

March 18, 2026

InterGlobe Aviation Limited: Long-term rating placed on Watch with Negative Implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short-term – Fund-based limits – Overdraft	4,351.50	4,351.50	[ICRA]A1+; Outstanding
Short-term – Non-fund based limits – Letter of Credit	312.50	312.50	[ICRA]A1+; Outstanding
Long-term – Non-fund based – Bank Guarantee	987.50	987.50	[ICRA]AA; Rating placed on Watch with Negative Implications
Long-term/ Short-term – Non-fund based limits – Standby Letter of Credit	3,162.88	3,162.88	[ICRA]AA/[ICRA]A1+; Long-term rating placed on watch with Negative Implications; Short-term ratings Outstanding
Short-term – Interchangeable (LC)	(150.00)	(150.00)	[ICRA]A1+; Outstanding
Long-term – Interchangeable (BG)	(773.38)	(773.38)	[ICRA]AA; Rating placed on Watch with Negative Implications
Short-term – Interchangeable (purchase invoice financing)	(500.00)	(500.00)	[ICRA]A1+; Outstanding
Long-term – Unallocated	185.62	185.62	[ICRA]AA; Rating placed on Watch with Negative Implications
Total Bank Line Facilities	9,000.00	9,000.00	
Issuer Rating	NA	NA	[ICRA]AA; ratings placed on Watch with negative implications

*Instrument details are provided in Annexure-I

Rationale

The long-term rating for InterGlobe Aviation Limited (IndiGo) has been placed on Watch with Negative Implications considering the expected pressure on the airline's operating and financial performance arising from the escalation of the geopolitical conflict in West Asia since late February 2026, which has materially disrupted the availability of international airspace and has led to a sharp rise in crude oil prices. The conflict has resulted in significant flight cancellations, route suspensions and rerouting, particularly on West Asian and select long haul international routes, thereby impacting capacity deployment, revenues, and operating efficiency. In addition, Brent crude prices increased sharply from around \$70/bbl in early February 2026 to about \$102-105/bbl over the last few days, raising fuel cost pressures. ATF prices, which remain sensitive to movements in crude oil and crack spreads, have also remained elevated, with the high crack spreads over the recent past, further pushing ATF prices upwards. The continuous weakening of the INR against the USD is another pressure point for IndiGo as the Rupee has fallen by around Rs. 7.0 per Dollar, translating to nearly 8% depreciation in YTD FY2026 (up to March 16, 2026). Given that fuel accounts for around 35-40% of IndiGo's cost structure and over 60% of its expenses (such as fuel, maintenance, and rentals) are directly or indirectly Dollar-linked, the sustained elevation in crude prices and Rupee depreciation could lead to material pressure on earnings and credit metrics, if the situation persists.

While IndiGo and other leading domestic airlines have recently announced a fuel charge to pass on the higher fuel costs, it may not fully offset the overall earnings pressure for IndiGo. In any case, the ability to fully pass-on increased costs are limited by price elasticity of demand (demand for travel may soften if ticket prices go beyond what the market can absorb), and not as much limited by the competitive landscape (given the oligopolistic nature of the domestic airlines sector). Nonetheless, the imposition of fuel charge by the airline industry sets a healthy pricing precedent, potentially enabling airlines to recalibrate

fares to partially absorb fuel cost shocks. This signifies the risk of weaker than earlier expected profitability and cash flow generation in the near-term, if operational disruptions and fuel prices remain elevated.

ICRA notes that the earlier operational disruptions of the airline in December 2025, triggered by the implementation of revised Flight Duty Time Limitations (FDTL) norms, have been largely resolved, with the airline having complied with the revised regulations and stabilised its domestic operations. The airline's Q3 FY2026 results remained adversely impacted by penalties and passenger compensation, currency depreciation and implementation of new labor laws. The airline is facing renewed performance pressures from exogenous factors this time, occurring in close succession to the earlier event, thereby adding to near term earnings pressure. The magnitude of this pressure will be driven by the duration of international airspace restrictions in West Asia, elevated ATF prices and insurance costs, and the effectiveness of the company's mitigating measures, including schedule rationalisation, capacity deployment, and pricing actions.

IndiGo's international operations account for around 30% of its capacity (of which, 60-65% is deployed to/through Middle East). The airline had cancelled more than 500 flights between February 28 and March 3, 2026, followed by additional cancellations since then due to the geopolitical risk. All flights to and from West Asia were initially suspended and long-haul services to Europe operated via the damp leased aircrafts remained impacted. IndiGo has now undertaken a realignment of its West Asia network for March 16-28, 2026, operating 252 weekly flights while suspending operations to seven destinations during this period.

ICRA also notes the recent disclosure by IndiGo regarding the resignation of the company's Chief Executive Officer (CEO), Mr. Pieter Elbers, effective March 10, 2026, with Mr. Rahul Bhatia, Managing Director, assuming interim charge of the company's operations as the CEO. While the interim arrangement provides near term leadership continuity, ICRA will monitor the evolving management structure and its implications, if any, on strategic decision making, execution capability, and operating performance.

Despite the near-term pressures, the ratings continue to draw comfort from IndiGo's strong business and financial fundamentals, including:

- Dominant market position, with a domestic passenger market share of 64% in 10M FY2026, providing scale advantage;
- Strong liquidity buffer, supported by free cash of Rs. 36,945 crore as of December 31, 2025, providing substantial headroom to absorb near-term earnings volatility;
- Sustained cost competitiveness, underpinned by a large and modern fleet, high aircraft utilisation and a low-cost operating model, which has historically enabled the airline to outperform peers across cycles;
- Track record of managing external shocks, including past episodes of crude price spikes, currency volatility and regulatory disruptions, with demonstrated ability to partially pass on cost increases;
- Large aircraft order book and strong relationship with OEMs, supply chain partners, lessors and lenders has helped IndiGo recover well in the past from various external shocks including Covid;
- Healthy demand environment, particularly in the domestic market, which continues to support load factors and revenues, even amid episodic disruptions.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Environmental and social risks: [Click here](#)

Liquidity position: Adequate

IAL's liquidity is adequate, as reflected by free cash of Rs. 36,945 crore as on December 31, 2025. The liquidity profile is further augmented by unutilised short-term fund-based lines (about Rs. 2,680 crore as on December 31, 2025). In addition, the leasing transactions of the new NEO aircraft joining the fleet are also expected to provide liquidity. Overall, these cash and liquidity buffers are expected to be adequate to cater to any operational losses and its debt servicing/operating lease requirements.

Rating sensitivities

Positive factors – The rating watch could be favourably resolved if geopolitical risks subside, leading to moderation in fuel prices and easing of airspace restrictions, thereby improving visibility and comfort around the airline’s operational and financial performance.

Negative factors – The ratings could be revised downward if geopolitical tensions persist or intensify, resulting in sustained elevated fuel prices, prolonged airspace restrictions, and a consequent material weakening of the airline’s operating performance, cash flow metrics and liquidity buffer. Specific triggers include Net debt (debt including lease liabilities - free cash)/EBITDAR of more than 2.5 times, on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of the company; details are enlisted in Annexure II.

About the company

IAL is the operating company for IndiGo, India’s largest passenger airline in terms of domestic market share. The airline operates on a Low-Cost Carrier (LCC) business model, offering no-frills air-commute to passengers both in the domestic as well as international sectors. At present, the company commands nearly 64% of the domestic market in terms of passengers carried. It commenced operations in August 2006 with a single aircraft, and as on December 31, 2025, had a fleet of 440 aircraft (86 owned/finance leased, 338 operating leased, and 16 damp leased). The airline operates more than 2,200 daily flights. As of December 31, 2025, these connected 96 domestic and 44 international destinations.

Promoted by Mr. Rahul Bhatia, the company was originally incorporated in January 2004 as a private limited company and converted into a public limited company in June 2006 as InterGlobe Aviation Limited. Subsequently, IndiGo proceeded with its Initial Public Offering (IPO) in FY2016, wherein its shares were listed on the BSE and the NSE. IndiGo is the key investee company of the InterGlobe Group, which has diverse business interests across aviation, hospitality, real estate, travel commerce, airline management, pilot training, aircraft maintenance, and IT and BPO spaces. As of December 31, 2025, InterGlobe Enterprises owned 35.7% stakes in it, followed by Mr. Rakesh Gangwal/family trust (5.9%) and the remaining (58.4%) by public institutions and individuals.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	9MFY2026*
Operating income	68,904	80,803	62,524
PAT	8,172	7,258	143
OPBDIT/OI	24%	22%	18%
PAT/OI	12%	9%	0%
Total outside liabilities/Tangible net worth (times)	40.0	11.3	-
Total debt/OPBDIT (times)#	3.1	3.7	-
Net debt/EBITDAR**	1.7	1.6	-
Interest coverage (times)	3.9	3.5	2.5

Source: Company, ICRA Research; *Limited Results; All ratios as per ICRA’s calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; #debt includes operating lease liabilities; **net debt = (total debt- free cash)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs crore)	Mar 18, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based Limits-Overdraft	Short Term	4,351.50	[ICRA]A1+	Jul 25, 2025	[ICRA]A1+	Jul 26, 2024	[ICRA]A1+	Jul 28, 2023	[ICRA]A1+	Apr 04, 2022	[ICRA]A1
				Dec 10, 2025	[ICRA]A1+	-	-	Nov 20, 2023	[ICRA]A1+	Mar 20, 2023	[ICRA]A1
Non-Fund Based Limits – Letter of Credit	Short Term	312.50	[ICRA]A1+	Jul 25, 2025	[ICRA]A1+	Jul 26, 2024	[ICRA]A1+	Jul 28, 2023	[ICRA]A1+	Apr 04, 2022	[ICRA]A1
				Dec 10, 2025	[ICRA]A1+	-	-	Nov 20, 2023	[ICRA]A1+	Mar 20, 2023	[ICRA]A1
Non-Fund Based-bank guarantee	Long Term	987.50	[ICRA]AA Rating Watch with Negative Implications	Jul 25, 2025	[ICRA]AA (Stable)	Jul 26, 2024	[ICRA]AA- (Stable)	Jul 28, 2023	[ICRA]A+ (Stable)	Apr 04, 2022	[ICRA]A (Negative)
				Dec 10, 2025	[ICRA]AA (Stable)	-	-	Nov 20, 2023	[ICRA]A+ (Stable)	Mar 20, 2023	[ICRA]A (Stable)
Non-Fund Based Limits – Standby Letter of Credit	Long Tem/ Short Term	3,162.88	[ICRA]AA Rating Watch with Negative Implications/ [ICRA]A1+	Jul 25, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	Jul 26, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Jul 28, 2023	[ICRA]A+ (Stable)/ [ICRA]A1+	Apr 04, 2022	[ICRA]A (Negative)/ [ICRA]A1
				Dec 10, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	Nov 20, 2023	[ICRA]A+ (Stable)/ [ICRA]A1+	Mar 20, 2023	[ICRA]A (Stable)/ [ICRA]A1
Interchangeable (LC)	Short Term	(150.00)	[ICRA]A1+	Jul 25, 2025	[ICRA]A1+	Jul 26, 2024	[ICRA]A1+	Jul 28, 2023	[ICRA]A1+	Apr 04, 2022	[ICRA]A1
				Dec 10, 2025	[ICRA]A1+	-	-	Nov 20, 2023	[ICRA]A1+	Mar 20, 2023	[ICRA]A1
Interchangeable (BG)	Long Term	(773.38)	[ICRA]AA Rating Watch with Negative Implications	Jul 25, 2025	[ICRA]AA (Stable)	Jul 26, 2024	[ICRA]AA- (Stable)	Jul 28, 2023	[ICRA]A+ (Stable)	Apr 04, 2022	[ICRA]A (Negative)
				Dec 10, 2025	[ICRA]AA (Stable)	-	-	Nov 20, 2023	[ICRA]A+ (Stable)	Mar 20, 2023	[ICRA]A (Stable)
Interchangeable (Purchase Invoice financing)	Short Term	(500.00)	[ICRA]A1+	Jul 25, 2025	[ICRA]A1+	Jul 26, 2024	[ICRA]A1+	Jul 28, 2023	[ICRA]A1+	Apr 04, 2022	[ICRA]A1
				Dec 10, 2025	[ICRA]A1+	-	-	Nov 20, 2023	[ICRA]A1+	Mar 20, 2023	[ICRA]A1
Unallocated limits	Long Term	185.62	[ICRA]AA Rating Watch with Negative Implications	Jul 25, 2025	[ICRA]AA (Stable)	Jul 26, 2024	[ICRA]AA- (Stable)	Jul 28, 2023	[ICRA]A+ (Stable)	Apr 04, 2022	[ICRA]A (Negative)
				Dec 10, 2025	[ICRA]AA (Stable)	-	-	Nov 20, 2023	[ICRA]A+ (Stable)	Mar 20, 2023	[ICRA]A (Stable)
Issuer rating	Long Term	-	[ICRA]AA Rating Watch with Negative Implications	Jul 25, 2025	[ICRA]AA (Stable)	Jul 26, 2024	[ICRA]AA- (Stable)	Jul 28, 2023	[ICRA]A+ (Stable)	Apr 04, 2022	[ICRA]A (Negative)
				Dec 10, 2025	[ICRA]AA (Stable)	-	-	Nov 20, 2023	[ICRA]A+ (Stable)	Mar 20, 2023	[ICRA]A (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Short Term – Fund Based Limits – Overdraft	Simple
Short Term – Non-Fund Based Limits – Letter of Credit	Simple

Instrument	Complexity Indicator
Long-Term – Non-Fund Based – bank guarantee	Simple
Long Term/Short Term – Non-Fund Based Limits – Standby Letter of Credit	Simple
Short Term – Interchangeable (LC)	Simple
Long Term – Interchangeable (BG)	Simple
Short-Term – Interchangeable (Purchase Invoice financing)	Simple
Long-term – Unallocated	Not applicable
Issuer Rating	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Short Term – Fund Based Limits – Overdraft	Multiple	-	-	4,351.50	[ICRA]A1+
NA	Short Term – Non-Fund Based Limits – Letter of Credit	Multiple	-	-	312.50	[ICRA]A1+
NA	Long-Term – Non-Fund Based – bank guarantee	Multiple	-	-	987.50	[ICRA]AA Rating Watch with Negative Implications
NA	Long Term/Short Term – Non-Fund Based Limits – Standby Letter of Credit	Multiple	-	-	3,162.88	[ICRA]AA Rating Watch with Negative Implications/ [ICRA]A1+
NA	Short Term – Interchangeable (LC)	Multiple	-	-	(150.00)	[ICRA]A1+
NA	Long Term – Interchangeable (BG)	Multiple	-	-	(773.38)	[ICRA]AA Rating Watch with Negative Implications
NA	Short-Term – Interchangeable (Purchase Invoice financing)	Multiple	-	-	(500.00)	[ICRA]A1+
NA	Long-term – Unallocated	-	-	-	185.62	[ICRA]AA Rating Watch with Negative Implications
NA	Issuer Rating	-	-	-	-	[ICRA]AA Rating Watch with Negative Implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	IAL Ownership	Consolidation Approach
InterGlobe Aviation Limited	100.00% (Rated entity)	-
Agile Airport Services Private Limited	100.00%	Full Consolidation
InterGlobe Aviation Financial Services IFSC Private Limited	100.00%	Full Consolidation
InterGlobe Aviation Ventures LLP	100.00%	Full Consolidation

Source: Company; annual report

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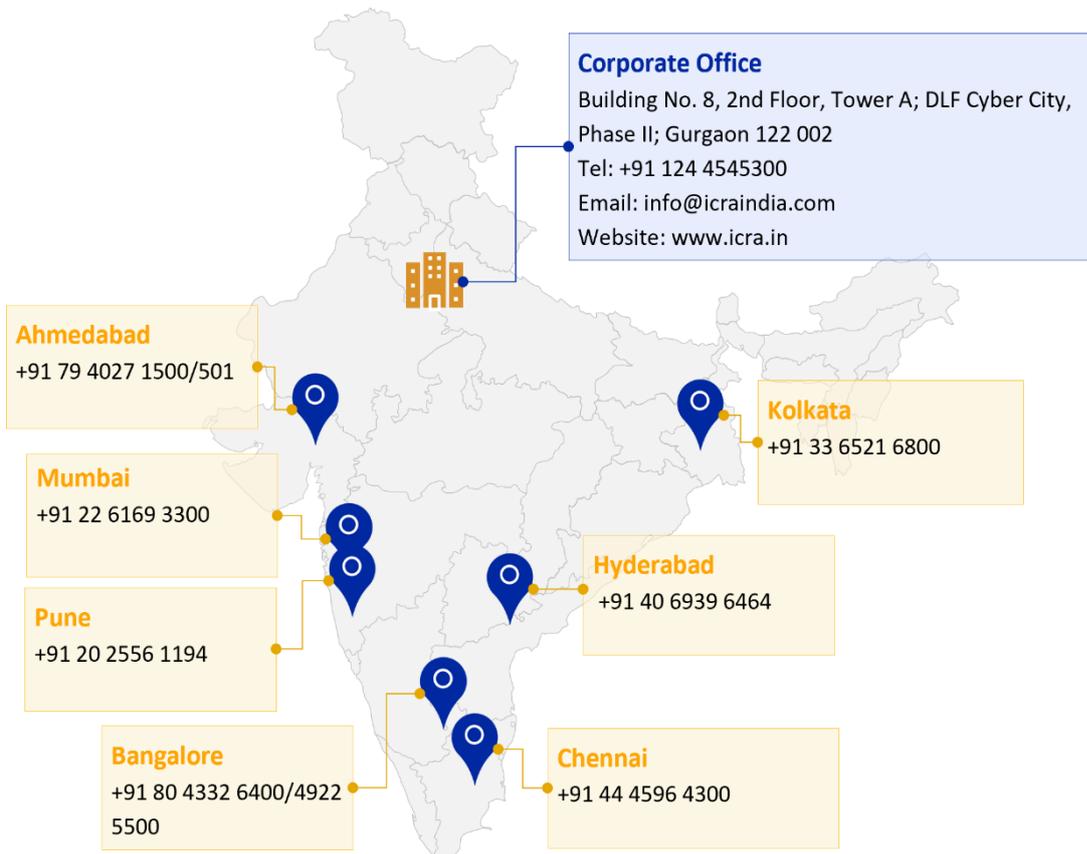
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