



December 08, 2011

**Sub : Invitation of Offers for Sale and lease Back of seven Boeing 787-8 aircraft and one / two GENx spare engines**

Air India (AI) invites sealed offers from prospective Lessors for Sale and Lease Back of seven B787-8 together with one / two spare engines.

1. Air India (AI) a wholly owned Government Company has signed a Purchase Agreement with Boeing Co. for its aircraft acquisition project comprising purchase of 27 B787-8 aircraft fitted with GENx engines. The aircraft acquisition project has Government of India's approval.
2. The first 7 aircraft are scheduled to be delivered tentatively as under :  
January 2012  
March 2012  
April 2012  
May 2012 (2)  
June 2012 (2)
3. AI would sell the above aircraft to the Lessor and immediately lease it back under an operating lease for a period of 12 years with an option to extend.
4. The technical specification of all the above aircraft / engine is attached at Annexure I.
5. The bidder should indicate the purchase price offered. Air India has fixed a reserve price for sale of aircraft and engine.
6. The bidder should quote fixed lease rentals for the lease period. However, different fixed lease rentals are allowed during the tenure of the lease.
7. Since aircraft deliveries are staggered over a few months and due to volatile market conditions, AI allows fixed lease rental to be linked to a Standard Benchmark such as LIBOR, US Treasury Rates etc. till the aircraft is financed/delivered which can be finalized at the closing date based on the benchmark clearly reflected in the bid. There shall be no such linkage during the lease term.
8. AI will not contribute to any Maintenance Reserve but will maintain the aircraft during the period of the lease.

ओल्ड एअरपोर्ट, कालिना, सांताक्रुज, (पूर्व), मुंबई - 400 029. इंडिया. फोन: 2626 5555

Old Airport, Kalina, Santacruz (East), Mumbai - 400 029. India. Tel: 2626 5555

रजिस्टर्ड कार्यालय: नेशनल एविएशन कंपनी ऑफ इंडिया लि., एअरलाइन्स हाउस, 113, गुरुद्वारा रकाबगंज रोड, नई दिल्ली - 110 001. फोन: 2342 2000

Regd. Office: National Aviation Company of India Ltd. Airlines House, 113, Gurudwara Rakabganj Rd., New Delhi - 110 001. Tel: 2342 2000

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9. AI will redeliver the aircraft at the end of lease term with specific redelivery conditions which are attached as Annexure II. If the Lessors require any specific redelivery condition in addition to those specified, the cost of compliance will be reckoned in the financial evaluation.
10. AI will evaluate the bids based on the IRR. Amongst bids with the same IRR, the one offering highest purchase price per aircraft would be preferred.
11. Financial evaluation will not consider the purchase option at the end of the lease term or extension of the specified lease term.
12. AI would have the right to cancel/withdraw these arrangements at any time before the final agreement is reached.
13. AI is not bound to accept the highest or any other offers received. The offers received may be accepted or rejected partially or in full without assigning any reason whatsoever.
14. The offers should be valid for a period of minimum 60 days from the closing of the tender.
15. The Lessor should make a firm offer. However, AI will allow reasonable time to the Lessor to arrange its necessary approval after awarding of mandate.
16. The final arrangement would be subject to the approval of the Government of India for the sale and lease back.
17. The Indian Income-Tax Act imposes withholding tax on lease rentals to lessors outside India. The rate of withholding tax / service tax, if applicable, on lease rentals will be considered in financial evaluation of the offers to determine the all-in cost of your offer. To enable us determine the applicable withholding tax rate for your offer, the jurisdiction of leasing must be clearly spelt out in the offer. If the leasing is offered through Special Purpose Vehicle (SPV) structure, then the SPV is to be established for the purpose for leasing of aircraft to AI, needs to be based in a tax friendly jurisdiction
18. Any associated fees or cost including legal and out of pocket expenses with details and ceilings against each should be quantified.
19. If collateral security / government guarantee / security deposit is required, the same should be clearly mentioned in the offer.



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20. The offer should be sent in a sealed envelope so as to reach us not later than 1600 hrs on December 30, 2011. The envelope containing the bid must be superscribed as follows:

Ref No.DF/PROJ/RFP-AIL/ACFTFIN  
Due Date : 30.12.2011  
Attn : **Mr. H. Pai**  
**Asst. General Manager-Finance**  
**Finance Department,**  
**Air India**  
**Old Airport, Santacruz (E),**  
**Mumbai 400 029**

21. In case you need any clarifications or additional data you may email us at [H.Pai@airindia.in](mailto:H.Pai@airindia.in) with a copy to [P.Oroskar@airindia.in](mailto:P.Oroskar@airindia.in).
22. Offers should not be submitted through e-mail or fax as the offer received in sealed envelope as per para 20 above shall only be considered.

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