

Air India offers 98 crore shares to employees

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Air India has introduced an employee share benefit scheme, offering around 98 crore shares or 3 pc of its equity share capital to permanent employees as part of a stock option scheme.

The move aimed at incentivising and improve the performance will benefit around 8,000 employees.

“In accordance with the share purchase agreement signed as part of the disinvestment process, Air India has initiated the Employee Share Benefit Scheme for eligible employees who were in service with the airline on the date of privatisation,” Economic Times quoted a company spokesperson as saying.
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With this, Air India will become the second company in the salt-to-steel

conglomerate to launch such stock option plan for its staff after automobile major Tata Motors, which rolled out a scheme in 2018. Tatas officially took over the erstwhile national carrier from the Centre on January 27, 2022.

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Along with Air India staff, permanent employees of Air India and Air India Express at the time of the takeover will also be eligible to participate in the scheme.

Air India Staff Stock Option

Under the scheme, permanent employees will get the share at a price of 27 paise apiece, as per the document sent to the staff. The price is at a discount compared to the book value of 87-90 paise per share at the time of acquisition, PTI quoted a source as saying.

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Worth mentioning here is that employees of the carrier will not personally own any of its shares at any point of time, instead, the shares will be held by a trust. SBI Caps Trustee Company Ltd has been appointed to implement the scheme.

The company has authorised the trust to offer ESB benefits on no more than 3 per cent of the shares of the company purchased by Talace i.e., 97,99,56,600 to the eligible employees from time to time, in one or more tranches, acquired by the trust from Talace for nil monetary consideration.

The trust shall hold the ESB shares to provide the ESB benefit to the eligible employees upon the payment of the aggregate exercise price together with all applicable taxes and amounts. Talace, a subsidiary of Tata Sons, acquired Air India, Air India Express and the government's 50 per cent stake in Air India SATS Airport Services Pvt Ltd.

The fair market value (FMV) will be calculated every year by July 15 and employees will be able to encash their shares.

Any eligible employee retiring on or after January 27, 2022, will be deemed to be an eligible employee and will be entitled to the benefits in accordance with and subject to the terms of this scheme.

ESOP scheme in other airlines

Other Indian airlines and Air India's competitors like IndiGo and SpiceJet have also implemented ESOP policies. Low-budget airline IndiGo allotted shares to its top

management in its early days, making most of them millionaires when it listed on the stock exchanges in 2015 at a price of Rs 765 a share.

Late investor Rakesh Jhunjhunwala-backed Akasa Air is also offering stock options to attract staff.

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