

NINTH CORRIGENDUM

GOVERNMENT OF INDIA MINISTRY OF FINANCE

DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT

NINTH CORRIGENDUM TO GLOBAL INVITATION FOR EXPRESSION OF INTEREST FOR PROPOSED STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED BY WAY OF THE TRANSFER OF MANAGEMENT CONTROL AND SALE OF 100 % EQUITY SHARE CAPITAL OF AIR INDIA LIMITED HELD BY GOI, WHICH WILL INCLUDE AI'S SHAREHOLDING INTEREST OF 100% IN AIR INDIA EXPRESS LIMITED AND 50% IN AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED

A Preliminary Information Memorandum for inviting Expression of Interest (PIM) has already been issued on 27/01/2020, followed by a corrigendum & certain clarifications, second corrigendum, third corrigendum, fourth corrigendum & certain clarifications, fifth corrigendum & certain clarifications, sixth corrigendum, seventh corrigendum and eighth corrigendum which were issued on 21/02/2020, 25/02/2020, 13/03/2020, 20/03/2020, 9/04/2020, 28/04/2020, 25/06/2020, 25/08/2020 respectively.

1. Regarding Clause 1.2 (as amended) of the PIM

For:

Sr. No	Activity	Date	Time (Indian Standard Time)
7.	Last date and time ("EOI Deadline") for submission of EOIs	30 th October, 2020	17:00:00 Hrs
8.	Intimation to the Qualified Interested Bidders (QIB)	20 th November, 2020	17:00:00 Hrs

Read :

Sr. No	Activity	Date	Time (Indian Standard Time)
7.	Last date for submission of written queries only on clause 6 of the PIM read along with corrigendum issued	5 th November, 2020	23:59:59 Hrs
8.	Last date for release of response to queries only on clause 6 of the PIM read along with corrigendum issued	12 th November, 2020	23:59:59 Hrs
9.	Last date and time ("EOI Deadline") for submission of EOIs	14 th December, 2020	17:00:00 Hrs
10.	Intimation to the Qualified Interested Bidders (QIB)	28 th December, 2020	17:00:00 Hrs

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2. Regarding Clause 2.3 of the PIM

For:

Reduced debt liability post disinvestment to help realize significant profitability	Consolidated business in the past had a mix of real-estate and aviation interests. Government of India is now carving out real-estate assets and other businesses which are not integral to the core airline business into a separate SPV along with part transfer of certain debt and liabilities (modalities have been worked out) thereby resizing the balance sheet
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Read :

Reduced liability post disinvestment to help realize significant profitability	Consolidated business in the past had a mix of real-estate and aviation interests. Government of India is now carving out real-estate assets and other businesses which are not integral to the core airline business into a separate SPV. Instead of a pre-fixed debt level, bidders are now allowed to quote Enterprise Value of AI (please refer to Clause 6 of the PIM read along with corrigendum issued).
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3. Regarding Clause 6 of the PIM

For:

“ 6. PROPOSED REALLOCATION OF DEBT AND LIABILITIES

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The GOI has decided that the existing debt and liabilities of AI and AIXL (as presented in their respective balance sheets and in Table 25 and Table 50) are being reallocated such that on the date of the closing of the Proposed Transaction:

- the debt to be retained in AI and AIXL remains at INR 2,32,865 Mn;
- and
- 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

It is clarified that there would be no re-allocation of debt and liabilities of AISATS.

Additional details on debt and liabilities re-allocation may be provided at the RFP stage.“

Read :
“

6. FINANCIAL BID CRITERIA AND PROPOSED REALLOCATION OF LIABILITIES

- 6 (a) The financial bid criteria for the competitive bidding process for the Proposed Transaction, will be Enterprise Value of AI (which will include AI's shareholding interest of 100% in AIXL and 50% in AISATS).

Enterprise value shall mean combined value of Debt (*as defined herein*) and equity of AI as assessed by bidder in its financial bid. Debt for the purposes of this para 6(a) means all long term and short term borrowings (including in the form of debentures, loans or bonds) and financial lease obligations of AI (“**Debt**”). Such Enterprise Value shall be quoted by the QIBs considering :

- i) the treatment of liabilities as per clause 6(b) ;
- ii) the treatment of contingent liabilities as per clause 6.3 below; and
- iii) nil debt level of AIXL (i.e. nil long term and short term borrowings (including in the form of debentures, loans or bonds) and financial lease obligations of AIXL). For avoidance of doubt, it is clarified that the assumption of nil debt level of AIXL, is only for the purposes of quoting the Enterprise Value of AI in the financial bid and should not

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in any manner be read as a commitment by GOI that AIXL will be transferred debt free.

Further, details would be provided at the RFP stage.

The treatment of the Enterprise Value quoted by the Confirmed Selected Bidder will be as follows:

- (i) On the date of closing of the Proposed Transaction, debt which is lower of (A) outstanding Debt of AI and debt of AIXL combined and (B) 85% (or such other lower percentage as may be opted by the Confirmed Selected Bidder in its financial bid) of the Enterprise Value quoted by the Confirmed Selected Bidder, will remain as debt with AI and AIXL combined ("**Retained Debt**"). The remaining debt (i.e. other than Retained Debt) will be allocated to AIAHL, in accordance with a rank order priority of debt, details of which will be provided at the RFP stage. The allocation of Debt to AIAHL, is subject to receipt of requisite approvals from lenders, creditors and regulators as applicable.
- (ii) The difference between the Enterprise Value quoted and the Retained Debt, will be paid by the Confirmed Selected Bidder as cash consideration to the GOI against the purchase of 100% equity share capital of AI held by GOI.

In its financial bid, QIBs may, at their option, choose to specify a lower percentage of Enterprise Value, than 85%, to be retained in the form of Retained Debt, and instead offer same amount in form of higher cash consideration to the GOI against the purchase of 100% equity share capital of AI held by GOI.

Further details including for the financial bid criteria, financial bid process, Enterprise Value split and the re-allocation of Debt (including, if applicable, relative rank order priority of different Debt facilities for transferring balance Debt to AIAHL) to be provided at the RFP stage.

- 6(b) The GOI has decided that the liabilities of AI and AIXL (as presented in their respective balance sheets other than debt, equity and contingent liabilities) will be reallocated such that on the date of the closing of the

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Proposed Transaction, (x) the sum of certain identified current and non-current liabilities (other than debt, equity and contingent liabilities of AI and AIXL) to be retained in AI and AIXL combined will be equal to (y) the sum of certain identified current and non-current assets of AI and AIXL combined, such that the difference between the two components (x) and (y) is zero. The remaining liabilities of AI and AIXL will be allocated to AIAHL.

The allocation of liabilities to AIAHL, is subject to receipt of requisite approvals from lenders, creditors and regulators, as applicable.

Additional details on the re-allocation of liabilities will be provided at the RFP stage.

It is clarified that there would be no re-allocation of debt or liabilities of AISATS.

Further, it is clarified that Contingent Liabilities and Corporate Guarantees shall be treated as per the provisions of para 6.3 and 6.4 below. Further, details to be provided at the RFP stage.

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4. Regarding Clause 6.1 of the PIM

For:

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At the time of closing of the Proposed Transaction, debt of INR 2,32,865 Mn will remain with AI and AIXL, and the remaining debt of AI and AIXL will be allocated to AIAHL.

As an illustration, if the Proposed Transaction were to be hypothetically closed as on March 31, 2020, the debt of INR 2,32,865 Mn would have been allocated to AI and AIXL (combined). Similarly, even if the Proposed Transaction were to be hypothetically closed as on June 30, 2020, the debt of INR 2,32,865 Mn would have been allocated to AI and AIXL (combined).

The allocation of debt to AIAHL, is subject to receipt of requisite approvals from lenders, creditors and regulators, as applicable.

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Read :

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5. Regarding Clause 6.2 of the PIM

For:

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Out of the balance liabilities (i.e. other than debt as mentioned in clause 6.1), certain identified current and non-current liabilities that are equivalent to sum of certain identified current and non-current assets, are proposed to be retained in AI + AIXL, as on date of the closing of the Proposed Transaction.

The remaining liabilities of AI and AIXL will be allocated to AIAHL.

As an illustration, if the Proposed Transaction were to be hypothetically closed as on March 31, 2019, the liabilities of INR 87,715 Mn (equivalent to certain identified current and non-current assets of AI + AIXL as on March 31, 2019) would have been allocated to AI and AIXL (combined). Similarly, if the Proposed Transaction were to be hypothetically closed as on March 31, 2020, and on such date the sum of certain identified current and non-current assets of AI and AIXL is INR 97,000 Mn, then liabilities of INR 97,000 Mn (equivalent to certain current and non-current assets of AI + AIXL as on March 31, 2020) would have been allocated to AI and AIXL (combined).

The allocation of liabilities to AIAHL, is subject to receipt of requisite approvals from lenders, creditors and regulators, as applicable.

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Read :

“ Intentionally left blank”.

6. Regarding Clause 6.5 of the PIM

For :

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6.5 Indicative Adjusted Financials (*assuming completion of transfer of certain assets, debt and liabilities featuring in the FY 2019 financials of AI, AIXL*)

It is clarified that certain assets, debt and liabilities, featuring in the financials of AI for FY2019 are still in the process of being carved out to AIAHL/GOI. The indicative adjusted financials stated below are given only to give prospective bidders a broad idea of financial position assuming:

- transfer of the assets from AI to AIAHL or GOI completed by 31st

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Mar,2018 (31st Mar, 2018 date hypothetically assumed only so that impact of asset transfer for the complete year is reflected in profit and loss statement for period 1st Apr, 2018 to 31st Mar, 2019) - for the purpose of indicative adjusted profit and loss statement

- transfer of the assets from AI completed by 31st Mar, 2019 for the purpose of indicative adjusted balance sheet
- transfer of the debt and liabilities from AI/AIXL completed by 31st Mar, 2019 for the purpose of indicative adjusted balance sheet

6.5.1 Indicative Adjusted Profit and Loss Statement (standalone) for AI

A brief summary of the indicative adjusted Profit and Loss Account of AI[#] (incorporating impact of assets/liabilities transfer as per clause 6 above) is provided below:

Table 1: Indicative adjusted Profit & Loss statement for AI for FY2019

Financial Year (INR Mn)	2018-19 (Audited)	2018-19 (Adjusted)*
Operating Revenue	2,55,088	2,48,181
Other Income	9,218	5,318
Total Revenue	2,64,306	2,53,499
Fuel Expenses	1,00,345	1,00,345
Employee Expenses	30,052	27,927
<i>Employee Expenses % of Total Revenue</i>	<i>11%</i>	<i>11%</i>
Other Operating Expenses	1,00,188	97,426
<i>Other Operating Expense % of Total Revenue</i>	<i>38%</i>	<i>38%</i>
Other Expenses	14,798	14,798
Total Expenses	2,45,383	2,40,496
EBITDAR (Excluding Other Income)	9,705	7,685
<i>EBITDAR Margin (%) (Excluding Other Revenue)</i>	<i>4%</i>	<i>3%</i>
EBITDAR (Including Other Income)	18,923	13,003
<i>EBITDAR Margin (%) (Including Other Income)</i>	<i>7%</i>	<i>5%</i>
Aircraft Lease Rentals	30,926	30,926
EBITDA (Excluding Other Income)	-21,221	-23,241
<i>EBITDA Margin (%) (excluding Other Income)</i>	<i>-8%</i>	<i>-9%</i>
EBITDA (Including Other Income)	-12,003	-17,923
<i>EBITDA Margin (%) (Including Other Income)</i>	<i>-5%</i>	<i>-7%</i>

[#] since transfer of assets of AIXL to AIAHL/GOI is not envisaged at this stage, there are no adjustments in profit and loss statement for AIXL

*please note that these adjusted financials are indicative and approximate. As an example, these figures do not consider adjustments for the variable income and variable expenses associated with respect to the 4 B-747-400 aircraft which are proposed to be transferred to AASL prior to the completion of the Proposed Transaction. Additional details may be provided at the RFP stage.

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6.5.2 Indicative Adjusted Balance Sheet for AI + AIXL (Combined)

A brief summary of the indicative adjusted balance sheet, combined for AI and AIXL, incorporating appropriate impact of assets/liabilities transfer as per clause 6.1 and 6.2 above, is provided below:

Table 2: Indicative adjusted Balance Sheet combined for AI & AIXL for FY2019

Financial Year (INR Mn)	As on March 31, 2019			AI+ AIXL 2018-19 (Adjusted ¹)
	AI (2018-19) (Audited)	AIXL (2018-19) (Audited)	Inter-Company Elimination (on consolidation of AI & AIXL)	
Liabilities				
Shareholder's Funds				
Share Capital	3,26,652	7,800	7,800	3,26,652
Surplus in P&L	(6,21,316)	(16,287)	-	
Share Application Money Pending Allotment	-	-	-	(2,78,101)
Sub Total	(2,94,664)	(8,487)	7,800	48,551
Non-Current Liabilities				
Long-Term Borrowings	83,000	1,778	-	
Other Long-Term Liabilities	48	5	-	
Long -Term Provisions	28,272	142	-	
Sub Total	111,320	1,925	-	Debt[#]: 2,32,865
Current Liabilities and Provisions				
Short-term Borrowings	2,76,303	24,599	11,510	Liabilities other than debt[*]: 87,715
Trade Payables	82,043	9,710	-	
Current Maturities of Long Term Debt	199,717	3,045	-	
Other Current Liabilities	146,686	5,759	-	
Short Term Provisions	2,117	770	-	
Sub Total	706,866	43,883	11,510	
Total Liabilities	523,522	37,321	19,310	3,69,131
Assets				
Non-Current Assets				
Net Asset block	259,662	28,774	-	
Intangible Assets	195	-	-	2,67,203
Capital Work in progress	727	95	-	
Intangible Assets under development	13	-	-	
Total Non-Current Assets	2,60,596	28,869	-	2,67,203
Non-Current Investments	9,331	-	7,800	1,531
Deferred Tax Assets (net)	28,425	-	-	28,425
Long Term Loans and Advances	16,781	-	10,586	6,195
Other Non-Current Assets	5,877	222	-	6,100
Sub-Total	60,414	222	18,386	42,250
Current Assets, Loans and Advances				
Inventories	8,064	2,646	-	10,052

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Financial Year (INR Mn)	As on March 31, 2019			AI+ AIXL 2018-19 (Adjusted ¹)
	AI (2018-19) (Audited)	AIXL (2018-19) (Audited)	Inter-Company Elimination (on consolidation of AI & AIXL)	
Trade Receivables	19,921	382	-	18,658
Cash and Bank Balance	8,432	971	-	9,403
Short Term Loans and Advances	4,728	1,346	924	5,148
Other Current Assets	1,61,367	2,885	-	16,415
Sub Total	202,512	8,230	924	59,677
Total Assets	523,522	37,321	19,310	3,69,131

1- Adjusted figures includes the impact of inter-company eliminations and adjustments on account of assets / liabilities transfer

*represents sum of current and non-current liabilities (other than debt)

represents total debt which includes Long Term Borrowings, Short Term Borrowings, Finance Lease Obligations and Current maturities of Borrowings & Finance Lease Obligations

Please note that above financial statements (clauses 6.5.1 and 6.5.2) are only indicative and approximate and have been provided on a no-reliance basis for a better understanding of the proposal. Additional details may be provided at the RFP stage.

Read :

“ Intentionally left blank”.

7. Regarding Clause 10.17 of the PIM

For :

“

EOI submitted through hand delivery as well as registered post or courier shall be accepted. It is clarified that only EOIs received by TA (whether through hand delivery or registered post or courier) within timelines as per clause 1.2 of the PIM shall be accepted. IBs may note that TA shall not be responsible for late delivery of documents for any reason whatsoever and it is the IBs sole responsibility to ensure that their full and complete EOIs are received by the TA within the stipulated timelines. For any queries or request for clarification/ additional information concerning PIM, IB's are required to follow instructions provided in clause 1.1.

“

Read:

“

EOI submitted through hand delivery as well as registered post or courier or email shall be accepted.

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It is clarified that only EOIs received by TA (whether through hand delivery or registered post or courier or email) within timelines as per clause 1.2 of the PIM shall be accepted.

For EOI submitted through email, IBs need to submit scanned copy of EOI addressed to the following representative of EY at the common email ID

projectroyaleoi@in.ey.com

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Partner, Ernst & Young LLP

Submission of scanned copy of EOI by email shall clearly bear the following identification/ title:

"EOI Submission: PIM for Strategic Disinvestment of Air India Limited"

If EOI is submitted by email within timelines as per clause 1.2 of the PIM, physical copy of EOI need to be submitted to TA through hand delivery or registered post or courier within 7 days of EOI Deadline, failing which such EOI shall not be considered.

IBs may note that TA shall not be responsible for late delivery of documents for any reason whatsoever and it is the IBs sole responsibility to ensure that their full and complete EOIs are received by the TA within the stipulated timelines. For any queries or request for clarification/ additional information concerning PIM, IB's are required to follow instructions provided in clause 1.1.

"

8. Regarding Clause 12.6 of the PIM

For :

" Confirmed Selected Bidder and the special purpose vehicle (in case investment in AI is made through a special purpose vehicle) shall ensure that for a period of one year from the date of the closing of the Proposed Transaction, AI or AIXL, as the case may be, shall not transfer, dispose-off and /or create any encumbrance on, any assets owned by AI and AIXL, as the case may be, or take any action or decision this effect, except transfer in the following manner

- sale or transfer of assets of AI and AIXL, in the ordinary course of business, not exceeding INR 10,000 Million (INR 1,000 Crore); or
- sale and lease back arrangement in relation to its assets; or

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- for creation of encumbrance in favour of scheduled banks or recognized lenders.

provided in each case the proceeds shall only be utilised for (i) the business operations of AI and/or AIXL; or (ii) repayment of loans availed by AI and/or AIXL. Provided further, the proceeds of such transfer are not utilised, in any manner, for distribution to the shareholders of AI and/or AIXL. Additional requirements/conditions, if any, would be provided in the definitive documents.

“

Read :

“Confirmed Selected Bidder and the special purpose vehicle (in case investment in AI is made through a special purpose vehicle) shall comply with the restrictions and conditions set out in the definitive documents in relation to transfer, disposal or creation of encumbrance on the assets owned by AI and AIXL, from the closing of the Proposed Transaction.”

The above changes are in view of the prevailing situation arising out of COVID-19

Further changes with respect to the Important Dates, if any, will be communicated to the Interested Bidders subsequently (Reference Clause 1.2 of the PIM).