

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT
RAJYA SABHA
UNSTARRED QUESTION No. 1823
TO BE ANSWERED ON TUESDAY, DECEMBER 14, 2021
23 Agrahayana, 1943 (Saka)

Disinvestment of Air India

1823: Shri Mallikarjun Kharge

Will the Minister of Finance be pleased to state:

- (a) total debt of Air India and how much of the amount is being recovered through the disinvestment of the airline to a private player;
- (b) whether it is a fact that even after all recoveries from the sale including from payments of assets like buildings, there would still be a debt of over ₹ 28,000 crore left unpaid;
- (c) if so, how is that leftover amount planned to be recovered;
- (d) whether Government would retain any stake/control or ownership in the company after disinvestment is completed; and
- (e) if so, details thereof and reasons therefor?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KISHANRAO KARAD)**

(a), (b) & (c): Government followed Enterprise Value (EV) bidding approach for strategic disinvestment of Air India and its identified subsidiaries/JVs (100% shareholding in AIXL and 50% shareholding in AISATS). Under the EV approach, bidders were to quote a combined debt and equity value with a split of upto 85% as

debt and minimum 15% as equity consideration for allocation of EV. The selected bidder for the Strategic disinvestment of Air India and its identified subsidiaries, M/s Talace Pvt Ltd a wholly owned subsidiary of M/s Tata Sons Pvt Ltd, quoted an Enterprise Value (EV) of Rs. 18,000 crore with a retention of debt in AI + AIXL of Rs. 15,300 crore (85% of EV quoted) and the cash component of Rs. 2,700 Crore (15% of EV quoted). As on 31.03.2021 the total debt outstanding in the books of Air India and Air India Express Limited (AIXL) stood at Rs. 46,239 Crore. Before closing of the transaction, financial statements will be drawn up for finalising the quantum of debt and liabilities. Debt in excess of Rs 15,300 crore will be transferred to Air India Asset Holding Company (AIAHL). The liabilities on account of termination of Sale and Lease Back arrangements amounting to Rs 11,939 Crore for vacating Government guarantee, will also be transferred to AIAHL. Further, in accordance with the bidding construct, the excess of other identified current and non-current liabilities over identified current and non-current assets will also be transferred to AIAHL at closing. Liabilities other than those excluded from the transaction will remain with the acquirer. Non-core assets of Air India and its subsidiaries (book value of Rs 14,718 crore as on August 31, 2021) are not a part of the disinvestment transaction and will not be taken over by the successful bidder but transferred to AIAHL. In due course, AIAHL will monetize the assets. Government will bear the excess liabilities of AIAHL over and above AIAHL assets (including non-core assets).

(d): No, Sir.

(e): Does not arise.
