

Axis Bank Becomes the First Indian Bank to Execute Aircraft Financing Through Its International Banking Unit (IBU) at GIFT City IFSC

A Landmark Deal with Air India, Paving the Way for Homegrown Aviation Finance Solutions

March 07, 2025

Axis Bank, one of the largest private sector banks in India, has become the **first Indian bank to execute an aircraft financing transaction** through its International Banking Unit (IBU) at **GIFT City IFSC**. The landmark deal was completed for **AI Fleet Services Ltd (AIFS)**, the leasing arm and wholly owned subsidiary of Air India (a Tata Group Company). This milestone marks a major breakthrough in India's aviation finance sector, traditionally dominated by multinational banks, and reinforces GIFT City's role as an emerging hub for aircraft leasing and financing.

The deal involves a long-term USD **Loan for the purchase of 34 training aircraft**, which will be deployed at Air India's upcoming pilot training institute in Amravati, Maharashtra. This facility is set to become one of India's largest pilot training hubs, contributing to the country's expanding aviation infrastructure.

By financing this transaction, Axis Bank is reshaping the aviation finance ecosystem by providing Indian airlines with access to home-grown funding solutions and strengthening India's financial self-reliance in global aviation.

GIFT City is emerging as India's Aircraft Financing Hub. For the **first time in India's banking history**, all key stakeholders in the transaction—**Lender, Borrower, Law Firm, Facility Agent, and Security Agent** are GIFT City entities. The Government of India has been actively promoting GIFT City as a strategic alternative to global aviation finance centers, and Axis Bank's leadership in this space is a **significant step toward realizing that vision**.

Rajiv Anand, Deputy Managing Director, Axis Bank said, "At Axis Bank, we believe in pushing the boundaries of financial innovation to empower India's long-term economic growth. This pioneering aircraft financing deal, structured end-to-end by our GIFT City IBU Team, is a strategic step towards creating a robust aviation finance ecosystem within India. By leveraging its presence in the IFSC ecosystem, our GIFT City franchise has demonstrated capabilities to offer home grown financing options that strengthen India's position in the global aviation landscape. As India's aviation industry scales new heights, Axis Bank remains committed to providing dynamic and customized financial solutions that align with the vision of an Atmanirbhar Bharat."

Sanjay Sharma, Chief Financial Officer, Air India said, "Air India has embarked on a five-year transformation journey Vihaan.AI, placing an order for 570 aircraft, and GIFT City will be important for financing of these aircraft. In FY 2023-24, our leasing arm AI Fleet Services Ltd (AIFS) executed eight finance lease transactions worth more than USD 1 billion while the recent transaction for 34 training aircraft was one of the first transactions where an Indian bank has been involved in a long tenor, US dollar aircraft financing. We are glad to see GIFT City maturing further and emerging as an aircraft leasing and financing option for airlines as Indian aviation takes strides."

Key Highlights of the Transaction:

- - **First Indian Bank to Finance an Aircraft Deal** – A historic step in domestic aviation finance
- - **Strengthening India's Aviation Financing Capabilities** – Paving the way for more Indian banks to support fleet expansion needs
- - **Supporting Pilot Training Infrastructure** – Financing 34 training aircraft to enhance India's pilot training capacity
- - Providing Indian airlines with **homegrown financing options**
- - **Reinforcing GIFT City's Position** – A milestone in establishing India as a global hub for aviation finance and leasing
- - **'One Axis' Approach in Aviation Finance** – Axis Trustee acted as Facility Agent and Security Trustee, making it an integrated financial solution from Axis group.

India's aviation sector is projected to require approximately **USD 30 billion in funding over the next decade** for fleet modernization and expansion. Historically, Indian airlines have **relied on multinational banks** for aircraft loans due to the lack of a strong domestic financing framework. Axis Bank's entry into this space provides **a new pathway for Indian carriers**, enabling them to **tap into Indian banking expertise** for their fleet expansion needs.

As India's aviation industry continues to soar, **Axis Bank remains committed to providing innovative financial solutions that empower domestic enterprises and strengthen India's standing in the global aviation sector.**