

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2454
ANSWERED ON:08.12.2005
IPO FOR I.A. AND A.I.
Athithan Shri Dhanuskodi

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government has appointed Advisors for the proposed Initial Public Offerings (IPOs) of Indian Airlines (IA) and Air India(AI);
- (b) if so, the details alongwith the terms of reference thereof;
- (c) whether the Government is planning to divest its stake in IA and AI; and
- (d) if so, the details thereof alongwith the reasons therefor?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a) and (b): Air India has appointed M/s DSP Merrill Lynch as Advisor for the IPO. The terms of reference of the IPO is to

(i) prepare a broad road map for Air India`s proposed IPO;

(ii) advise on the pre-issue preparations for an IPO including capital restructuring, amendments to Memorandum & Articles of Association keeping in view the SEBI/Stock Exchange/RBI guidelines, provisions of the Companies Act etc.,

(iii) broadly advise on various options regarding type of issue, size of the offering to match with Air India`s fleet acquisition plan, issue structure, valuation methodologies, issue pricing etc. and identification of preferred option;

(iv) the possibility and extent of reservation and firm allotment to various categories of investors;

(v) the procedure, formalities and possible terms and conditions for ESOPS;

(vi) utilisation of IPO proceeds and basic framework of the Red Herring prospectus;

(vii) pre and post IPO Equity structure; and

(viii) general procedure to be followed for the selection of various agencies involved in the IPO.

As regard Indian Airlines, the selection process for appointment of the Advisor for IPO is yet to be completed.

(c): No, Sir.

(d): Does not arise.