attorney by the Affiliate</p> <p>c. Irrevocable guarantee as per clause 12.7</p> <p>In case the bidder is leveraging the experience of an PPP project in India which has Government of India and a state government as minority shareholders, obtaining an irrevocable guarantee would be virtually impossible. Such onerous clauses have not been adopted by Government of India in other PPP processes (airports, Highways, power sector) and the aforementioned requirements may be relaxed with respect to Air India transaction</p>	
83.	<p>3.11: Slots, Bilateral Flying Rights and Code Share Arrangements: The section reads as follows: “It is clarified that slots..... Post the expiry of the aforementioned period, based on actual utilization by AI and AIXL (post disinvestment), continued availability of such bilateral flying rights/slots shall be as per applicable MOCA/DGCA/sector regulations as relevant. Additional details shall be provided at the RFP stage”</p> <p>While the clause mentions that more details about slots, bilateral rights will be provided during the RFP stage, we request the Authority to consider extending the period the unutilized bilateral rights/slots for a period of 2 years given that the incoming investor will need 6-12 months to get a handle on operations and fleet and not be in a position to</p>	Please refer to the Fourth Corrigendum

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	critically evaluate or act on how best to enhance slot utilization.	
84.	Please provide clarity on the mechanics of carve-out of assets to AIAHL prior to the Proposed Transaction i.e. would this be a sale of assets, slump sale or a demerger as per Section 2(19AA) of the Income-tax Act, 1961 (IT Act)?	Certain identified assets of AI are currently proposed to be transferred to AIAHL, prior to the completion of Proposed Transaction. Additional details will be available at the RFP stage.
85.	In the event the carve out is proposed as a sale: (A) Whether the consideration for the transfer is proposed to be accordance with the minimum values prescribed under Section 56 of the IT Act (B) Given the nature of assets being transferred would there be any GST implications (C) Does AI have GST input credit to off-set such liability	Please refer to response to query 84
86.	Where the proposed carve out is contemplated as a slump sale: (A). Whether the combination of assets and liabilities being transferred qualify as an 'Undertaking' under Section 2(42C) read with Explanation 1 to clause 2(19AA) of the IT Act (B). Whether the transfer is proposed to be for cash consideration, or would it qualify as a slump exchange (C). Whether the undertaking being transferred has a negative or a positive net-worth. Would there arise a gain on such sale. In case the transfer is of an undertaking having negative net-worth, would the cost of acquisition be regarded as NIL (Zuari Industries Ltd vs. ACIT [2007	Please refer to response to query 84

Sl. No.	Query	Response
	105 ITD 56] or would added to the consideration (DCIT Vs Summit Securities Limited [TS 140 ITAT 2012]) from a capital gain computation perspective.	
87.	<p>Carried forward business losses (as per Income Tax Act) of around ~INR 406,280 Mn and total unabsorbed depreciation (as per Income Tax Act) of around ~INR 354,173 Mn (as of March 31, 2019) in AI (IBs are advised to take their own tax advice on this aspect).</p> <p>(A) Would it reasonable to assume that the tax losses amounting to INR 406, 280 Mn have at least 4 years of unexpired period for carry forward. Please provide the bidder with the schedule of tax losses for AI for the year ended 31 March, 2019.</p> <p>(B) Is there any MAT credit available with the entities which would form a part of the transaction?</p> <p>(C) Would AI be transitioning to the concession tax regime under Section 115BAA of the IT Act prior to the completion of the transaction</p> <p>(D) Would the proposed transaction of transfer of shares from the GOI to the Confirmed Selected Bidder ensure continuity of tax losses for AI. Whether a post transaction change in shareholding (<49%) impact the carry forward of such tax losses.</p>	<p>(A) The relevant information, to the extent available, will be provided in the VDR.</p> <p>(B) As on March 31, 2019, there is no MAT credit available with AI, AIXL and AISATS.</p> <p>(C) The relevant information will be provided at the RFP stage.</p> <p>(D) The treatment would be as per the extant Income Tax provisions.</p>

Sl. No.	Query	Response
88.	What is the expected amount of unabsorbed depreciation likely to remain with AI after the potential reallocation of debt and transfer of assets to AIAHL	The relevant information, to the extent available, will be provided at the RFP stage. Bidders are advised to obtain their own advice on the same.
89.	Where the proposed carve out of assets is contemplated for cash consideration, is there a proposed utilization of the funds received on such sale.	Please refer to response to query 84
90.	It is mentioned that AI is in the process of commencing the necessary formalities, as per extant regulations, for the purpose of transferring the non-core assets to AIAHL. Please provide the mechanics for such transfer along with the consideration details and tax implications (both under Income tax and GST)	Please refer to response to query 84
91.	Please provide clarity on slot/bilateral scenario post 6 months of divestment. Is it anticipated, that if these are being utilized, these will remain with AI or will these be open to competitive bidding post 6 months? If there are 20 slots and investor decide not to operate 5 slots for the first 6 months, is it imperative that these slots can be discontinued?	Please refer to the Fourth Corrigendum
92.	Further, for the slots which are utilized by the investor, will they continue or these can be withdrawn post 6 months period. Are there any penal implications / charges on termination of such rights	Please refer to the Fourth Corrigendum. Further details to be provided at the RFP stage.
93.	Reasonable estimates of continuity/availability of Jet Airways slots/bilaterals and expiry dates for this temporary allocation.	These bilateral rights (which have been allocated from Jet Airways' unutilized rights) are temporarily allocated up to October 31, 2020. Further decision regarding their continuation beyond this date may be taken depending upon the proceedings of Jet Airways before the NCLT, Mumbai.

Sl. No.	Query	Response
		Please also refer to the Fourth Corrigendum.
94.	Currently as per PIM AI is route compliant (RDG Compliance – regulatory requirement) while AIXL basis the routes it operates on it is not required to seek that compliance – In post transaction scenario whether AI + AIXL combined would remain RDG compliant?	RDG compliance is required for airlines operating in Category I Routes of the Indian domestic market as identified by DGCA. AIXL is not operating on Category I Routes. In view of the above, AI and AIXL are expected to remain RDG compliant to the extent applicable.
95.	Currently, Safety Management System (SMS) covers assets to be carved out for the transaction. Will this SMS be structured accordingly and handed over or are there any structures being evaluated	The SMS for the subsidiaries (proposed to be transferred out of AI) is proposed to be structured accordingly and handed over to the carved-out entities. Further details to be provided at the RFP stage.
96.	Is there any possibility of this debt identified at INR 2,32,865 Mn being revised, as allocation of the balance amount to AIAHL is subject to requisite approval	The debt amount to be retained with AI and AIXL is fixed, as per Clause 6 of the PIM. Further details to be provided at the RFP stage.
97.	Clause 12.2.2.a) It is specifically clarified that AI may issue securities subject to certain conditions mentioned therein. Please confirm whether AIXL and AISATS would also be permitted to issue securities within a period of 1 year from the date of closing of the Proposed Transaction in view of the restrictions as laid down in clause 12.1.1	As per the current construct set out in the PIM, AIXL and AISATS are permitted to issue securities provided they continue to comply with the restrictions set out in 12.2.1. Indicative terms have also been set out in the SPA.
98.	Clause 12.2.2.c) and 12.2.2.d) It is specifically clarified that AI / AIXL may merge, amalgamate or consolidate with the Confirmed Selected Bidder / AI subject to certain conditions mentioned therein. Please confirm whether merger, amalgamation or consolidation of AISATS with AI / AIXL / Confirmed Selected Bidder shall also be permitted subject to foreign shareholding sectoral cap.	As per the current construct set out in the PIM, a merger, amalgamation or consolidation of AISATS, which is in breach of provision set out in 12.2.1, is not permitted within the lock-in period. The indicative terms have also been set out in the SPA.
99.	Clause 12.4.	

Sl. No.	Query	Response
	<p>(A) Any estimates available either by AI or TA on what is the estimated loss funding required for the AI and AIXL combined over the next three years?</p> <p>(B) Will there be any support from GOI w.r.t. continuation of slot/bilateral availability, right to use land & fixed assets, and other benefits/services which are currently available for a period of 6 months as per the PIM versus a 3 year going concern commitment from the Bidder.</p>	<p>(A) Bidders are expected to undertake their own diligence for the process. No funding support or any other additional support from GOI (other than as set out in the PIM / definitive documents) will be provided by GOI.</p> <p>(B) Clauses related to aspects such as continuation of slot/bilateral availability, right to use land & fixed assets, and other benefits/services, are provided in the PIM. Indicative terms have also been set out in the SPA. No additional GOI support is envisaged.</p>
100.	<p>As per the PIM, understand GOI has also provided security for part of the debt instruments, need to understand the following pertaining to debt instruments getting allocated to AI / AIXL with guarantee from GOI</p> <p>(A) What kind of transition support is GOI providing against these and also duration for such support extended</p> <p>(B) Also, as a standalone entity post carve out, is the asset base getting allocated under AI & AIXL enough to guarantee these debts</p>	<p>Indicative terms have been set out in the SPA. Further details to be provided at the RFP stage. Please also refer to the response to query 99.</p>
101.	<p>The sum of certain identified current and non-current liabilities (other than debt) to be retained in AI and AIXL will be equal to the sum of certain identified current and non-current assets of AI and AIXL.</p> <p>(A) Please provide the break-up of the said assets and liabilities.</p> <p>(B) Please share the manner of determining the realizable value for such assets and liabilities</p>	<p>(A) Indicative allocation of liabilities (based on March 31, 2019 financials) has been provided in the VDR. Further details to be provided at the RFP stage.</p> <p>(B) This aspect would be clarified at RFP stage.</p>

Sl. No.	Query	Response
102.	<p>It is clarified that the Corporate Guarantees / Letters of Comfort given by AI on behalf of AASL, subject to receipt of requisite approvals, will not continue post the closing of the Proposed Transaction. However, the support extended by AI to AIXL (inter alia Corporate Guarantee etc.) will continue, post the closing of the Proposed Transaction. Please confirm if any Sovereign Guarantee granted on behalf of AI or AIXL would continue post the Transaction.</p>	<p>The indicative terms, relating to this aspect, have been set out in the SPA.</p>
103.	<p>In section 6.4 of the PIM it states, “Corporate Guarantees / Letters of Comfort given by AI on behalf of AASL, subject to receipt of requisite approvals, will not continue post the closing of the Proposed Transaction”.</p> <p>Please advise under what circumstances the words “Subject to receipt of requisite approvals could lead to a liability remaining for the successful bidder of AI for guarantees to an entity that is no longer part of the structure. It seems inequitable that the successful bidder should ever be left liable for past obligations for entities that are no longer part of the assets of the NewCo.</p>	<p>Suggestion has been noted for due consideration at the RFP stage. Further details to be provided at the RFP stage</p>
104.	<p>We request you to modify the PIM so as to provide for a cure period to enable a Bidder to cure a defect in the information or document provided at the time of submission of the EOI and any supporting documentation.</p>	<p>No change in the existing provisions of the PIM.</p>
105.	<p>PIM states certain aircraft are no longer under finance leases as the loans have been fully paid and the process to transfer the title of aircraft to AI is under process. Please</p>	<p>For wide body aircraft and two B737-800 NG aircraft (of AIXL), the process is underway and is proposed to be</p>

Sl. No.	Query	Response
	clarify why the process has not been completed as of this date. Are there any specific challenges and what is the expected timeline for the transfer?	<p>completed before the completion of the Proposed Transaction.</p> <p>For narrow body aircraft of AI, the Company estimates to complete the process of transfer by June 30, 2020.</p>
106.	As per PIM permanent technicians staff count is 100 only (38 in AI and 62 in AIXL), and other engineering related services are available from AIESL. Please confirm that these contract details will be available on VDR.	<p>Line maintenance, aircraft repairs, engine repairs and other repairs for AI/AIXL are currently undertaken by AIESL. The service level agreement between AIESL and AI/AIXL, governing the scope of services, would be provided at the RFP stage.</p>
107.	Ground and Airport handling employees are not categorised separately in PIM. Please can you confirm that the contracts for ground and airport handling employees are available in the VDR.	<p>Ground handling of AI/ AIXL is currently undertaken by AIATSL & AISATS (as applicable). The service level agreement between AIATSL and AI/AIXL governing the scope of services, would be provided at the RFP stage.</p>
108.	<p>We would require the following to be suitably covered/stated in the PIM and/or the definitive documents:</p> <p>(A) There are no benefits due to the contract or casual workers other than those set out at table 14 at page 33.</p> <p>(B) With respect to employee benefits, a mutually agreed structure needs to be agreed such that the liability of the Companies is limited to a fixed amount (payable on an annual basis) which may be agreed between the parties, basis an actuarial valuation by a reputed expert, of the existing liabilities in respect of the benefits accruing to the employees.</p>	<p>(A) Please refer to Table 14 for an indicative list of benefits for all categories of employees for AI. Further details to be provided at the RFP stage.</p> <p>(B)The actuarial valuation reports, as on March 31, 2019, for AI/AIXL have been provided in the VDR. Bidders may take note that historical annual pay-outs for terminal benefits (i.e. sum total of provision for gratuity, leave encashment and retirement benefit as mentioned in the audited accounts) is only around 0.6% of the total revenue of AI and AIXL combined (FY2019). Certain indicative terms have been set out in the SPA. Further details, including treatment of benefits</p>

Sl. No.	Query	Response
	<p>We reserve the right to review and comment on the existing actuarial valuation undertaken by AI as specified in the PIM.</p> <p>(C) With respect to the contingent employee claims that are disputed (to the extent not provisioned), we understand that the GOI will bear the costs once the same crystallized.</p> <p>(D) The liability on the Companies arising out of the employee benefits or the contingent employee liabilities/claims should be capped and the we would not be in a position to assume any uncapped liability. Any liability outside the agreed amount would be to the account of the GOI.</p>	<p>due to retired and existing employees, to be provided at the RFP stage.</p> <p>Suggestion has been noted for due consideration at the RFP stage.</p> <p>(C) The treatment of contingent liabilities due to employees will be clarified at the RFP stage, including contingent liabilities due to employees already retired, as set out in Clause 6.3 of the PIM.</p> <p>(D) Please also refer to our response (C) above. Details to be provided at the RFP stage.</p>
109.	<p>The PIM requires that a Confirmed Selected Bidder shall ensure that 3% of the equity shares of the Company acquired by the Confirmed Selected Bidder are offered to the permanent employees of AI as per terms of an ESOP. Instead of the foregoing, we propose to provide for an appropriate stock-based compensation scheme linked to certain performance parameters of AI. The relevant percentage of the stock-based compensation scheme shall be discussed at the RFP stage.</p>	<p>No change in the PIM provisions. Indicative terms have been set out in the SPA.</p>

Sl. No.	Query	Response
110.	Number of employees deputed across the different companies are significant. Will they return to their original company post transaction, or whether they will continue with their current company?	Please refer to Note below Figure 4 of the PIM. Further, please refer to Table 11 and Table 42 of the PIM which clarifies that the deputed employees are included in computation provided in the respective tables.
111.	Please confirm that details of the employment contracts will be provided in VDR for contracted staff.	The sample contracts for different category of employees have been provided in the VDR. Further details may be provided at the RFP stage.
112.	The PIM states that “The Confirmed Selected Bidder shall abide by conditions set out in the RFP and/or the definitive documents to safeguard employees’ interests” Please could you provide a detailed explanation as to what compliance with such a provision entails?	The indicative terms for safeguarding employees’ interest have been set out in the SPA (available in VDR).
113.	What is TA/ GOI’s view on employee separation necessitated on account of cost optimization opportunities which bidder might want to explore – All the more relevant as PIM allows for merger post transaction	The indicative terms of treatment of employees have been set out in the SPA (available in VDR).
114.	In view of above any thoughts on voluntary VRS prior to transaction closure	No VRS is contemplated, prior to the completion of the Proposed Transaction.
115.	If the new entity wishes to reduce the employee by giving VRS to permanent employee/ contractual employee whether the entity is bound to follow VRS guidelines issued by Government of India (Gujrat Model as extended to BSNL employees or any similar model) or not	Please refer to response to query 113.
116.	Human Resource: We expect that the following documents will be made available: Incentive plans, wage revision agreements, collective bargaining agreements, list of unions and details of their affiliations, detail of all labour disputes (past and present), grievances, strikes,	Your suggestion has been noted for due consideration at the RFP stage. Relevant documents, to the extent available, may be provided at the RFP stage.

Sl. No.	Query	Response
	stoppages, and litigations involving employees and/or Company	
117.	If any employee wishes not to continue in private entity whether GOI will take back the person or he will be compulsory retired from service. If he is to be compulsory retired from service, can the same be considered as an indiscipline case or he is to be given an honourably exit from service.	The indicative terms have been set out in the SPA(available in VDR).
118.	Whether the current balance sheet of Air India and AIXL have any provision for the past gratuity, leave encashment and other past entitlement of employees or not.	The current balance sheet of AI & AIXL includes the provisions relating to gratuity, leave encashment etc. based on actuarial valuation. These can be obtained from the detailed financials of AI & AIXL. (Please refer to Note 16 of AI Standalone financial statements and Note 22 of AIXL financial statements for additional details).
119.	<p>(A) We would require, the current assets of each entity forming part of the Companies shall be equal to current liabilities of such entity, and non-current assets of each entity forming part of the Companies shall be equal to non-current liabilities of such entity.</p> <p>(B) Further we would require, the current liabilities and non-current liabilities of the Companies would be capped to the realizable value of its current assets and non-current assets respectively. Please confirm the above understanding.</p>	<p>(A) As mentioned in clause 6 of the PIM, it is being clarified that the proposal is that the existing liabilities (other than debt) of AI and AIXL are being reallocated such that on the date of the closing of the Proposed Transaction, the sum of certain identified current and non-current liabilities (other than debt) to be retained in AI and AIXL will be equal to the sum of certain identified current and non-current assets of AI and AIXL. The suggestion is noted for due consideration at the RFP stage.</p> <p>(B) This aspect would be clarified at the RFP stage.</p>

Sl. No.	Query	Response
120.	<p>The debt transferred to the Companies shall be supported by the fair value of its fixed assets owned by the Companies (mainly aircraft, engines, simulators and other equipment). In the event that the fair valuation of these fixed assets of the Companies is less than the book value of these fixed assets, then Gol shall appropriately adjust the debt transferred to the Companies. In this regard, a fair market valuation of these fixed assets should be undertaken by a reputed international firm to ascertain their current realizable value. It is imperative that only sustainable debt (i.e. debt which is supported by the FMV of the assets) must remain on the books of the Companies. If that is not the case, then the GOI should either (a) reduce the debt on the books of the Companies; or (b) negotiate with the lenders and ensure that the lenders provide a financing package for continuing the debt with an average maturity of at least 7 years from the closing of the Proposed Transaction and on a fully non-recourse basis to the bidders.</p>	<p>The GOI has decided that debt of INR 2,32,865 Mn will remain with AI and AIXL, as set out in Clause 6 of the PIM. The remaining debt of AI and AIXL will be allocated to AIAHL. Further details to be provided at the RFP stage.</p>
121.	<p>We would require the following to be suitably covered/stated in the PIM and/or the definitive documents:</p> <p>(A) While the Confirmed Selected Bidder should have the right to use AI brands as defined in the PIM, it shall be under no obligation to continue the use of AI brands. The Confirmed Selected Bidder should have freedom to</p>	<p>(A) The indicative terms of usage of AI brands have been provided in the SPA (available in VDR). The comment has been noted for due consideration at the RFP stage.</p>

Sl. No.	Query	Response
	<p>decide the manner of use of the brand, including decision to not use the brands.</p> <p>(B) The ownership of the AI brand should vest with AI. Please clarify if this is indeed the case currently.</p> <p>(C) The Confirmed Selected Bidder should not be required to pay licensing fees for the brands. Also, the Confirmed Selected Bidder should have the exclusive right to use the AI brands at its option without payment of any licensee fee or royalty. The Carve Out Entities may be permitted to use the AI brand for a period of 6 months on mutually agreed terms.</p> <p>(D) The Confirmed Selected Bidder should have the right to change the name of any of the Companies entities.</p>	<p>(B) Please refer to Clause 3.11(vi) of PIM, which clarifies that the brands identified therein, are all registered trademarks of Air India in India.</p> <p>(C) Please refer to the response of query (B) above. Confirmed Selected Bidder shall not be required to pay any licensing fees for brands identified in Clause 3.11(vi) of PIM.</p> <p>(D) The indicative terms have been set out provided in the SPA (available in VDR).</p>
122.	<p>(A) The equity valuation for AI should be arrived at based on an agreed net debt and working capital.</p> <p>(B) At Closing of the Proposed Transaction, the Qualified Interested Bidder should have the ability to verify if the net debt and the working capital of the Companies on the date of Closing is the same as disclosed in the PIM or the same as agreed by bidders before the RFP. The Confirmed Selected Bidder should have the ability to undertake post-closing audit to check these numbers and in the event of any change to the agreed net debt or the</p>	<p>(A) This issue to be addressed at the RFP stage.</p> <p>(B) The terms of debt & liabilities reallocation have been set out in clause 6 of the PIM. Further details to be provided at the RFP stage.</p>

Sl. No.	Query	Response
	<p>working capital (as agreed upon prior to the submission of the bid) and the net debt or the working capital at the closing of the Proposed Transaction, the Confirmed Selected Bidder should have the ability to undertake a purchase price adjustment. We would require this customary right and therefore, necessary changes should be carried out in the PIM and/or the definitive documents.</p>	
123.	<p>(A) Clause 6 of PIM : On closing, net working capital are proposed to be NIL. Which line items under assets and liabilities (current/non-current) will form part of transaction?</p> <p>(B) The liquidity profile of current assets should match with current liabilities and non-current assets should match with non-current liabilities. In other words, current assets should comprise of liquid assets to pay off current liabilities</p>	<p>(A) The terms of debt & liabilities reallocation have been set out in clause 6 of the PIM. Further details to be provided at RFP stage.</p> <p>(B) Your suggestion has been noted for due consideration at the RFP stage.</p>
124.	<p>It is imperative that all liabilities which are not disclosed (or disclosed but which are agreed to be not specifically assumed by the Confirmed Selected Bidder) and which relate to a period prior to the cut-off date of the due diligence undertaken in respect of the Proposed Transaction shall be to the account of the GOI. Please confirm that suitable clauses will be incorporated in the definitive documents and the PIM to cover this point. Specifically, please confirm that there will be indemnities/compensation and similar other arrangements from the GOI which will compensate the</p>	<p>Indicative terms have been set out in the SPA. Your suggestion has been noted for due consideration at the RFP stage.</p>

Sl. No.	Query	Response
	Companies/Confirmed Selected Bidder from any claims, liabilities and similar such actions arising from events prior to the closing date, irrespective of such claims / liabilities fructifying post the closing of the Proposed Transaction.	
125.	Any guarantees or non-funded obligations or indebtedness that is given by the Companies which does not pertain to the Companies shall be replaced by Gol/ terminated on closing or continue with back to back guarantee / indemnity by the Government. Please confirm that suitable clauses will be incorporated in the PIM and/or the definitive documents to cover the above point.	Indicative terms have been set out in the SPA. Please also refer to the relevant provisions of the PIM, including Clause 6.4
126.	Contingent liabilities indemnified by GOI should also include ongoing cases, disputes, penalties, unfunded employee benefits, retired employee benefits among others . The list can be discussed based on review of information at RFP stage.	Please refer to Clause 6.3 of the PIM. Further indicative terms have been set out in the SPA.
127.	(A) Clause 6.1 of PIM : All loans retained should be fully compliant on covenants. All older non-compliances should be condoned or compensated before transfer (B) Residual loans should be compliant and protected against past lapses.	(A) Details to be provided at RFP stage. (B) Your suggestion has been noted for due consideration at the RFP stage.
128.	Please let us know if it will be a condition precedent for the GOI/AI to get the consent from the lenders to closure	Indicative terms of conditions precedent for GOI/AI have been set out in the SPA.

Sl. No.	Query	Response
	of the Proposed Transaction, given that Gol guarantee will not continue and will likely impact covenants?	
129.	Gol should indemnify the Confirmed Selected Bidder against any liabilities arising from potential litigation on action prior to transaction, that is not reported in contingent liability.	Indicative terms have been set out in the SPA. Your suggestion has been noted for due consideration at the RFP stage.
130.	<p>In the given facts, following clarifications are required –</p> <p>(A) Confirmation that the carve-out will not have implications on carried forward business losses i.e. Rs 40,628 crores will be available for set off in future years also.</p> <p>(B) Can we have information / quantification of reduction of unabsorbed depreciation on carve-out of assets to AIAHL?</p> <p>(C) Confirmation that all the losses and depreciation are allowable to be carried forward – no implications under section 80 of the Income-tax Act, 1961 i.e. late filing of return etc.As per the IM Company is eligible for following carried forward business losses and unabsorbed depreciation –</p> <ul style="list-style-type: none"> • Business Losses – Rs 40,628 crores • Unabsorbed depreciation – Rs 35,417 crores 	<p>(A) IBs are advised to obtain their own tax advice</p> <p>(B) The relevant information, to the extent available, would be provided in the RFP stage. IBs are advised to obtain their own tax advice.</p> <p>(C) Relevant information, to the extent available, would be provided at the RFP stage. IBs are advised to obtain their own tax advice.</p>

Sl. No.	Query	Response
	<p>It is mentioned that amount of unabsorbed depreciation may go down on account of carve-out of certain assets to AIAHL.</p>	
131.	<p>(A) What is the quantum of losses and unabsorbed depreciation of the Companies that will continue to vest with the Companies post-closing of the Proposed Transaction?</p> <p>(B) The Companies should be able to carry forward the losses and unabsorbed depreciation after the consummation of the Proposed Transaction and that necessary dispensations under the It Act should be granted in this regard. In summary, all forms of direct tax and indirect tax “assets” should continue, post the closing of the transaction.</p>	<p>(A) The relevant information, to the extent available, will be given at the RFP stage. IBs are advised to obtain their own tax advice.</p> <p>(B) Bidders are advised to take their own tax advice on the same</p>
132.	<p>(A) Details of the resultant impact on AI financials, tax implications and cash impact post transfer of the subsidiaries to AIAHL.</p> <p>(B) Section 2.2 Current Organization in PIM mentions that AIAHL has entered into a share purchase Agreement with AI for the purchase of AI’s entire shareholding in Air India Air Transport Services Limited (AIATSL). The completion of the transfer of shares of AIATSL from AI to AIAHL is subject to customary conditions precedent. AI is currently in the process of taking necessary actions to satisfy the conditions precedent.</p>	<p>(A) Indicative financial position post considering transfer of carved out entities (based on March 31, 2019 Financials) has been provided in the PIM (6.5.1 & 6.5.2). Further details, to the extent available, may be provided at the RFP stage</p> <p>(B) Please refer to our response to query 17.</p>

Sl. No.	Query	Response
	<ul style="list-style-type: none"> •Please provide the expected timeline to complete the acquisition? •Also, what are the expected timelines for hiving off the entities not under the Transaction Perimeter? 	
133.	<p>(A) Please confirm that there are no recurring expenses under the head 'Other Expenses'?</p> <p>(B) Please confirm that there are no recurring expenses would continue post-closing of the Proposed Transaction.</p>	<p>(A) Other Expenses (mentioned above & below EBIT in Table 24 of the PIM) are generally recurring in nature (please refer to Note 25 of AI Financials for breakup of the same).</p> <p>(B) The "Other Expenses" mentioned below EBIT (refer Table 24 of the PIM) includes Bank Charges and Exchange variation impact. It may be noted that the exchange variation amount is largely dependent on the year end exchange rate level and has increased significantly from INR 307.8 Mn in FY2017-18 to INR 7721.7 Mn in FY2018-19 due to increase in exchange rates</p>
134.	<p>We request you to clarify that a reference to the term "Control" as it appears in clause 12.2.1 and 12.2.2 shall mean, with respect to any subject person; (a) ownership, directly or indirectly, of more than 50% (fifty percent) of the voting securities of a subject person; (b) the power to appoint more than half of the non-independent directors of the board of directors or similar governing body of such subject person.</p>	<p>The term to be defined in definitive documents. The bidder may refer to the SPA in the VDR for the indicative definition of the term.</p>
135.	<p>The PIM requires that a Confirmed Selected Bidder shall ensure that AI and AIXL continue their business of providing air transport services on a going-concern basis for a period of 3 (three) years from the date of the closing of the Proposed Transaction. The Confirmed Selected Bidder shall only be required to "make reasonable</p>	<p>As set out in Clause 12.4, the terms to be specified in the definitive documents. Indicative terms have been set out in the SPA</p>

Sl. No.	Query	Response
	endeavours” to maintain AI and AIXL continue their business of providing air transport services on a going-concern. Without prejudice to the above, there shall be no obligation on the Confirmed Selected Bidder to provide any financial commitment or guarantee to Gol, Companies or the lenders to maintain the going concern status of AI or AIXL. The PIM should be suitably modified to cover the above change.	
136.	Please could you explain what constitutes “misuse of a company” as the phrase is used in the PIM	The bidder may refer to the draft SPA in the VDR for indicative terms. Further details would be provided in the RFP stage
137.	The PIM states that “The GOI/TA, reserves the right to seek any additional indemnities, warranties, representations or performance obligations from the IBs (including from any of their group companies), to its satisfaction.” The aforesaid clause is generic and would not be acceptable. Please could you specify what additional indemnities, warranties, representations or performance obligations are expected from the IBs? Please note that any such obligations would need to be mutually agreed.	The clause reserves a right for Gol and the bidders will have the option to the review the revised terms, if any, and consent to the same for continuing in the disinvestment process
138.	Please amend the PIM to clarify that post-closing of the Proposed Transaction: (A) any sale or transfer of assets of AI and AIXL, within the limit of INR 10,000 Million (INR 1,000 Crore) need not be in the “ordinary course of business”.	(A) and (B) No changes to the PIM at this stage. Further indicative terms have been set out in the SPA. The suggestion has been noted for due consideration at the RFP stage. Further details to be provided at the RFP stage

Sl. No.	Query	Response
	<p>(B) the Confirmed Selected Bidder shall have full freedom to dispose of aircrafts without the application of any monetary cap provided that such proceeds are only utilized for the business operations of AI and/or AIXL, or repayment of loans availed by AI and / or AIXL;</p> <p>(C) the Confirmed Selected Bidder shall be entitled to rationalize routes/slots (including discontinue services on any route or start new routes) operated by AI and AIXL at its sole discretion and without any fetters.</p>	<p>(C) Please refer to Clause 12.4 of the PIM. Further, details are available in the SPA.</p>
139.	<p>We would require</p> <p>(A) All owned fixed assets as listed in the PIM to remain as property exclusively owned by the Companies.</p> <p>(B) All leases and licenses in relation to all fixed assets (including leases from MIAL and DIAL), shall continue for a minimum period of 3 years on terms no less favourable than those granted to AI prior to the diligence cut-off date.</p> <p>Please confirm that suitable clauses will be incorporated in the PIM and/or the definitive documents to cover the above point.</p>	<p>Please refer to clause 3.10.1 (iii) & 3.10.2 of the PIM and the response to query 69.</p> <p>The annual rent for right to use (for the two-year period) for properties (<i>Refer Table 19 of the PIM</i>) would be a nominal amount plus applicable property taxes paid / to be paid by and maintenance cost incurred / to be incurred by AIAHL (if any). Additional details to be provided at the RFP stage.</p>
140.	<p>(A) Any transfer of movable/ immovable assets shall be undertaken without assumption of any liability by the Companies (including without limitation any tax liability) and all taxes, liabilities etc. in relation to the such transfer of assets shall accrue to Gol.</p>	<p>(A) Please refer to the response to query 18</p>

Sl. No.	Query	Response
	<p>(B) Further, there shall be no material dependencies between the properties that are being transferred and the business of the Companies. If there are material dependencies, then we would require the same principle that we have stated above (no. 16) on the treatment of dependencies pertaining to Carved-out Assets to be followed. Please confirm that suitable clauses will be incorporated in the PIM and/or the definitive documents to cover the above point.</p>	<p>(B) Please refer to Clause 3.10.1 of the PIM. Indicative terms have been set out in the SPA. Further details to be provided at the RFP stage.</p>
141.	<p>We would require that on and from the closing of the Proposed Transaction, there shall not be any restrictions or regulations applicable to the Companies that impact the Companies' ability to carry out its operations (including without limitation network operation, route rationalization), apart from restrictions or regulations applicable to other private scheduled airline operators in India; provided that nothing contained in the preceding sentence shall impact specific concessions sought from the Gol in relation to the Proposed Transaction and provided to the Companies by the competent authority.</p> <p>Please confirm that suitable clauses will be incorporated in the PIM and/or the definitive documents to cover the above point as it is crucial that the Confirmed Selected Bidder has complete and unfettered right to manage the operations of the Companies including rationalize, scale down any part of the business.</p>	<p>Please refer to Clause 12.4 of the PIM. Additionally, the indicative terms of obligations on the Confirmed Selected Bidder and Companies from the date of closing of Proposed Transaction have been set out in Chapter 12 of the PIM and further indicative terms have been set out in the SPA.</p>

Sl. No.	Query	Response
142.	<p>We would require that all the preferential status and benefits given by Gol to the Companies continue for such period as may be reasonably required and the same would be agreed in the SPA based on further information and discussions between the parties. Please confirm that suitable clauses will be incorporated in the PIM and/or the definitive documents to cover the above point as the preferential rights of AI and AIXL are crucial in the Confirmed Selected Bidder evaluation of the business viability of the Companies.</p>	<p>This would be governed by the applicable law. Please also refer to provisions of the PIM (including clause 3.8 and Fourth Corrigendum)</p>
143.	<p>We would require the following to be categorically covered/stated in the PIM and/or the definitive agreements as the following items have a significant impact on the financial prospects of AI and AIXL:</p> <p>(A) the bilateral rights or slots set out at tables 20, 21, and 22 and 48 of the PIM would continue to be fully retained by AI and AIXL, as the case may be, as at the closing date of the Proposed Transaction.</p> <p>(B) the Jet Airways bilateral rights and slots which are allocated on a temporary basis to AI and AIXL continue to be fully retained by AI and AIXL, as the case may be, at the closing date of the Proposed Transaction.</p> <p>(C) the bilateral rights of AIXL (as on Nov 01, 2019), which have not been provided explicitly in the PIM, would</p>	<p>(A) Please refer to the Fourth Corrigendum. Additional details may be provided at the RFP stage</p> <p>(B) Please refer to the response to query 93</p>

Sl. No.	Query	Response
	<p>continue to be fully retained by AIXL as at the closing date of the Proposed Transaction.</p> <p>(D) None of the bilateral rights or slots are utilized or will be (or unutilized) in a manner that would result in AI or AIXL, as the case may, losing such rights or slots anytime prior to the closing date of the Proposed Transaction.</p> <p>(E) AI or AIXL would be eligible to obtain the “historic precedence” (for continuation of slots / allotment of new slots) for the all the slots that AI and AIXL is currently using and which is listed out in the PIM.</p> <p>(F) Post-closing of the Proposed Transaction, the bilateral rights and slots as stated in the PIM would continue for a period to be mutually agreed between the Confirmed Selected Bidder and the Gol. In relation to slots and bilateral rights that are allocated but unutilized on the date of the PIM, we would require that the same be made available to the Confirmed Selected Bidder for such period as may be mutually agreed but in no event less than 3 years from the closing of the Proposed Transaction. In relation to slots and bilateral rights that are allocated and utilized on the date of the PIM, we require that the same be grandfathered and made available to the Confirmed Selected Bidder in perpetuity.</p>	<p>(C) Please refer to Table 22 of the PIM (which includes the bilateral flying rights utilized by AI/AIXL) and the Fourth Corrigendum</p> <p>(D) Please refer to the Fourth Corrigendum</p> <p>(E) The historical precedence of AI/AIXL will be available as per the Slot Allocation Guidelines of the MoCA.</p> <p>(F) Please refer to the Fourth Corrigendum</p>

Sl. No.	Query	Response
	<p>(G) The financials provided to an IB/Consortium shall reflect revenue from the routes/slots/network that shall be available to the Companies on closing of the Proposed Transaction.</p> <p>(H) AI or AIXL has not lost or surrendered any bilateral rights or slots in the last 24 months. If so, please provide the details of the same along with an assessment on the impact of the same on the future revenues of AI or AIXL, as the case may be.</p> <p>(I) The Confirmed Selected Bidder would have the flexibility to allow the Affiliate of a Confirmed Selected Bidder to utilize the slots available with AI or AIXL.</p> <p>(J) Please provide us with a route-wise revenue, cost and its outcome (net result) break up of AI And AIXL. Please could you provide details as to the extent of revenue derived from connecting traffic (passenger count) provided by AIXL to AI on international connected routes.</p>	<p>(G) Please refer to the Fourth Corrigendum. Further details to be provided at the RFP stage.</p> <p>(H) AI/AIXL has not surrendered any rights or slots in last 24 months. Further, details to be provided at the RFP stage.</p> <p>(I)As per the slot allocation guidelines of the MoCA, the allocated slots to an airline are not transferable to any other airline/company.</p> <p>(J) Details, to the extent available to be provided at the RFP stage</p>
144.	<p>We understand AI has the 'first right of refusal' on the international flying rights and we will expect that the same shall continue after the Closing date.</p>	<p>AI, a 100% government owned airline, has been given preference in allocation of traffic rights as per extant guidelines. However, it does not confer any first right of refusal for international flying rights. After closing of the Proposed Transaction, the extant guidelines as applicable to other airlines will also be applicable to AI.</p>

Sl. No.	Query	Response
145.	At what stage will aircraft records and maintenance data be made available.	The details, to the extent available, would be provided at the RFP stage.
146.	At what stage will the aircraft lease agreements be made available? Have there been discussions with existing lessor / financiers with respect to the Proposed transaction and their willingness to continue with the leases or financings been confirmed.	Please refer to the response to query 11. Details, to the extent available, would be provided at the RFP stage.
147.	The reallocation of debt as well as liabilities from AI to AIAHL is subject to approval from lenders, creditors and regulators. By when are such approvals expected to be received.	Debt of INR 21,985 Crore (as on March 31, 2019) has already been transferred to AIAHL. Additional details to be provided at the RFP stage.
148.	<p>It is critical for a Bidder to ascertain the existing shareholder relationship, control of and governance mechanism of AI SATS. We would require such information to be available at Stage I of the Bid Process. Upon closing of the Proposed Transaction, we require that the Confirmed Selected Bidder shall:</p> <p>(A) have the unfettered right to exercise management and operational control over AI SATS including the right to nominate the majority of the directors on the board of AI SATS; and</p> <p>(B) not be under any legal obligation (conditional on any future event or otherwise) to purchase 50% of the stake of SATS, Singapore (including by virtue of the Proposed Transaction).</p> <p>(C) not be under any legal obligation (conditional on any future event or otherwise) to sell its 50% stake to SATS,</p>	No changes to the PIM. Please refer to the response to query 11

Sl. No.	Query	Response
	<p>Singapore or any other person (including by virtue of the Proposed Transaction).</p> <p>Please confirm that suitable clauses will be incorporated in the PIM and/or the definitive documents to cover the above point as it is necessary for the Confirmed Selected Bidder to have complete and unfettered control over the Companies</p>	
149.	<p>Kindly advice relevant timeframe for obtaining security clearance. It may be time consuming for consortiums having multiple partners using experience of their affiliates.</p>	<p>Please refer to clause 9.8 of the PIM. Further details to be provided at the RFP stage</p>
150.	<p>Scope of R&W contemplated in SPA</p>	<p>The indicative terms have been provided in the SPA.</p>
151.	<p>What are the implications on Shareholder Agreement (AISATS), or operations on account of change in ownership of Air India (e.g. ROFR)</p>	<p>Please refer to the response to query 11</p>
152.	<p>(A) We understand that the Confirmed Selected Bidder and the GoI would execute the SPA (in the form agreed at the time of submission of the financial bid) on the date of selection of a Bidder as a Confirmed Selected Bidder. Please confirm.</p> <p>(B) The SPA should include customary standstill provisions. Without prejudice to the foregoing, we propose that upon execution of the SPA, an Implementation Committee would be formed, comprising of representatives nominated by the Confirmed Selected Bidder and nominees of the GoI and the</p>	<p>(A) The definitive documents will be negotiated with QIBs at the RFP stage and finalized prior to the submission of financial bid. The execution of the share purchase agreement with the Confirmed Selected Bidder would be subject to the security clearance process. Additional details to be provided at the RFP stage.</p> <p>(B) Indicative terms have been provided in the SPA. Suggestion has been noted for due consideration at the RFP stage.</p>

Sl. No.	Query	Response
	<p>Companies, with a majority of the representatives of the Implementation Committee being nominees of the Confirmed Selected Bidder. We would require all key business decision during the interim period (i.e. between execution of the SPA and closing of the Proposed Transaction) to be discussed and approved by the Implementation Committee.</p> <p>(C) We require that once a bidder is selected as a Qualified Interested Bidder (i.e. prior to submission of final bid or closing of the Proposed Transaction), such Qualified Interested Bidder would be permitted to approach the relevant regulators (including the Competition Commission of India) to obtain the consent of such regulators for the Proposed Transaction. This will significantly reduce the overall deal closure timelines.</p>	<p>(C) Suggestion has been noted for due consideration at the RFP stage.</p>
153.	<p>Upon closing of the Proposed Transaction, the Confirmed Selected Bidder should have an unfettered right to exercise management and operational control over the Companies including without limitation the right to nominate all the directors on the board of AI and AIXL. Further, the existing directors on the board of AI and AIXL should forthwith resign at the closing of the Proposed Transaction. Please confirm that suitable clauses will be incorporated in the PIM and/or the definitive documents to cover the above point as it is</p>	<p>Please refer to the response to query 141. The indicative terms have been set out in the SPA.</p>

Sl. No.	Query	Response
	<p>necessary for the Confirmed Selected Bidder to have complete and unfettered control over the Companies.</p>	
154.	<p>At the option of the acquirer, the entire existing senior management of Companies should have an obligation to continue for a minimum tenor (to be agreed) to ensure there is no interruption in operations and to facilitate a smooth transition to the Confirmed Selected Bidder. Further, the Confirmed Selected Bidder should have the unfettered right to change the management of the Companies upon closing of the Proposed Transaction or any time thereafter.</p> <p>Please confirm that suitable clauses will be incorporated in the PIM and/or the definitive documents to cover the above point as it is necessary for the Confirmed Selected Bidder to have complete and unfettered control over the Companies.</p>	Please refer to the SPA for indicative terms.
155.	<p>We would require the following to be suitable covered/stated in the PIM and/or the definitive documents:</p> <p>(A) No investigations, actions or proceedings shall be initiated or taken against the Companies (including its assets) in relation to any non-compliance with applicable anti money laundering or anti-corruption laws by the Companies during the period prior to the Closing of the Proposed Transaction;</p> <p>(B) In the event that any action is initiated against the Companies (or in relation to the assets of the</p>	Indicative terms have been set out in the SPA. Suggestions have been noted for due consideration at the RFP stage.

Sl. No.	Query	Response
	<p>Companies) for a breach of law arising out of actions undertaken during the period prior to the Closing of the Proposed Transaction, GoI shall indemnify and compensate the Companies for such loss.</p> <p>(C) In the event that a breach of law (arising out of actions undertaken during the period prior to the Closing of the Proposed Transaction) results in any coercive action being undertaken against the Companies, and consequently results in a loss to the Companies, the GOI shall compensate the Companies to the extent of such loss.</p> <p>(D) Up until the closing of the Proposed Transaction, the business of the Companies is not (and shall not be) undertaken in a manner which would result in a violation of any sanction rules that may apply to a non-resident bidder.</p>	
EOI Submission Related Clarifications		
156.	<p>Investment in Airports</p> <p>The SP, for this investment in Air India, should be granted a specific exemption from any restriction on ownership or shareholding in airports in India, either by itself or through its affiliates.</p> <p>This will encourage investors across all categories in aviation sector to evaluate this opportunity</p>	<p>This will be governed by the relevant agreements at the respective airports. IBs are advised to obtain their own legal advice for the same.</p>
157.	<p>In the table mentioned at point 2 of Annexure 16, with respect to the details of immovable property</p> <p>(A) If property description is proposed to be categorized as residential or commercial.</p>	<p>Please refer to the Fourth Corrigendum</p>

Sl. No.	Query	Response
	<p>(B) Can we avoid address of the property as this information will anyway be shared with the qualified chartered accountant to enable him to provide the certificate to us.</p> <p>Itemized details of sub-categories are not required to be provided to EY, as this information will anyway be provided the qualified chartered accountant to enable him to provide the certificate to us, for instance bank account wise balances will not be noted in the certificate</p>	
158.	<p>Ref: Annexure 16 of the Preliminary Information Memorandum ("PIM") issued on 27th January, 2020 Please note below proposed change for 'Annexure 16' format. This changes will support reporting requirements from Sole Bidders;</p> <p>Companies are required to attach an auditor's certificate on Net Worth accompanied by audited financial statements. Sole Bidder should be asked to do the same. They should be asked to submit an auditor's certificate of net worth accompanied by an AUDITED Net Worth Statement. The level of detail in the Sole Bidder's Net Worth Statement to be same as that in a Corporate Balance Sheet. It will classify the assets and liabilities but will not specify each asset and each liability.</p>	Please refer to the Fourth Corrigendum
159.	<p>Concern about the extent of detail being sought from individual shareholders of proposed bidding vehicle/s. Proposal below is request to make it simpler without in any ways suggesting sacrifice of diligence :</p>	Please refer to the Fourth Corrigendum

Sl. No.	Query	Response
	<ul style="list-style-type: none"> ➤ Companies are required to attach an auditor's certificate on Net Worth accompanied by audited financial statements. ➤ Individuals should be asked to do the same. They should be asked to submit an auditor's certificate of net worth accompanied by an AUDITED Net Worth Statement. The New Worth Statement will look like a Corporate Balance Sheet. ➤ The level of detail in the Individual Net Worth Statement is the same as that in a Corporate Balance Sheet. It will classify the assets and liabilities but will not specify each asset and each liability. ➤ Other than the fact that the requirement from an individual should be no more than that from a Corporate, the commercial and security risk of setting out details makes it entirely undesirable to do so. ➤ Please note that even Tax Returns are confidential documents. <p>Finally, there is every chance that any disclosures that we make will end up in the public domain either by error, by a court order or a public audit.</p>	
160.	<p>In reference to point 11.5 relating to Continued Compliance with Substantial Ownership and Effective Control Criteria and FDI Policy, please clarify if classification of Indian nationals includes individual or entity controlled by an individual/s holding Indian nationality and passport and has no implication without</p>	<p>Bidders to seek their independent legal advice for the same. Bidders are advised to review the FDI policy/guideline (including Press Note 1 – 2018 and Press Note 2 - 2020)</p>

Sl. No.	Query	Response
	<p>any restriction to their residency or majority of the consortium owned and led by Non-Resident Indians (not foreigners).</p>	
161.	<p>EOI Documentation (Page 103) & EOI Documentation (para H of Annexure 6)</p> <p>(A) The documents and information required for EOI submission are very extensive. It would be impractical for listed entities to provide certain certificates of directors (Govt to rely on public information through the MCA website) and all outstanding litigation (there will be ongoing small claims). While the Confirmed Selected Bidder shall certify that there is no outstanding litigation that would have any impact on IB's capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact IB's qualification in terms of the Eligibility Criteria, it should not be required to provide a list/summary of all outstanding litigations.</p> <p>(B) Given the short time frame for review, we reserve the right to comment on the formats of the various certificates to be provided by the Bidder and/or its Affiliate and its auditors in connection with the submission of the EOI.</p>	<p>(A) Please refer to the Fourth Corrigendum</p> <p>(B) Please refer to the Fourth Corrigendum</p>

Sl. No.	Query	Response
	<p>(C) Page 107 of the PIM requires a Bidder/Consortium to submit a “Brief note of IB’s (sole bidder or each member of Consortium, as applicable) and Affiliate’s (only in case IB is taking benefit of financial strength of such Affiliate) international operations, joint ventures, alliances (whether international or domestic), including incorporation details, registered office, effective management and control, nature and size of such operations, equity ownership (if applicable), and copies of the audited financial statements for the immediately preceding financial year for such entities”. Please amend the PIM to remove such an obligation as this is an extremely onerous and off-market obligation.</p>	<p>(C) It is clarified that the IBs are required to provide brief details of only those entities which the IB considers as being material (directly or indirectly) to its business and/ or the Proposed Transaction.</p>
162.	<p>Please confirm whether each of the structures contemplated below would be permitted:</p> <p>(A) Party A, B and C submit the EOI as a consortium with A as the lead member. Can Party B and C completely withdraw and Party A submit the RFP as a sole bidder, subject to Party A meeting the qualification criteria set out in the PIM?</p> <p>(B) Party A submits the EOI. Can an Affiliate that is relying on the financial strength of Party A (not being an SPV but a company with operations) of Party A submit the RFP instead of Party A?</p>	<p>(A) Party A may bid as a sole bidder, if the change is in accordance with Clause 12.1 of the PIM, which would <i>inter alia</i> require Party A to continue to meet the Eligibility Criteria and other requirements set out in the PIM.</p> <p>(B) No, this is not permissible as per the provisions of the PIM</p>

Sl. No.	Query	Response
	<p>(C) Party A submits an EOI as a sole bidder. There is a change in shareholding of Party A prior to the submission of RFP such that Party A is 49% held by a new shareholder. Can Party A submit an RFP</p> <p>(D). Can Party A (lead member) and Party B submit the EOI as consortium. Can an existing operating entity (Party C) in which both Party A and Party B are shareholders and Party A holds more than 50% of the voting capital of Party C be the special purpose vehicle of the consortium (i.e. consortium comprising of Party A and Party B). If yes, prior to RFP, can (i) Party A's Affiliate replace Party A as the lead member of the consortium? OR (ii) Party A's Subsidiary replace Party A as the lead member of the consortium?</p> <p>"Affiliate" means in relation to any entity, a person who controls, is controlled by or is under common control with such entity. Control shall have the same meaning as under the Companies Act, 2013.</p>	<p>(c)Yes, Party A would be allowed to submit RFP provided Party A continues to meet the Eligibility Criteria and other requirements set out in the PIM and provides information about new shareholder/change in shareholding to TA. It is clarified, that in case Party A was qualifying based on the credentials of its Affiliate B (as per PIM provisions), then even after the change in shareholding, Party A should continue to remain the Affiliate of B.</p> <p>(D) No, the special purpose vehicle has to be a newly incorporated entity created for the purpose of acquiring shares held by GOI in Company</p>
163.	<p>Para 12.1 (bidding structures) (Page 127) Please note that whilst under para 12.1(ii) a sole bidder is allowed to form a consortium,</p>	<p>Subject to meeting the Eligibility Criteria and the requirements/conditions set out in Clause 12.1 of the PIM</p>

Sl. No.	Query	Response
	<p>there is no reference to a reverse situation where a consortium is changed to a sole bidder. In our view, given that para 12.1 (ii) allows a change in the consortium as long as the Lead Member continues and meets the net worth and other criteria, this should be permissible. Please clarify.</p>	<p>and other requirements set out in the PIM, Lead Member can participate as a sole bidder at RFP stage.</p>
164.	<p>Please see below additional clarification required on the bidding structures:</p> <p>(A) Party A and Party B submit an EOI as a consortium with Party A as lead member. We request you to clarify that parties are permitted to change the consortium to allow exit of Party B.</p> <p>(B) Party A and Party B submit an EOI a consortium with Party A as lead member. We request you to clarify that parties are permitted to change the consortium to allow Party B to be replaced by another Party C?</p> <p>(C) Party A and Party B submit an EOI as a consortium with Party A as lead member. We request you to clarify that parties are permitted to acquire AI through an existing operating company (Opco) in which the equity shareholding of such OpCo is the same as the interest of the members in the consortium as submitted as part of the EOI.</p>	<p>(A) The proposed change may be undertaken in accordance with Clause 12.1 of the PIM, which would <i>inter alia</i> require Party A to continue to meet the Eligibility Criteria and other requirements set out in the PIM.</p> <p>(B) The proposed change may be undertaken in accordance with Clause 12.1 of the PIM, which would <i>inter alia</i> require the consortium of Party A and Party C to continue to meet the Eligibility Criteria and other requirements set out in the PIM.</p> <p>(C) The special purpose vehicle has to be a newly incorporated entity created for the purpose of acquiring shares held by GOI in Company</p>

Sl. No.	Query	Response
	<p>(D) Party A and Party B submit an EOI as a consortium with Party A as lead member. The consortium will then acquire AI through a SPV. Para 11.6 of the PIM requires the equity shareholding of such SPV to be the same as the interest of the members in the consortium as submitted as part of the EOI. We request you to clarify that changes in the shareholding of the SPV are permitted post submission of the EOI in each of these two scenarios:</p> <ul style="list-style-type: none"> • changes in shareholding pursuant to inter se transfer of shareholding between the existing members of the consortium; and • changes in shareholding pursuant to induction of a new Party C entering into the consortium; <p>provided in each case there is no change in the lead member and there is no change in control of the SPV and the lead member continues to hold 26% and the existing members continue to hold 10%.</p>	<p>(D) If there is a change in the consortium holding, in accordance with Clause 12.1 of the PIM, then the consequent and similar change in the shareholding of the SPV would be permitted, subject to execution of necessary documents by the bidders, if required.</p>
165.	<p>Bidding Structures</p> <p>(A) Party A and Party B submit an EOI as a consortium with Party A as Lead Member. We request you to clarify that parties are permitted to change the consortium to allow exit of Party B.</p> <p>(B) Party A and Party B submit an EOI as consortium with Party A as Lead Member. We request you to clarify that parties are permitted to change the consortium to allow Party B to be replaced by another Party C? "</p> <p>"</p>	<p>(A) The proposed change may be undertaken in accordance with Clause 12.1 of the PIM, which would <i>inter alia</i> require Party A to continue meeting the Eligibility Criteria and other requirements set out in the PIM.</p> <p>(B) The proposed change may be undertaken in accordance with Clause 12.1 of the PIM, which would <i>inter alia</i> require the consortium of Party A and Party C to continue meeting the Eligibility Criteria and other requirements set out in the PIM.</p>

Sl. No.	Query	Response
	<p>(C) Party A, being the sole bidder, submits the EOI. Thereafter, prior to the execution of the definitive documents, Party A is replaced with its Affiliate (which can be an SPV or another Affiliate entity). Such Affiliate will independently meet the financial criteria on minimum net worth and other eligibility conditions prescribed in the PIM. Accordingly, Party A may be replaced by its Affiliate for execution of the definitive documents and Party A shall not be required to backstop any obligations of its Affiliate as the Affiliate meets the net worth test and other eligibility conditions on a standalone basis. "</p> <p>(D) Party A and Party B submit an EOI as a consortium with Party A as Lead Member. The consortium will then acquire AI through a SPV. Para 11.6 of the PIM requires the equity shareholding of such SPV to be the same as the interest of the members in the consortium as submitted as part of the EOI. We request you to clarify that changes in the shareholding of the SPV are permitted post submission of the EOI in each of these two scenarios:</p> <p>(i) changes in shareholding pursuant to inter se transfer of shareholding between the existing members of the consortium; and</p> <p>(ii) changes in shareholding pursuant to induction of a new Party C entering into the consortium;</p>	<p>(C) No, this is not permissible as per the provisions of the PIM</p> <p>(D) If there is a change in the consortium holding, in accordance with Clause 12.1 of the PIM, then the consequent and similar change in the shareholding of the SPV would be permitted, subject to execution of necessary documents by the bidders, if required.</p>

Sl. No.	Query	Response
	<p>provided in each case there is no change in the Lead Member and there is no change in control of the SPV and the Lead Member continues to hold 26% and the existing members continue to hold 10%. "</p> <p>(E) Please clarify and confirm that the following bid structure is permissible and requires no GOI approval at any stage: Party A sets up a new SPV (where SPV is the sole bidder relying on the strength of its Affiliate – Party A) prior to the submission of the EOI; SPV submits the documents required under the PIM that are applicable and/or available. For the documents that are not available, such as (a) historical financial statements; or (b) the condition regarding calculation of net worth which requires it to be calculated on the basis of the audited financial statements corresponding to accounting periods (of not less than 12 months) (as it will be newly incorporated entity), the SPV will get a confirmation from its auditor that the same is not available. The SPV will have a positive net worth. SPV will rely on the financial strength of its Affiliate for the purposes of the EOI and such Affiliate will also submit the necessary documents prescribed under the PIM for this purpose.</p> <p>(F) At any stage after the submission of the EOI, the Affiliate may dilute its stake by way of a primary issuance/transfer of the shares of the SPV to a new</p>	<p>(E) In case auditor provides confirmation that SPV is newly incorporated (and hence does not have 12 months financial statements for Net Worth purpose as well as financial statements for last 3 years), SPV is allowed to submit EOI provided Net Worth certified by statutory auditor of SPV is submitted along with the EOI.</p> <p>(F) Subject to meeting the Eligibility Criteria and other requirements set out in the PIM, primary issuance/transfer of shares in SPV to a new investor shall be allowed provided</p>

Sl. No.	Query	Response
	investor. After such an issuance, the Affiliate would continue to hold more than 50% in the SPV. "	Party A continues to remain Affiliate of SPV, in terms of the PIM and relevant information required under PIM provisions is provided for new shareholder(s) of SPV.
166.	<p>With respect to Para 12.1 of the PIM:</p> <p>(A) We understand that there is no stated restriction to a Sole Bidder joining a Consortium. However, in order to comply with 12.1-i-b, and 12.1-ii-a, will the Sole Bidder be categorized as co-Lead Member</p> <p>(B) We understand that there is no stated restriction to Sole Bidders forming a Consortium. However, in order to comply with 12.1-ii-a, will the Sole Bidders be categorized as co-Lead Member</p>	A sole bidder, who has been shortlisted, will not be permitted to join an existing shortlisted consortium or form consortium with another shortlisted sole bidder. This restriction will not apply to IBs, who do not qualify as Qualified Interested Bidder. Hence, an IB, who did not qualify as Qualified Interested Bidder, may be inducted by a shortlisted consortium or by a sole bidder, in accordance with Clause 12.1 of the PIM.
167.	We request you to amend the PIM to clarify that changes to the consortium shall be permitted up to a period of 21 days prior to the submission of the bid in terms of the RFP and not 21 days from the date of issue of the RFP.	Please refer to the Fourth Corrigendum
168.	Kindly limit the number of consortium members to 5 as this may impact timing of clearances	No change is envisaged (consortium members have flexibility to choose number of consortium members within overall conditions specified in PIM)
169.	<p>Please see below an amendment we are seeking on the definition of Authorised Signatory.</p> <p>Currently, the definition of authorised signatory provided in the PIM is as follows:</p> <p>“Authorised Signatory means a person who is a managing director or a director of the IB (sole bidder or member of</p>	

Sl. No.	Query	Response
	<p>Consortium, as applicable) or of the Affiliate (only in case IB is taking the benefit of financial strength of such Affiliate) and has been specifically authorised for the purpose of the Proposed Transaction and in whose favour the Power of Attorney in the form set out in Annexure 7 has been executed. In case of a natural person, the Authorised Signatory is the natural person himself/herself.”</p> <p>Please note that the requirement of only the managing director or director of an entity signing all documents in relation to the EOI is fairly onerous as it provides no flexibility to other senior level officers of the entity to be designated as authorised signatories through proper corporate authorisations. Given the detailed and lengthy documentation requirements of the EOI with such documents requiring signatures from authorised signatories (which may involve individuals situated in multiple jurisdictions to travel frequently to India and coordinate with parties situated in various cities in India for signing and / or counter-signing each of the documents), some flexibility is required to ensure that the interested bidders can undertake a seamless process of submission of documents in case of non-availability of members of its board to take the aforesaid administrative actions, by appointing appropriate personnel as authorised signatories.</p> <p>Therefore, it is submitted that the definition of Authorised Signatory be amended to state that authorised signatory</p>	<p>Please refer to the Fourth Corrigendum.</p>

Sl. No.	Query	Response
	<p>can be a person who has been specifically authorised for the purpose of the Proposed Transaction and in whose favour the Power of Attorney in the form set out in Annexure 7 has been executed. In case of a natural person, the Authorised Signatory is the natural person himself/herself."</p>	
170.	<p>Authorised Signatories definition includes only Managing Director or a Director of the IB. It should also contain an inclusion of additional signatories authorised by Board Resolution or Power of Attorney issued in favour of their employees for the purpose of signing agreements, deeds and another necessary documents on behalf of the IB.</p> <p>The signatory for the EOI, confidentiality undertaking and other documents should also be permitted accordingly."</p> <p>Corporate entities in the ordinary course of business authorise, by way of Board Resolutions or Power of Attorney, their employees to sign, execute, registered documents, deeds and agreements on behalf of IB</p>	Please refer to the response to query 169
171.	<p>Our Client's ultimate ownership resides with government of country to which our client belongs.</p> <p>Given the ownership and backing of a sovereign, the furnishing of financials, including but not limited to the Financial Capability (Net Worth), and the providing of financial undertakings is not applicable, as in the case of a typical corporate.</p>	Interest Bidder can use financial strength of any of its Affiliate, as defined in the definition section of the PIM, for participation in the process in terms of the PIM.

Sl. No.	Query	Response
	In this light we request the Transaction Advisor to relax (a) the requirements pertaining to providing financials, and (b) the associated conditions.	
Data/Information Request		
172.	Key Investment Highlights – AISATS (Para 2.4, page 22) With respect to the JV with AISATS or other non current investments (please see Page 52, for instance, investment in Cochin International Airport), are there any commitments in the nature of future capital/debt commitments or non compete - exclusivity obligations.	Please refer to the response to query 11
173.	Other revenue / profit sharing agreements Does AI have any other material profit sharing or revenue sharing or partnership agreements which are not set up in the nature of JV entities.	Please refer to the response to query 11
174.	Fleet (Page 26, 27) : Please clarify if any agents have been appointed for sale or remarketing of the aircraft which can no longer be used in Indian airspace.	As on date, to the knowledge of AI's management, no agent has been appointed for sale or re-marketing of any aircraft. Further, please refer to response to query 208
175.	(A) Insolvency Risk We understand that certain operational creditor has filed an IBC petition against Air India – please clarify the status of the petition. (B) Additionally, GOI to provide immunity for such insolvency risk for past dues.	(A) Two individual employees have filed independent applications under Insolvency and Bankruptcy Code, 2016 with NCLT, New Delhi, with respect to deduction of 25% of identified allowances from their salary for a specific period, with the aggregate claim amount under the two applications being approximately INR 1.29 crores. The applications have been clubbed together for hearing which is scheduled on 1st April 2020. Matter is sub-judice and AI is defending the same. (B) Suggestion has been noted for due consideration.

Sl. No.	Query	Response
176.	<p>Liability for foreign airport dues, foreign airspace navigation charges (para 6.2, page 79)</p> <p>Please provide details since these liabilities cannot be extinguished by an Indian disinvestment process.</p>	<p>Indicative allocation of liabilities (based on March 31, 2019 financials) has been provided in the VDR. Further details to be provided at the RFP stage.</p>
177.	<p>Contingent Assets (para 3.13.7)</p> <p>We note that excess amount paid by AI to DIAL to the tune of INR 2,298.8 million is being proposed to be compensated by way of discount in tariff – Please provide details and status of this proposal.</p>	<p>Please refer to clause 3.13.7 of the PIM. Relevant information, to the extent available, may be provided at the RFP stage</p>
178.	<p>Engines (Page 26, 27)</p> <p>(A) Please clarify if the engines / APUs of finance leased aircraft have been swapped with operating lease aircraft and vice versa.</p> <p>(B) Please clarify if the engines and APU attached to grounded aircraft belong to AI / AIXL or the lessors?</p> <p>(C) Please clarify if any engines / APUs are subject to work orders and payments have not been made to service providers and they have sought to exercise any contractual or enforcement rights over the engines.</p>	<p>(A) As per common market practice and due operational reasons, Engine/APUs are being swapped amongst operational leased and owned aircraft if permitted.</p> <p>(B) As on date, the Aircraft that are grounded are mainly on account of engines being serviced. As such these engines are in the shop. Please refer to the response to query (A) above</p> <p>(C) As on date, to the knowledge of AI's management, no service provider has enforced any contractual obligations or enforcement rights, in writing, over engines/APU, on account of payment issues.</p>
179.	<p>Trade Unions (Para 3.9 Page 31-32) : Please provide clarity on trade unions. We note from news reports that</p>	<p>Relevant details, to the extent available, to be provided at the RFP stage.</p>

Sl. No.	Query	Response
	trade unions oppose the stake sale – please highlight challenges posed by the trade unions.	
180.	Any important caveats to the pro-forma financial statements (AIXL, p65, p66. AI, p81, 82)	<p>The financials referred to in Page 65 & 66 of the PIM are as per the audited financials. The detailed financial statements of AIXL (Referred in Page 65, 66) are available on AI website and certain additional details are available in the VDR.</p> <p>The financials referred to in Page 81, 82 are indicative adjusted financials considering the reallocation of debt & liabilities and transfer of carved out entities from AI to AIAHL, basis the principles detailed in the PIM</p>
181.	Are the member liabilities incorporated into the Balance Sheet of Air India? Is an actuarial valuation available?	Please refer to Note 17 of the audited Financials of AI for FY2019-20 wherein the Frequent Flyer Program liability has been provided, basis the management estimates. Further details may be provided at the RFP stage.
182.	Provide a pro-forma balance sheet, P&L and cash flow post the restructuring/reallocation of debt stated in the PIM with breakup of INR 232,865 million and repayment profile be provided.	Indicative adjusted financials (Balance sheet and P&L only), post restructuring, have been provided in the PIM (Clause 6.5.1 & 6.5.2). Further details including breakup of debt of INR 232,865 million to be provided at the RFP stage.
183.	Can Financial Statements for period ending Dec 31st, 2019 be provided?	Provisional half yearly limited review (FY2019-20) of AI & AIXL financials have been uploaded in the VDR. Provisional P/L statement of AI & AIXL for the 9 month period (FY20) is provided in the VDR
184.	Between the audited and adjusted P&L, please explain underlying reason for reduction in employee cost (by INR 2,125 mn) and other operating expenses (by INR 2,762 mn);	The reduction is estimated on account of transfer of costs associated with the 4 B747-400 aircraft (used for VVIP operations) which are proposed to be transferred to AASL.
185.	Whether any additional pro-forma costs have been factored in the adjusted P&L to reflect changes to the	Please refer to clause 6.5.1 of the PIM for the indicative adjusted P&L statement wherein the relevant indicative

Sl. No.	Query	Response
	operating model (e.g. additional rental on owned assets not forming part of transaction)	adjustments relating to revenue & expenses have been clarified.
186.	<p>In the adjusted balance sheet</p> <p>(A) 'Other current assets' balance has been reduced by INR 147,837 mn;</p> <p>(B) receivables by INR 1,645 mn – please explain</p>	<p>(A) Please refer to Note 10.1 of the audited financials of AI for FY2019 for the details of Assets Held for Sale (included in Other Current Assets in Table 68 of the PIM). Out of the same, assets of book value INR 147,837 Mn are proposed to be transferred to AIAHL.</p> <p>(B) The reduction of INR 1,645 Mn of receivables is on account of reduction/transfer of certain receivables which have a link to certain liabilities that are proposed to be transferred out of AI (as on March 31, 2019). Indicative terms have been set out in the SPA.</p>
187.	Please provide the itemized break up of liabilities other than debt for 2018-19 (Adjusted) Balance Sheet. Also for these liabilities, please provide overdue vs current portion of total balance.	Indicative allocation of liabilities (INR 87,715 Mn based on March 31, 2019 financials) has been provided in the VDR. Further details would be provided at the RFP stage
188.	Cash and cash equivalents estimated post reallocation of debt and at the time of conclusion of the Proposed Transaction.	Relevant details to be provided at the RFP stage
189.	The Bidder be provided with the latest income tax return along with the relevant schedules for the entities forming a part of the transaction	This information in relation to AI & AIXL is available in the VDR
190.	<p>Please provide the following :</p> <p>(A) Latest route profitability data – domestic and international</p>	<p>(A) This information would be provided at the RFP stage</p> <p>(B) Please refer to the response to query 11</p>

Sl. No.	Query	Response
	<p>(B) List and headline terms of loan agreements and contracts agreed in the current year</p> <p>(C) Q3 financials – 9 months P&L, Balance sheet and Cash flows</p>	<p>(C) Provisional half yearly limited review (FY2019-20) of AI & AIXL financials have been uploaded in the VDR. Provisional P/L statement of AI & AIXL for the 9 month period (FY20) is provided in the VDR</p>
191.	<p>(A) What is % of revenue of different subsidiaries of the company with the parent company</p> <p>(B) Split of costs between AI and AISATS and</p> <p>(C) Split of costs between AI and AIXL</p>	<p>(A) This information is provided in the VDR.</p> <p>(B) & (C) The split of costs between AI & AIXL is governed by the service level agreement executed by them. Similarly, the terms of service level agreement executed by AI & AISATS govern the split of costs. The said agreements to be provided at the RFP stage.</p>
192.	<p>Please provide detailed schedules, revenue registers, MIS for past 5 years including restated financials under the proposed structure. Kindly provide operating KPI for cargo volumes, fuel usage, VAS both in volume & in denominations. Any hedging / other policies in place. please share details</p>	<p>Details, to the extent available, may be provided at the RFP stage</p>
193.	<p>Operating Revenue: Please provide break up of operating revenues and KPIs into Domestic, International, Cargo and Other segments, for the past 5 years and for year to date FY20.</p>	<p>Details, to the extent available have been provided in the VDR</p>
194.	<p>EBITDA: Please provide break up of EBITDA into Domestic and International for the past 5 years and for year to date FY20.</p>	<p>Details, to the extent available, will be provided at the RFP stage</p>

Sl. No.	Query	Response
195.	Please provide a breakup of key operating parameters (Table 10) broken down into international and domestic data from FY15 – FY19	Relevant details, to the extent available have been provided in the VDR
196.	Please provide Load factor, capacity and yield breakup between business class and economy passengers on international and domestic routes from FY15-FY19	Certain relevant details have been provided in the VDR
197.	<p>(A) Number / % of passengers who are Government / Public Sector undertaking. We would like to understand the impact of these passengers not flying.</p> <p>(B) Recommend that the government / PSU employees continue to fly with AI for a period of 5 years for continuity</p>	<p>(A) Please refer to the response to query 62.</p> <p>(B) No change in PIM provisions</p>
198.	Please share yearly contribution to revenue from travel by Government employees (where GoI bears the cost of passage) and accumulated receivables against them along with ageing analysis.	Please refer to the response to query 62. Further details, to the extent available, will be provided at the RFP stage.
199.	<p>Background and status of grounded aircraft:</p> <p>a) B777: 2 (Owned)</p> <p>b) B787-8: 3 (Owned)</p> <p>c)A319:6 (Owned), 1 (Fin Lease)</p> <p>d) A321: 5 (Owned), 1 (Fin Lease)</p>	<p>As on 26th Feb 2020, following 12 aircraft are on ground</p> <p>a) A319:7 (owned)</p> <p>b) A321: 5 (owned)</p>
200.	Please provide the estimated costs with back up for reinstating air worthiness of aircrafts on ground along with timelines and key components required.	Please refer to the response to query 199. Estimated costs based on management assessments (in relation to identified aircraft on ground) have been provided in the VDR. Bidders are required to undertake their own assessment of the same

Sl. No.	Query	Response
201.	Is there any estimation made with respect to one-time maintenance cost to be incurred on Aircrafts to bring them into top condition as per the DGCA and Manufacturer's requirements. If yes, kindly provide the estimates for the same as the estimation of such expenditure is crucial in order to arrive at the requirement of fund infusion and therefore for the decision-making	As of date, all the flying aircraft are compliant with the DGCA and Manufacturer's recommendations, as applicable, in relation to air worthiness of the flying aircraft.
202.	Can details of 18 grounded aircraft including age, lender, debt/lease profile and estimated cost of bringing them back in to operations or estimated realizable value be provided	Please refer to the response to query 199 and query 200. Further details, to the extent available, to be provided at the RFP stage
203.	(A) Please provide the computation of written-down value of the gross/net block of owned aircrafts. (B) Please provide the latest estimate of the aircraft's fair market value (to compare the same against the debt to be retained in the airline)	(A) WDV of fixed assets (aircraft wise), as per audited financials, has been provided in the VDR. (B) Bidders are expected to take their own commercial view on the same.
204.	Will an independent aircraft valuation report be provided for aircraft on finance lease and owned. Provide the estimates from any such valuation exercise, and share the book values for these assets.	No aircraft valuation report shall be provided. Bidders are expected to take their own commercial view on the same.
205.	Please provide us with back to birth traceability report for each aircraft (airframe and installed engines) and spare engines as well as details of all upcoming checks required in respect of each aircraft and engine.	Relevant details, to the extent available, to be provided at the RFP stage
206.	Aircrafts mapped to lessors (A) Monthly/ Quarterly outgo (separately for wide-body and narrow-body)	Please refer to the response to query 11

Sl. No.	Query	Response
	(B) Months to go on payments (separately for wide-body and narrow-body)	
207.	Stage-length for wide-body and narrow-body separately for last four quarters	This information is available in VDR. Additional details, to the extent available, would be provided at the RFP stage
208.	<p>We understand that a total 15 Aircrafts have been withdrawn from operations and awaiting de-registration. In this context, please could you clarify the following:</p> <p>(A) For 7 finance leased A320 classic aircraft which are not part of total fleet and awaiting deregistration, what are the challenges around that?</p> <p>(B) Where are these aircraft parked?</p> <p>(C) Whether any liabilities are outstanding against the same?</p> <p>(D) What is the plan for these? Are these going to be scrapped?</p> <p>(E)- For 8 sale and lease back A320 classic aircraft, has the lease term ended? Whether redelivery of the aircraft has taken place as per terms of contract, if not what are the challenges around that? What is the likely amount of redelivery compensation? Who are the lessors?</p>	<p>(A) All 15 Aircraft have completed their useful life. These aircraft are proposed to be either transferred out of AI or scrapped prior to the completion of the Proposed Transaction.</p> <p>(B) As of date, out of the 15 aircraft, 12 aircraft are parked in New Delhi and remaining are parked in Mumbai, Trivandrum and Hyderabad (1 each).</p> <p>(C) As of date, there are no known fructified liabilities against the aircraft.</p> <p>(D) Please refer to the response of (A) above</p> <p>(E) The lease term for these aircraft has expired. AI is in the process of deregistering the aircraft for which NOC of lessor is awaited. No redelivery of the aircraft is envisaged under the current arrangement. Further details, to the extent available, to be provided at the RFP stage.</p>
209.	We understand that for the 21 B787-8 aircraft, the sale and lease back of these aircraft have been guaranteed by	Please refer to SPA (available in VDR) for indicative terms. Further details to be provided at the RFP stage.

Sl. No.	Query	Response
	the Government of India. Please could you explain what will happen to such guarantees upon closing of the Proposed Transaction? Would the same condition be part of an Event of Default?	
210.	Overview of delivery and re-delivery schedule for aircraft a) Compliance status of maintenance logs	Details, to the extent available, to be provided at the RFP stage
211.	Please provide the details for AI's estimate of provision/liabilities for end of lease return conditions for leased aircraft along with the computation of the same	Lease return liability of ~INR 7,572 Mn has been provided as on March 31, 2019. Please refer Note 16 of the audited financials of AI for the same. Details of estimated computation, to the extent available, to be provided at the RFP stage
212.	Have any provisions w.r.t maintenance of finance lease/owned aircraft been provided for in the financials of AI? If not, is there an estimate available for the next 5 years of outflows expected on heavy maintenance expenditures on such aircraft?	There is no provision with respect to future maintenance of owned / finance leased aircraft. Maintenance expenditure is booked in the accounts as and when the event occurs. Details regarding the aircraft's next major checks due (to the extent available) have been provided in the VDR
213.	Compliance with provisions towards future maintenance obligations	Please refer to the response to query 212. Further details, to the extent available, would be provided at the RFP stage.
214.	There is a sudden increase in the Aircraft Lease rental since 2017. What led to this?	The increase is on account of induction of aircraft on operating lease / sale & leaseback. The aircraft on lease as on March 31, 2017, March 31, 2018 and March 31, 2019 are 33, 47 and 57 respectively.
215.	Provide delivery and redelivery schedule of aircraft	As of date, there is no aircraft scheduled to be delivered for AI. The redelivery schedule is governed by the terms of the relevant lease agreements.
216.	Provide aircraft wise details of type, engine, aircraft age, financing type, book value, lease term/loan tenure, lessor/financier names, interest cost, lease rents and remaining lease/loan profile.	Details of aircraft type, age, financing type, book value has been provided in the VDR. Further details, to the extent available, would be provided at the RFP stage

Sl. No.	Query	Response
217.	Breakup of fleet by capacity deployed on international vs domestic	Relevant details, to the extent available have been provided in the VDR
218.	Details if any on aircraft and engine order backlog, PDP commitments and outstanding PDPs obligations with OEMs	As of date, there is no new aircraft/engine order placed by AI, which is pending.
219.	The PIM states (3.6, table 5), 33 aircraft are on finance lease and the loan has been repaid on all these 33 aircraft. Kindly confirm that no finance leases obligations therefore exist as on date.	As set out in the PIM, all payment obligations for aircraft under finance lease have been completed. Further please refer to response to query 105.
220.	Please could you explain the reasons for a delay in (a) the transfer of title of the 33 Finance leased aircraft that have been fully repaid in case of AI; and (b) transfer of title of 2 owned aircraft although the full and final payment is already made by AIXL?	Please refer to response on query 105.
221.	Of the Air India Fleet, 15 aircraft are stated to be in deregistration. Are these aircraft redelivering to lessors? What are the estimated redelivery exposures associated with the same and have these been provided for.	Please refer to the response to query 208
222.	Please provide the latest actuarial certificate for terminal benefits for the airline	The actuarial valuation report for AI & AIXL (as on March 31, 2019) have been provided in the VDR
223.	Please could you explain (A) the background to the Justice Dharamadhikari Commission Report? (B) How did such liability arose ?	(A) The report, referred to in the query, is available in public domain and explains the background (https://www.civilaviation.gov.in/sites/default/files/moca_001684.pdf) (B) Please refer to the response to (A)

Sl. No.	Query	Response
	(C) why payments have not been made and what is the consequences of payment not having been made?	(C) Please refer to clause 3.9 of the PIM. Further details to be provided at the RFP stage
224.	As per PIM, the employees' dues of ~INR 13,837 Mn on account of Justice Dharamadhikari Commission Report shall be paid to employees on/ before transaction – What will be the fund source (GOI / additional in the perimeter) for repayment	Please refer to clause 3.9 of the PIM. Further details would be provided at the RFP stage.
225.	<p>Please clarify the treatment of free passage for employees (currently serving & retired employees)</p> <p>(A) What are the charges paid by employees for the free passage benefits viz. re-imburement of taxes, fuel surcharge etc.</p> <p>(B) What is the annual estimate of the above cost category historically</p>	<p>Indicative terms of treatment of passage for employees post disinvestment, are set out in the SPA. The passage regulations governing passage for employees are available in the VDR.</p> <p>(A) This information has been provided in the VDR</p> <p>(B) Details of incremental annual load factor (in addition to the load factor level as mentioned in the PIM) contributed by free passage to be provided at the RFP stage. In terms of the passage regulations (as disclosed in the VDR), the free passage benefit is subject to availability at the time of departure and hence, there is no adverse cost implication on AI.</p>
226.	Please provide more details on the number of posted staff and local staff recruited at foreign stations?	List of local recruited staff is available in the VDR.
227.	On what ground is AI challenging the arbitration awards concerning the INR 2,076.3 MN wage arrears to narrow body fleet employees?	Relevant details, to the extent available, to be provided at RFP stage.

Sl. No.	Query	Response
228.	<p>(A) In reference to terms contained in Clauses 3.9 and 4.8, please provide the broad terms of the contract of the contract employees for review</p> <p>(B) Please clarify whether there are any additional benefits/ commitments required to be given to the employees in addition to those mandated by legislations</p> <p>(C) Please provide key terms of the severance packages currently used by AI for its management and employees</p>	<p>(A) Sample contract for employees on contract has been provided in the VDR. Further details to be provided at the RFP stage.</p> <p>(B) Please refer to Table 14 and Table 45 for an indicative list of benefits for all categories of employees for AI & AIXL. Further details to be provided at the RFP stage.</p> <p>(C) Service Regulations have been uploaded in the VDR. Further, the IBs may refer to the SPA for indicative terms. Additional details to be provided at the RFP stage.</p>
229.	An overview of employee rights and commitments made that are not directly derived from requirements under employment legislation	Please refer to the response to query 228
230.	<p>Overview of reason for increase in Cabin Crew Attendants in Air India</p> <p>(A) 4,028 (as 31-Mar-19) vs. 4,648 (as on 1-Nov-19); c. 15% increase</p> <p>(B) In the same period, almost no change in number of Pilots and Co-Pilots</p>	<p>(A) Based on the number of aircraft expected to operate in the Winter-2019 schedule and to meet the revised regulations of cabin crew, a recruitment exercise was conducted for engagement of cabin crew on fixed term contract basis.</p> <p>(B) As far as Pilots and Co-pilots are concerned there was no additional requirement for the same</p>
231.	<p>Overview of reason for increase in Pilots and Co-Pilots in AIXL</p> <p>(A) 290 (as 31-Mar-19) vs. 337 (as on 1-Nov-19); c. 16% increase</p>	<p>(A) In addition to 290 Pilots & Co-Pilots (as on March 31, 2019) as per Table 46 of the PIM, certain pilots were on deputation from AI to AIXL. Subsequently, AIXL repatriated these AI pilots and in lieu of the same, trained and experienced B 737 -800 NG 737 pilots were recruited in order to make up for the shortfall.</p>

Sl. No.	Query	Response
	(B) In the same period, almost no change in number of Cabin Crew Attendants	(B) Existing cabin crew was sufficient to meet the operational requirements.
232.	Period of fixed-term contract employees (e.g. Cabin Crew Attendants, Pilots and Co-Pilots)	Please refer to clause 3.9 and 4.8 of the PIM. Further details will be made available at the RFP stage
233.	Whether employee cost presented in the AI's P&L, includes cost of all category of employees – permanent (9426), contractual (4201), On deputation (2867) and casual workers (662+3805).	Yes, the cost includes all categories of employees working for AI. To further clarify : <ul style="list-style-type: none"> • For employees on deputation from AI to other entities – cost of such employees is to the account of the respective entity • For employees on deputation to AI from other entities – cost of such employees is to the account of AI
234.	<p>(A) Please provide further details on the employee cost split between permanent, deputation, entities being transferred out of AI including expenses, benefits and for the retired employees (liabilities that are accrued).</p> <p>(B) The employees' dues of ~INR 13,837 Mn is in the nature of past arrears and AI/ Air India Asset Holding Ltd. will commit to pay the same at the appropriate stage before/on closing of the Proposed Transaction. This should also be included in SPA.</p> <p>(C) All unfunded employee liabilities (not on rolls, retired) should be to the account of Government (unless already funded)</p>	<p>(A) Please refer to Table No. 15 of the PIM, wherein details of the number of employees, permanent and contractual, along with the category wise breakup of staff costs have been provided as on March 31, 2019. Further details, to the extent available, to be provided at the RFP stage.</p> <p>(B) Please refer Note 16 of the audited financials of AI (for FY2019) wherein the liability towards post-employment medical and other benefits (both for existing & retired employees) has been provided as on March 31, 2019. Further, a report on Actuarial valuation of the employee benefits has been uploaded in the VDR.</p> <p>(C) The indicative terms have been set out in the SPA.</p>

Sl. No.	Query	Response
235.	<p>(A) 3,400 employees retiring over the next 5 years, segment wise data required.</p> <p>(B) Will continuity of experience have any impact on the business operations.</p>	<p>(A) Details of employees retiring over the next 5 years (category wise) have been provided in the VDR.</p> <p>(B) Bidders have to undertake their own diligence on this aspect</p>
236.	<p>Given that the employee benefits and policies of the acquirer could be different from AI & AIXL, which the acquirer may intend to harmonize at some point as part of integrating with its own operations.</p> <p>Is there any other planning consideration, which Seller intends to propose?</p>	<p>The indicative terms have been set out in the SPA.</p>
237.	<p>Are there employees on other sister concern payrolls who are doing AIXL work – This will have impact on profitability which is getting shown for AIXL (AIXL as per PIM has ~55 employees per aircraft vs 130 avg. against all domestic peers including AI)</p>	<p>Please refer to Table 43 of the PIM. As on date, AIXL has outsourced many functions to the group entities which will be governed by the service level agreements executed with these entities. Further details to be provided at the RFP stage.</p>
238.	<p>Please provide clarity on the obligations towards existing on roll and Contracted manpower of Air India and other entities in the transaction perimeter, along with details of ESOPs granted and terms of such ESOPs. Please provide more clarity on manpower rationalization and the bidder's obligations towards the same.</p>	<p>The indicative terms have been set out in the SPA (available in VDR).</p>
239.	<p>Contract employees (Para 3.9, 4.8, 5.6)</p> <p>We note that there are a number of employees on contract in AI /AIXL / AISATS and that these contracts will expire in the next 3-5 years. Please clarify if any of</p>	<p>Relevant details, to the extent available, to be provided at the RFP stage.</p>

Sl. No.	Query	Response
	<p>these employees have claimed permanent employment with AI/AIXL/AISATS. Please also provide a historical perspective of contract employees who have been permanently employed (including by way of court orders) by these entities.</p>	
240.	<p>Liens (page 50)</p> <p>Please clarify if there are any existing or potential liens over aircraft which can be exercised by any third party in India or abroad for non-payment of dues. We note that airport operators claims for FY 2017-18 was INR 6,118 million which is reduced to INR 1,196 million for FY 2018-2019. This was due to classification of debt as disputed and contingent claim – please provide status update of this debt and details of the debt including if any legal proceedings in relation to this debt.</p>	<p>Please refer to footnote of Table 29 of the PIM wherein the details including reasons for reduction in contingent liabilities relating to Airport Operators have been given.</p> <p>Further details, to the extent available, to be provided at the RFP stage</p>
241.	<p>AI Debt (Para 3.13.3, page 49) : Loans securitised by aircraft – Please clarify in PIM if any enforcement actions have been initiated against the aircraft.</p>	<p>As on date, to the knowledge of AI’s management, there are no enforcement actions initiated against the aircraft, in writing.</p> <p>Relevant details, if any, may be provided at RFP stage.</p>
242.	<p>Please provide the following :</p> <p>(A) Details of the “remaining debt” post carve-out incl. lender, amount and key terms (facility wise)</p> <p>(B) Summary of leased aircraft incl. lessors, key financial terms incl. end of lease conditions</p>	<p>(A)The information would be provided at the RFP stage</p> <p>(B) Please refer to the response to query 11</p>

Sl. No.	Query	Response
	<p>(C) Original purchase cost paid by Air India for all of its passenger fleet</p> <p>(D) Summary of fuel contract including negotiated terms and overdue payment</p> <p>(E) Basis / Rationale for moving 4 Boeing B747s and associated employees for VVIP operations to be moved from Air India to Alliance Air.</p> <p>(F) Status of title transfer of Boeing B777, Airbus A319 and Airbus A321 and foreseen timelines to conclude the process</p> <p>(G) Key terms of fuel supply contracts</p> <p>(H) Creditor and debtor ageing</p> <p>(I) Details of security deposits required by operating vendors and fuel companies</p>	<p>(C) Details to be provided at the RFP stage</p> <p>(D) Please refer to the response to query 11</p> <p>(E) It is a considered decision by GOI to transfer 4 aircraft, currently used for VVIP operations, to AASL</p> <p>(F) Please refer to our response to query 105.</p> <p>(G) Please refer to our response to query 11.</p> <p>(H) Details, to the extent available, to be provided at the RFP stage</p> <p>(I) Details, to the extent available, to be provided at the RFP stage</p>
243.	Total spare stock, Inert stock, valuation methodology and auditor	Details, to the extent available, to be provided at the RFP stage.
244.	Receivables	Certain information is available in the VDR. Further details to be provided at the RFP stage

Sl. No.	Query	Response
	Aging breakdown. Overview of items that are overdue (e.g. quantum outstanding, current dialogue)	
245.	<p>Debt</p> <p>(A) Breakdown of components of INR 2,32,865 m (c. US\$ 3.3 b)</p> <p>(B) Terms of the debt (e.g. cost, tenure), Pre-payment terms, Any covenants currently in breach</p>	The GOI has decided that debt of INR 2,32,865 Mn will remain with AI and AIXL, as set out in Clause 6 of the PIM. Further details to be provided at the RFP stage.
246.	Apart from Debt instruments any other financial commitment where Gol has provided guarantee and way ahead on same in post transaction scenario, including potential re-negotiation of commercial terms (for instance, aircraft lease rentals for 21 aircraft have been guaranteed by the GOI).	Indicative terms have been provided in the SPA. Further details to be provided at the RFP stage
247.	Finance Cost: Please provide lender wise loan details along with applicable interest rates	Details shall be provided at the RFP stage
248.	Please provide the end-use of the loan (working capital vs. asset purchase) being re-allocated along with a break up between principle and interest outstanding.	Please refer to the response to query 245
249.	As stated in the PIM, the debt that will remain in AI and AIXL will be INR 232,865 million. Kindly provide a breakup of this debt between AI and AIXL and further by facility, lender, repayment period and interest rates and key payment terms. Also, provide the security / guarantee provided against each debt/facility	Please refer to the response to query 245
250.	What is the break-up of the debt of Rs. 232,865 million. This information is necessary to estimate the annual	Please refer to the response to query 245

Sl. No.	Query	Response
	interest cost to be incurred and therefore will be an important factor of the profit and loss incurred.	
251.	Please provide detailed break up of lender wise outstanding, interest rates, repayment schedule, covenants etc for the Debt amount for 2018-19 (Adjusted) Balance Sheet	Please refer to the response to query 245
252.	<p>Liabilities other than debt</p> <p>(A) Breakdown of components of INR 87,715 m (c. US\$ 1.2 b)</p> <p>(B) Aging breakdown. Overview of items that are outstanding (e.g. quantum outstanding, current dialogue)</p>	<p>(A) Indicative allocation of liabilities (INR 87,715 Mn based on March 31, 2019 financials) has been provided in the VDR. Further details would be provided at the RFP stage</p> <p>(B) Relevant details, to the extent available, to be provided at the RFP stage</p>
253.	Please provide the manner of reallocation of the debt in AI and AIXL, would this involve writing off the loans or transfer / assignment of liabilities	Details would be provided at the RFP stage
254.	Whether the proposed reallocation be a credit in the profit and loss account for AI and AIXL. Would it result in a taxable gain for the two companies and would be entirely set-off against the existing tax losses/ unabsorbed depreciation in AI. What would be the implication for AIXL, are there any tax losses in AIXL for setoff	Bidders are advised to take their own tax advice on the same. Relevant information, to the extent available, to be provided at the RFP stage.
255.	Provide the latest list/amount of contingent liabilities	Please refer to Table 29 of the PIM for contingent liabilities as on March 31, 2019, as recorded in FY2019 financial statements. Further details, to the extent available, to be provided at RFP stage

Sl. No.	Query	Response
256.	<p>(A) In Table 29, please highlight details on the amount to be indemnified by the Gol.</p> <p>(B) Please also confirm if future liabilities (including presently unknown liabilities) on account of income tax, customs duty, service tax (due to Gol), Goods and Services Tax or any other tax payable to Gol shall also be indemnified by GOI</p>	<p>(A) Please refer to Clause 6.3 of the PIM for the treatment of Contingent Liabilities, as recorded FY2019 financial statements. Further details would be provided at the RFP stage</p> <p>(B) Please refer to SPA (available in VDR) for indicative terms.</p>
257.	Provide a list of corporate guarantees given by AI or AIXL to any other subsidiaries or companies to be shared and status post disinvestment to be provided.	<p>Please refer to Note 27 (ii) of the audited financials of AI for FY2018-19 for details of the Corporate Guarantee. Additional details to be provided at the RFP stage.</p> <p>It is further clarified that the Corporate Guarantee extended by AI to AASL, subject to receipt of requisite approvals, will not continue post the closing of the Proposed Transaction (Refer Clause 6.4 of the PIM).</p>
258.	Impact of removal of government guarantee on the terms of loans and financing of aircraft and other assets.	Please refer to the response to query 11.
259.	Lease rent guarantees and loan guarantees by GOI: What is the expected impact on the lease terms and loan terms for aircraft once the govt. guarantees are withdrawn. Has there been a discussion with lessors/financiers on terms and continuity of these leases.	Please refer to the response to query 11.
260.	We would require that the terms of lease rental continue post-closing of the Proposed Transaction on terms no less favourable as being presently enjoyed by AI and AIXL	Bidders can refer to the SPA, available in the VDR, for indicative terms.

Sl. No.	Query	Response
261.	<p>Outstanding advances given to related entities (other than AXIL, AISATS)</p> <p>(A) Other operating Air India entities</p> <p>(B) Other Government entities</p> <p>(C) Other Public Sector entities</p>	<p>Details of the schedule of loans and advances of AI, to the extent available, has been provided in the detailed financials of AI (Refer Note 5, 6 and 10.1 in the audited financials of FY2019 uploaded in the website of AI)</p>
262.	<p>What is the level of restricted cash; and what are these mapped against</p>	<p>Please refer to Note 4, Note 5 (4) and Note 10 of the audited financial statements for FY2019-20.</p> <p>This relates to Margin money / deposits given as a security to the lessors towards advance lease rentals/ Maintenance reserve deposits. Further details, to the extent available, to be provided at the RFP stage.</p>
263.	<p>Overview of expenses in the nature of committed capital expenditure</p>	<p>Please refer Note 27 (i) of audited financial statements of AI for FY2019. This primarily relates to commitment towards the Maintenance Repair overhaul (MRO) test cell facility at Nagpur (which is currently not included within the perimeter of the Proposed Transaction).</p>
264.	<p>Please share the Tax Written Down Value of schedule of AI.</p>	<p>Details, to the extent available, will be provided at the RFP stage</p>
265.	<p>Please provide details on the assets including maintenance records, cost of operationalization for grounded fleet, age, lease and terms (if leased)</p>	<p>Please refer to the response to query 199 and query 200. Further details, to the extent available, to be provided at the RFP stage.</p>
266.	<p>Has the airline entered into a structured maintenance program to maintain its fleet? Kindly provide details of the same including tenure, coverage and pricing including details of any T&M, RPFH, PBH contracts signed till date.</p>	<p>Please refer to the response to query 11.</p>
267.	<p>Details of aircraft/engines covered under structured maintenance contracts, e.g. engine PBH etc.</p>	<p>Please refer to the response to query 11.</p>

Sl. No.	Query	Response
268.	Also, please share the capacity mix between profitable and loss making routes, both for domestic and international segments	Details, to the extent available, to be provided at the RFP stage
269.	Detailed breakup of Fixed Assets proposed to be retained with AI post disinvestment and those transferred to AIAHL and their estimated value to be provided.	Details of the fixed assets proposed to continue with AI & AIXL (including the book value as on March 31, 2019) is provided in the VDR. The remaining fixed assets are proposed to be transferred out of AI.
270.	Detailed terms of arrangements of assets transferred to AIAHL available for use to AI for 2 year period, to be shared.	The annual rent for right to use (for the two-year period) for properties (<i>Refer Table 19 of the PIM</i>) would be a nominal amount plus applicable property taxes paid / to be paid by and maintenance cost incurred / to be incurred by AIAHL (if any). Additional details to be provided at the RFP stage.
271.	With respect to land and building currently used for AI operations (owned or lease basis), management's assessment of fair value of assets and total rent / license fees.	Please refer to our response to query 11. Bidders are expected to form their own commercial view on the fair value of assets
272.	For assets where right to use is being assured for 6 months or 2 years, current rent arrangement vs expected fair market value.	Please refer to response to Query 270. Bidders are expected to form their own commercial view on the fair value of assets
273.	AI is in possession of various articles of arts, paintings, objects and artefacts. These are not a part of the Proposed Transaction. Please provide the mechanics for such transfer along with the consideration details and tax implications (both under Income tax and GST)	The art collection will not be a part of the Proposed Transaction and will be transferred by the Companies prior to completion of the Proposed Transaction. Bidders are advised to take their own tax advice on the same

Sl. No.	Query	Response
274.	<p>(A) What are the terms of License from MIAL/DIAL?</p> <p>(B) Will bidder get the comfort that the business continuity will not be impacted (and terms should be at market rates).</p> <p>Clarification is required for assessment of importance of licensed assets at MIAL / DIAL and other privatized airports and impact on business continuity</p>	<p>(A) & (B) Please refer to clause 3.10.1. (i) and 3.10.1 (ii) of the PIM. Further details, to the extent available, to be provided at the RFP stage.</p> <p>(C) The Licensed assets identified by the Company's management have been provided in Paragraph 3.10.1(i) and (ii) of the PIM. Bidders are advised to formulate their own view on the importance of the same on business continuity</p>
275.	<p>(A) Status of agreement post 6 months of dis-investment - Shall continuation of agreement would be at discretion of AI or MIAL?</p> <p>(B) Please provide the broad Contours of agreement needed for objective evaluation of strategic risks.</p>	<p>The continuation of agreement, post 6 months of disinvestment will be subject to negotiation between the parties. Further details, to the extent available, to be provided at the RFP stage.</p> <p>.</p>
276.	<p>Request for Co-ordinates of Land parcels for mentioned land area of 18,552 sq. mtrs as per Sl.No. 3 & 4. Required co-ordinates of land parcel as mentioned against other land parcels for objective evaluation</p>	<p>This information would be provided at the RFP stage</p>
277.	<p>Status of agreement post 6 months of dis-investment - Shall continuation of agreement would be at discretion of AI or DIAL?</p> <p>Broad terms of agreement needed for objective evaluation of strategic risks.</p>	<p>Please refer to the response to query 275. .</p>

Sl. No.	Query	Response
278.	Request for broad terms of the proposed agreement between AI and AIAHL specifically on the usage of land/buildings (rental ,lease, ownership terms etc)	Please refer to the response to query 270.
279.	<p>Requesting the below information:</p> <p>(A) Co-ordinates of Building which was mentioned.</p> <p>(B) Years of validity of lease agreement and broad terms of lease agreement</p> <p>(C) Total Area of the building.</p> <p>Broad Terms of agreement needed for evaluation of legacy assets post disinvestment</p>	<p>(A) Please refer to the response to query 276</p> <p>(B) Please refer to the response to query 11</p> <p>(C) Please refer to the response to query 11</p>
280.	Finance Cost: Please provide lender wise loan details along with applicable interest rates	Details, to extent available, shall be provided at the RFP stage
281.	Details of fuel expense such as nature of contract with vendors and associated terms are required	Details, to the extent available would be provided at the RFP stage
282.	Details on process followed for hedging against crude oil price fluctuations (FY19 Fuel expense as % of revenue @ 39% vs 32% for FY18)	Please refer to the detailed financial statements of AI for FY2019 available on the website of AI
283.	Details of any Capex commitments outstanding as of date and planned capex for FY20 and FY21	Please refer to response to Query 263. The planned Capex for FY2020 & FY2021 has been provided in the VDR. Further details, to the extent available, to be provided at the RFP stage.
284.	Other operating expense – Nature of expenses captured under this head (As per Standalone financials Handling	The schedule of expenses is provided in the detailed financials in the VDR

Sl. No.	Query	Response
	Charge and Reservation charges account for 50% of this mentioned cost head)	
285.	What is the estimated impact of ownership change on these financings/debt in terms of Material Adverse Change or Covenants being triggered and withdrawal of sovereign guarantees wherever provided.	Please refer to response to query 11.
286.	We understand that AI is presently holding various Trade investments of which Table 33 provides the details of assets held for sale. Would the remaining investments held by AI be forming a part of the Transaction?	The details of the Non-Current Investments as on March 31, 2019, have been mentioned in Table 32 of the PIM. The details of non-current investments which would be a part of the Proposed Transaction would be provided at the RFP stage.
287.	(A) If yes what would be the estimated realizable value of such investments. (B) Are there any conditions (ex. minimum period, ROFO etc.) for holding such investments	(A) Bidders to undertake their own assessment of realizable value of such investments. (B) Please refer to the response to query 11.
288.	We understand that AIXL has a loan of INR 11,510 Mn outstanding towards AI. What is the rate of interest on this loan and is this interest included in the other income for AI	Interest income, received from AIXL, is included in the Other income for AI in the audited financials of AI. Details of rate of interest has been provided in the VDR
289.	Regulatory: Are there any exchange control non compliances / enquiries pending against AI, AIXL or AISATS	To the knowledge of the management of AI as of date, AIXL, AISATS and AI have not received any written communications of any investigations/enquiries initiated by the RBI in relation to breach of applicable Indian exchange control regulations.
290.	Tax incentives:	(A) & (B) : Relevant information, to the extent available, to be provided at RFP stage.

Sl. No.	Query	Response
	<p>(A) Are there any tax litigations / claims outstanding in any overseas jurisdiction ex. Permanent Establishment etc.</p> <p>(B) Please provide details of any specific tax incentives / deductions claimed / eligible to be claimed by AI, AIXL and AISATS</p> <p>(C) Where any specific tax incentives/exemptions have been claimed which are linked to satisfaction of prescribed conditions, whether the Proposed Transaction would result in a non-compliance of prescribed conditions leading to any tax liability?</p>	<p>(C) Bidders are advised to take their own tax advice on the same.</p>
291.	<p>Companies Act implications: Are there any litigations / defaults / penal implications on the companies forming a part of the transaction under the Companies Act, 2013 or any other previous statute</p>	<p>Relevant information, to the extent available, to be provided at RFP stage. Bidders are advised to take their own advice on the same.</p>
292.	<p>Is the 11,000 sq.mtr facility of perishable cargo handling unit AISATS COOLPORT part of the building proposed in the di-investment? We need clarity on the same for objective evaluation of part of strategic synergies.</p>	<p>The building, owned by AISATS is situated on leasehold land in Bengaluru. Please refer to response to query 11 for further details.</p>
293.	<p>As AISATS doesn't have the concession for cargo terminal in Trivandrum, requesting further clarity on the same on what facility does the current export cargo unit runs in Trivandrum and</p> <p>(A) Scope/Barriers/legalities for entering into a concession agreement</p> <p>(B) Clients of Export Cargo</p>	<p>Air India owns the cargo facility and AISATS only provides manpower to handle cargo in Trivandrum.</p> <p>(A) & (B) - Please refer to the response to query 11.</p>

Sl. No.	Query	Response
	Please provide clarity on concession agreement required to understand the risks associated (if any) with export cargo facility in Trivandrum	
294.	<p>We understand that AISATS provides services at 5 airports only (i.e. Delhi, Bangalore, Hyderabad, Mangalore and Trivandrum), please could you explain how the rest of PAN India operations are managed? In addition, please could you explain:</p> <p>(A) what are the key contract terms of the same including headcount?</p> <p>(B) is AISATS allowed to expand to other airports? If yes, which ones?</p> <p>(C) are there any business considerations / terms, which exist in other airports, which prevent AISATS from expanding its operations to such other airports?</p>	<p>Ground handling services at other airports is provided by AIATSL.</p> <p>(A) All employees of AISATS are on contract for 3 years except for those who are seconded from SATS and Air India. Additional details may be provided at RFP stage.</p> <p>(B) & (C) Please refer to the response to query 28</p>
295.	<p>Please could you clarify whether:</p> <p>(A) the cargo warehouse owned at Bengaluru will continue to remain on books of AISATS?</p> <p>(B) the cool port facility continue to remain on books of AISATS or will it be transferred to AIAHL?</p>	<p>(A) & (B) The assets are not proposed to be transferred to AIAHL</p>
296.	We would require the following to be categorically covered/stated in the PIM and/or the definitive agreements:	<p>(A) & (B) Please refer to the response to query 11</p>

Sl. No.	Query	Response
	<p>(A) AI and AIXL to be entitled to continue the privileges of the Star Alliance Membership post closing of the Proposed Transaction in the same manner as is enjoyed prior to closing of the Proposed Transaction.</p> <p>(B) Code share agreements set out at table 23 at page 42 of the PIM to continue upon closing of the Proposed Transaction on the same terms as exists closing of the Proposed Transaction.</p>	
297.	Any milestone steps upcoming on slots? Any impact of transaction on current slots	This shall be governed as per applicable MOCA/DGCA/sector regulations and other relevant regulations as applicable.
298.	<p>(A) Any milestone steps upcoming on bilaterals? Impact of transaction on bilaterals</p> <p>(B) On DEL/ BOM-LHR: Of the 21 freq/ wk. ed., we understand that 14 are temporarily allotted from Jet Airways. What is the status of these going forward</p>	<p>(A) This shall be governed as per applicable MOCA/DGCA/sector regulations and other relevant regulations as applicable.</p> <p>(B) Please refer to the response to query 93</p>
299.	<p>Slots (page 39)</p> <p>For international slots, change in control and ownership of AI / AIXL may trigger regulatory concerns from foreign regulators, GOI to clarify that it shall to facilitate negotiations with such foreign regulators immediately after closing.</p>	Suggestion has been noted
300.	If you compare the innovata schedule data (i.e. for recent 3 months Dec'19 to Feb'20) AI on standalone basis does	Please refer to the response to query 94

Sl. No.	Query	Response
	<p>not comply with RDG guidelines, however they comply on combined airline operations of AI + AIXL + Alliance Air. We presume the Confirmed Selected Bidder will also get the same dispensation to meet RDG requirements on overall basis (AI + AIXL) and not standalone basis?</p>	
301.	<p>(A) We understand AIXL does not deploy 20% of its capacity on domestic routes (i.e. 20 aircraft / 120 domestic departures). Please confirm if there are any specific dispensations granted to AIXL for flying to international locations exclusively without undertaking any domestic flights ? If yes, will this dispensation continue with the Confirmed Selected Bidder post-closing of the Proposed Transaction, irrespective of any reorganisation, merger/demerger or change in holding structure or control?</p> <p>(B) Is the AIXL Air Operator Permit (AOP) separate and distinct from the AOP granted to AI?</p>	<p>(A) AIXL is a subsidiary of AI and initially constituted only for undertaking international operations to Gulf/Middle East and South-East Asia to offer a low fare product. AIXL continues to operate under this model. The international bilateral flying rights are allocated only to AI which in turn is utilised by AI and AIXL as a group. This arrangement is expected to continue as long as AIXL remains 100% subsidiary of Air India.</p> <p>(B) Yes, AIXL's Air Operator Permit is separate from the AOP granted to AI.</p>
302.	<p>Please could you clarify whether AI and AIX need to maintain 2 separate and distinct AOCs and airline codes post-closing of the Proposed Transaction? Post-closing of the Proposed Transaction, would GoI be able to expedite the induction of new aircraft types under one AOC in the event of a merger (described above) to support network and fleet rationalization activities in a timely manner by the confirmed bidder?</p>	<p>AI and AIXL would need to maintain two separate and distinct AOCs and airline codes till any of the airline is merged with any other airline. If a merger takes place, induction of new aircraft types under one AOC will take place in accordance with the applicable rules/regulations of DGCA.</p>

Sl. No.	Query	Response
303.	<p>(A) We understand that AI is allowed to have the same flight numbers tagged in domestic and international flights (hub and spoke flights), whereas the same is not permitted for other carriers. We will require this dispensation continue with the Confirmed Selected Bidder?</p> <p>(B) Also, will the domestic legs of these hub and spoke flights be used for RDG calculation?</p>	<p>(A) Please refer to the Fourth Corrigendum.</p> <p>(B) Domestic legs of Hub & Spoke flights are not considered for the purpose of RDG calculations. The RDG calculation will continue as per the RDG Guidelines.</p>
304.	<p>What are the Domestic Ports of Call assigned to the International Bilateral rights assigned to AI and AIXL (i.e. On the port of call in India, it is defined as the station from which the flight departs/arrives. So for DEL DXB vv, DEL will be the port of call. Please explain if they can be swapped around, both between cities and between AI and AIXL, within the purview of the existing bilateral agreements).</p>	<p>Swapping between AI and AIXL is allowed as the port of call has been assigned to AI and its subsidiary. This is expected to continue till AIXL remains a 100% subsidiary of AI. For the change in pre-approved domestic ports of call, approval in each case would be required from MoCA.</p>
305.	<p>From 20th Jan 2020 there has been reduction of frequencies on certain international routes. Please provide reasons for discontinuation (is it due to operational constraint or financial performance of routes)?</p> <p>- BLR-BKK 4x, CCU-BKK 3x, DEL-BKK and BOM – BKK total 7x , DEL – NJD 2x</p>	<p>AI withdrew services BLR-BKK, CCU-BKK and DEL-NJD as part of its route restructuring based on review of flight performances.</p>
306.	<p>(A) While data for slots has been provided; we would also like to know how many committed Night Parking positions are being provided at each airport currently? Post-closing all night parking slots (currently allocated to AI + AIXL</p>	<p>(A) Relevant information, to the extent available, to be provided at the RFP stage. It is proposed that AI will</p>

Sl. No.	Query	Response
	<p>whether utilized or unutilized) would continue for a period to be mutually agreed between the Confirmed Selected Bidder and the Gol.</p> <p>(B) Please confirm that the current taxiways and parking facilities being used by AI and AIXL at various airports are sufficient for AI and AIXL to effectively utilize the existing slots. It is imperative that such taxiways and parking rights would continue to be available to AI and AIXL as the case may be, post-closing of the Proposed Transaction in order for AI and AIXL to effectively utilize the existing slots allocated to AI and AIXL.</p>	<p>continue to use the night parking slots currently available to AI and AIXL as allotted by airport operators, subject to the underlying agreements with concerned airport operator.</p> <p>(B) AI would need additional parking facility. However, due to shortage of night parking, AI is scheduling its aircraft for night operations, which minimizes its requirement for night parking at DEL/BOM. The parking rights are available to AI and AIXL as per agreements with concerned airport operator. Please refer to the response to query 11</p>
307.	Please provide details of Codeshare Agreements with all airlines along with the unwinding process including any liabilities that arise from such unwinding.	Please refer to the response to query 11
308.	Code share agreements to be provided at RFP stage	Please refer to the response to query 11
309.	In AI or TAs best estimates, is it possible to quantify the impact of code shares on the international operation KPIs	Retentions from code share operations for FY2019 is provided in the VDR. The bidders to undertake their own commercial assessment of the same. Further, relevant data, to the extent available, would be provided at the RFP stage.
310.	Please could you provide details of the total aggregate amount of Standby letter of Credit (SBLC) issued to Aircraft lessors towards maintenance reserves / supplemental rent?	Certain details have been provided in the VDR. Further details, if any, would be provided at the RFP stage.
311.	Please could you provide details of the aggregate amount of Bank Guarantees (BG) issued to Airport	Details, to the extent available, to be provided at the RFP stage.

Sl. No.	Query	Response
	<p>authorities / other vendor / suppliers as part of the normal course of business?</p>	
312.	<p>Please could you clarify whether:</p> <p>(A) AI or AIXL enters into fuel hedging contracts with any counterparties?</p> <p>(B) AI or AIXL enters into currency hedging contracts with any counterparties?</p> <p>(C) AI or AIXL enters into any other hedging contracts (e.g. interest rate, etc.) with any counterparties? We would require the relevant dispensations from the RBI/regulators for entering fuel and currency hedging requirements.</p>	<p>Please refer to response to query 282.</p>
313.	<p>Please could you explain what are the systems used by AI and AIXL (if they differ). Are they proprietary or purchased from external vendors, if so, please state who the external vendors are</p> <ul style="list-style-type: none"> • Reservations & Ticketing • Revenue and Inventory Management • Online sales/ e-commerce platforms • Network Planning • Crew rostering – pilots and cabin crew <p>(A) Please could you explain what are the global distribution systems (GDS) that AI or AIXL have contracted for sales and distribution in domestic and international markets?</p> <p>(B) Please could you set out any lock-in restrictions or exit provisions for the systems contracts set out above?</p>	<p>Details of the systems used by AI and AIXL are available in the VDR. Further details, to the extent available, to be provided at the RFP stage.</p> <p>(A) Certain relevant details have been provided in the VDR. Further details may be provided at the RFP stage.</p> <p>(B) Please refer to the response to query 11</p>

Sl. No.	Query	Response
314.	Please provide the details on any other liabilities - legal, tax, ongoing cases, disputes etc.	Details, to the extent available, to be provided at the RFP stage.
315.	Air Mauritius - What is the stake, rights, any agreements. Cochin International Airport Limited - what is the stake, rights, any agreements Orange S.A. - what is the stake, rights, any agreements	AI does not hold a majority stake in these entities. Number of shares held by AI in these entities, as of March 31, 2019, have been provided in Table 32 of the PIM. Further details of the investments that will continue to be retained in AI would be provided at the RFP stage.
316.	Please provide details on the FF program including the margins, balance sheet, liabilities and members (government vs non government).	Please refer to clause 3.11.v of the PIM and Note 17 (d) of the audited financials of AI in relation to the Frequent flyer program. Further details, to the extent available, to be provided at the RFP stage.
317.	What is the commercial value of the frequent flyer program and AI's estimate of the financial value up-side	Additional details of the frequent flyer program, to the extent available to be provided at the RFP Stage. Bidders should form their own view on potential financial value up-side on account of frequent flyer program.
318.	Please provide any costs, obligations, liabilities, proceedings etc in relation to the brand. Any transfer of TM/ Registration/Logos required?	Please refer to the Clause 3.11.vi and 12.15 of the PIM. Additional details, to the extent available, would be provided at the RFP stage.
319.	Please provide details on 1) incidences 2) near incidences etc over the past 3 years. Any risk management framework to address. Please provide reports of the various quality control departments	Details, to the extent available, to be provided at the RFP stage.
320.	Requesting Joint Venture agreement between AI and SATS We need clarity on terms of ownership, governance and operations so as to have an objective evaluation on the potential risks and issues involved	Please refer to the response to query 11

Sl. No.	Query	Response
321.	As a government organisation Air India Limited must have recruited as per Government Guidelines and the employee must be mix of different disadvantage category like people from SC, ST, OBC, Handicapped, Sports Person and similar persons under different quota who might have been recruited under reserved quota although having fared below par than general category candidates . Whether the new organisation being an private player in competitive market allowed to reposition, redeploy, reassess, remove such candidates vis a vis candidate competency without any breach of their employment contract and government law in force.	Indicative terms have been set out in the SPA. Further details, to the extent available, would be provided at the RFP stage.
322.	There are certain areas like IOCC, CAMO in which persons from subsidiary and GOI are working on deputation as per PIM document. Whether the new entity will be allowed to continue to take the services of such person on CTC payment basis or not and if so, for what period. If the same is to be done as per different terms and condition, procedure of the same may be informed.	Manpower for CAMO/IOCC may continue to be deployed basis the service level agreement between AI & AIESL. Please refer to the response to query 11
323.	What is AI per day loss, or per month loss.	Bidders are requested to refer to AI summary financials given in PIM and detailed financial statements available in public domain. Bidders may refer to VDR for additional financial information as well