

2013

A Report on Private Aircraft
Usage Data, Ownership,
Financing and RBI Guidelines in
India



Research Division

Airnetz Traveltech Private Limited

8/16/2013

RBI Circulars, Finance Terms and Policies

RBI Circular DBOD.No.BP. /21.06.001/2011-12

2. Object finance

Object finance (OF) refers to a method of funding the acquisition of physical assets (e.g. ships, aircraft, satellites, railcars, and fleets) where the repayment of the exposure is dependent on the cash flows generated by the specific assets that have been financed and pledged or assigned to the lender. A primary source of these cash flows might be rental or lease contracts with one or several third parties. In contrast, if the exposure is to a borrower whose financial condition and debt servicing capacity enables it to repay the debt without undue reliance on the specifically pledged assets, the exposure should be treated as a usual collateralized corporate exposure.

Guidelines Simplified & Banking Terms :

[Redacted content]

RBI Circular Dated 17th Aug, 2011

Import of Aircraft/Aircraft Engine/ Helicopter on lease basis

Authorised dealers are aware that the Reserve Bank is considering applications from airline companies and air taxi operators for payment of the lease rentals for import of aircraft/aircraft engine/helicopter on lease basis, based on the approval issued by the Director General of Civil Aviation (DGCA), Government of India.

2. It has been decided that authorised dealers may allow remittance of payment of lease rentals, opening of letter of credit towards security deposit etc. in respect of import of aircraft/aircraft engine/helicopter **on operating lease basis**, after verifying documents to show that necessary approval from the appropriate authorities, like Ministry of Civil Aviation/Director General of Civil aviation, Government of India has been obtained. In this connection attention is also invited to [paragraph 8 of Annexure I to A.D.\(M.A. Series\) Circular No.11 dated May 16, 2000.](#)
3. It is clarified that financial lease transaction i.e. the lease transaction containing option to purchase the asset at the end of the lease period will continue to require prior approval from the Reserve Bank of India.

Guidelines Simplified & Banking Terms:

[REDACTED]

RBI Circular Dated 9th July 2012

C.1.3. Advance Remittance for Import of Aircrafts/Helicopters and other Aviation Related purchases

As a sector specific measure, airline companies which have been permitted by the Directorate General of Civil Aviation to operate as a schedule air transport service, can make advance remittance without bank guarantee, up to USD 50 million. Accordingly, AD Category – I banks may allow advance remittance, without obtaining a bank guarantee or an unconditional, irrevocable Standby Letter of Credit, up to USD 50 million, for direct import of each aircraft, helicopter and other aviation related purchases. The remittances for the above transactions shall be subject to the following conditions:

- i. The AD Category - I banks should undertake the transactions based on their commercial judgment and after being satisfied about the bonafide of the transactions. KYC and due diligence exercise should be done by the AD Category-I banks for the Indian importer entity and the overseas manufacturer company as well.
- ii. Advance payments should be made strictly as per the terms of the sale contract and are made directly to the account of the manufacturer (supplier) concerned.
- iii. AD Category - I bank may frame their own internal guidelines to deal with such cases, with the approval of their Board of Directors.
- iv. In the case of a Public Sector Company or a Department / Undertaking of Central /State Governments, the AD Category - I bank shall ensure that the requirement of bank guarantee has been specifically waived by the Ministry of Finance, Government of India for advance remittances exceeding USD 100,000.
- v. Physical import of goods into India is made within six months (three years in case of capital goods) from the date of remittance and the importer gives an undertaking to furnish documentary evidence of import within fifteen days from the close of the relevant period. It is clarified that where advance is paid as milestone payments, the date of last remittance made in terms of the contract will be reckoned for the purpose of submission of documentary evidence of import.
- vi. Prior to making the remittance, the AD Category – I bank may ensure that the requisite approval of the Ministry of Civil Aviation / DGCA / other agencies in terms of the extant Foreign Trade Policy has been obtained by the company, for import.
- vii. In the event of non-import of aircraft and aviation sector related products, AD Category - I bank should ensure that the amount of advance remittance is immediately repatriated to India.

Prior approval of the Regional Office concerned of the Reserve Bank will be required in case of any deviation from the above stipulations.

Guidelines Simplified & Banking Terms :

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

RBI Circular Dated 3rd March 2012

Investment in Air Taxi Operations

10C.14 NRIs/OCBs will be allowed to set up Indian companies with 100% equity participation for carrying on Air Taxi Operations in terms of the guidelines issued by the Director General of Civil Aviation for Air Taxi Operations. Applications for the purpose should be made to Reserve Bank (Central Office) in form ISD(R). Repatriation of the investment and/or remittance of dividend will be permitted only after the expiry of five years of operation of the Air Taxi Scheme and only out of accumulated net foreign exchange earnings.

Guidelines Simplified & Banking Terms :

[REDACTED]

Monthly Flying Hours, Sectors & Annual Growth

Tail Code	[REDACTED]		
Aircraft & Year	Cessna Citation XLS (2007)		
Operator	[REDACTED]		
Base Location	Pune		
Flying Hours			
Month	2012	2011	YOY Growth
Jan	45	43	0.86%
Feb	47	45	
March	42	45	
April	35	38	-0.75%
May	40	42	
June	27	25	
July	25	35	-1.2%
August	25	20	
Sept	37	35	
Oct	42	39	16%
Nov	72	56	
Dec	67	65	
TOTAL	504	488	3%
Most Popular Domestic Destinations			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Most Popular International Destinations			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Lending Banks and Officers - Domestic

Bank :	ICICI Bank
Lending Officer :	Mr. [REDACTED]
Lending Authority :	\$75 - \$100 Million
Lending Terms :	Project finance at 14-17% Domestic ECB – Buyers Credit at 8.5%
Collateral :	85-100%
Finance Size :	70-80% LTV, 70-80% of Project Value. Can provide 100% LTV if project value is larger.
RBI Approval Required	NO
Email :	[REDACTED]@ICICIBANK.COM
Phone :	+91 [REDACTED] +91 [REDACTED]
Address :	[REDACTED]

Bank :	Saraswat Bank
Lending Officer :	Mr. [REDACTED]
Lending Authority :	\$50 - \$75 Million
Lending Terms :	Project finance at 16-17% Domestic ECB – Buyers Credit at 10%
Collateral :	100%
Finance Size :	70-80% of Project Value.
RBI Approval Required	NO
Email :	[REDACTED]@SARASWATBANK.COM
Phone :	+91 [REDACTED] +91 [REDACTED]
Address :	[REDACTED]

Bank :	Punjab National Bank
Lending Officer :	Mr. [REDACTED]
Lending Authority :	Upto \$100 Million
Lending Terms :	Project finance at 13-15% Domestic ECB – Buyers Credit at 8.5%
Collateral :	75%. Rest on Company Goodwill or BG.
Finance Size :	70-80% of Project Value. Can provide 100% LTV if project value is larger.
RBI Approval Required	NO
Email :	[REDACTED]@pnbindia.in
Phone :	+91 [REDACTED]
Address :	[REDACTED]

Lending Banks and Officers - International

Bank :	Bank
Lending Officer :	
Lending Authority :	Upto \$100 Million
Lending Terms :	Upto 90% LTV ECB – 7.5% Over Libor, Hedging Compulsory Can Route through an Entity in Ireland
RBI Approval Required	YES – Direct Finance Lease NO – Operating Lease through Ireland Company
Email :	
Phone :	
Address :	, London,UK

Bank :	Aircraft Leasing
Lending Officer :	
Lending Authority :	Upto \$100 Million
Lending Terms :	Upto 85% LTV ECB – 6.5% Over Libor Can Route through an Entity in Cayman Islands, British Virgin Islands
RBI Approval Required	YES – Direct Finance Lease NO – Operating Lease through Trust in Tax Treaty Country
Email :	
Phone :	
Address :	, Chicago, IL

Corporate Houses looking to acquire aircrafts in the next 1-5 years

Company Name :	██████████ Developers and Infrastructure Ltd.
CEO/Chairman :	████████████████████
Aircraft Category :	Small –Medium Business Jet
Budget	\$5 million - \$8 million
Company Revenues	\$30 million
Email :	████████████████████
Phone :	+91 22 2343453 +91 9234298234
Address :	████████████████████

Company Name :	██████████ Energy Ltd.
CEO/Chairman :	████████████████████
Aircraft Category :	Medium Business Jet
Budget	Upto \$10 million
Company Revenues	\$55 million
Email :	████████████████████
Phone :	████████████████████
Address :	████████████████████

Company Name :	██████████ Holdings and Investments Ltd.
CEO/Chairman :	████████████████████
Aircraft Category :	Large Business Jet
Budget	Upto \$25 million
Company Revenues	\$600 million
Email :	████████████████████
Phone :	████████████████████
Address :	████████████████████