AIR INDIA GETS 7,000 CORE RUPEES THROUGH SALE OF 21 DREAMLINERS

News / Airlines



Air India has mopped up 7,000 crore rupees by selling nine of its 21 Dreamliner aircraft to a Singaporean lessor, which it has taken back on lease from the company under an SLB (sale and lease back) arrangement.

A major chunk of these funds will go into repayment of the bridge loan availed earlier for purchasing these Boeing 787-800s, airline sources said.

Under an SLB arrangement, the seller of an asset leases it back from the purchaser for a long-term period and continues to use it without actually owning it.

Air India has 131 aircraft in its fleet, consisting of Boeing, Airbus and ATR planes as well as CRJs. Of these, 21 are Boeing 787-800s.

Earlier also, the flag carrier had sold and leased back 12 Dreamliners under a similar arrangement.

"Air India has sold all the nine Dreamliners to one Singaporean lessor for a little over 7,000 crore rupees. These planes have now been taken back on lease by the same firm," Air India sources told PTI.

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Sources said that of the total proceeds, about 6,000 crore rupees will be used for repayment of the bridge loan taken against these planes at the time of acquisition while the remaining 1,000 crore rupees will be utilised for other purposes.

The airline is saddled with a debt of about 40,000 crore rupees that includes a long-term loan taken for aircraft purchase and working capital loan. It has accumulated a loss of close to 30,000 crore rupees. The airline, however, is expected to report around 6 crore rupees operating profit this fiscal year.

These nine B787-800s were inducted into the national carrier's fleet between March 2014 and June this year. Air India had last month invited bids from domestic and international banks /financial institutions to sell these planes.

The airline had fixed a reserve price of not less than US$123 million for the planes acquired in 2015 and US$120 million for the aircraft inducted in the fleet during 2014.

As part of its fleet expansion plan, the national carrier had in 2006 placed orders with Boeing for 68 aircraft - 27 Dreamliners, 15 B777-300ERs, eight B777-200LRs and 18 B737- 800s.

Surviving on a 30,000 crore rupees bailout package from the parent, Government of India, Air India had reported a net loss of 5,547.47 crore rupees in the last fiscal on the back of total revenues of 19,781 crore rupees.

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