

Air India borrows \$120m from SMBC to purchase Airbus aircraft

- A Monitor Desk Report

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Mumbai: On Dec 20 Japanese lender SMBC disclosed that Air India (AI), owned by the Tata Group, secured a USD 120 million loan from the bank to acquire a wide-body A350 aircraft from Airbus.

The funding played a role in financing Air India's acquisition of an A350-900 aircraft from [Airbus](#), which was successfully delivered in October 2023, as stated in an official release.

SMBC clarified that this represents a secured debt facility facilitated through its Singapore branch, with the borrower being Air India's GIFT City-based subsidiary, AI Fleet Services.

This transaction is part of the larger commitment made by the Tata Group to acquire a total of 470 aircraft from both Boeing and Airbus, with [Air India](#) contributing equity to this ambitious initiative.

As per certain reports, the cost of an [Airbus A350-900](#) aircraft is reported to exceed USD 300 million.

Hiroyuki Mesaki, the Country Head for India at SMBC Group, expressed satisfaction in strengthening the longstanding ties with the Tata Group through this transaction. He noted that this marks the bank's inaugural aircraft finance lease deal of its kind.

Nipun Aggarwal, Chief Commercial and Transformation Officer at Air India mentioned that the aircraft was part of the initial deliveries from the extensive aircraft order disclosed earlier in the year.

Aggarwal further stated, “This transaction is also a significant move in the expansion of our aircraft financing operations through GIFT City, India’s first International Financial Services Centre (IFSC).”

The statement from SMBC highlighted that India holds the position of being the fifth-largest aviation market worldwide, and the sector is anticipated to experience substantial growth, driven by factors such as the emergence of a sizable and expanding middle class with a willingness to travel.

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