

December 10, 2025

## InterGlobe Aviation Limited: Update on Material Event

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating outstanding
Short Term Fund Based Limits- Overdraft	4,351.50	4,351.50	[ICRA]A1+
Short Term Non-Fund Based Limits – Letter of Credit	312.50	312.50	[ICRA]A1+
Long-Term Non-Fund Based- bank guarantee	987.50	987.50	[ICRA]AA (Stable)
Long Term/Short Term Non-Fund Based Limits – Standby Letter of Credit	3,162.88	3,162.88	[ICRA]AA (Stable)/ [ICRA]A1+
Short Term - Interchangeable (LC)	(150.00)	(150.00)	[ICRA]A1+
Long Term - Interchangeable (BG)	(773.38)	(773.38)	[ICRA]AA (Stable)
Short-Term - Interchangeable (Purchase Invoice financing)	(500.00)	(500.00)	[ICRA]A1+
Long-term- Unallocated	185.62	185.62	[ICRA]AA (Stable)
<b>Total Bank Line Facilities</b>	<b>9,000.00</b>	<b>9,000.00</b>	
<b>Issuer Rating</b>	NA	NA	[ICRA]AA (Stable)

\*Instrument details are provided in Annexure-I

### Rationale

#### Material Event

InterGlobe Aviation Limited (IndiGo) faced severe disruptions to its operations last week<sup>1</sup>, resulting in widespread flight delays and cancellations. IndiGo performed a network reboot leading to the flight cancellations peaking on December 5, 2025, when around 1,600 flights were cancelled, representing around 70% of the total daily flights. The disruption stemmed from multiple factors, the most significant being the implementation of Phase II of the Flight Duty Time Limitation (FDTL)<sup>2</sup> norms primarily related to introduction of stricter night-duty definitions and limiting the landings post night-duty effective November 1, 2025, which evidently challenged IndiGo's ability to maintain the integrity of its daily flight schedules. Additional challenges such as winter schedule enhancements, air traffic congestion, technical snags, and adverse weather conditions on some routes brought together the conditions for a perfect proverbial storm. IndiGo, long regarded for its operational efficiency, experienced the tail risks associated with running on thin operational buffers in a sector that has among the most complex and interdependent value chains.

<sup>1</sup> IndiGo through a press release dated December 3, 2025, had acknowledged a material disruption to its network, resulting in widespread flight delays and cancellations.

<sup>2</sup> The FDTL norms pertain to the implementation of the revised night definition (expanded from 00:00–05:00 am to 00:00–06:00 am, making early-morning flights count as night duty), night landings (reduced from 6 to 2 per duty period in select time slices), weekly rest for pilots, among other prescriptive rules aimed at reducing pilot fatigue and enhancing air travel safety.

## Impact of Material Event

ICRA notes that IndiGo was the worst affected by the revised FDTL norms, given its high aircraft utilisation and extensive nighttime operations, which meant limited operational buffers compared with peers. This stretched IndiGo's ability to implement the new rules on night duty caps and pilot rest. While IndiGo's lean cost structure has historically been a differentiator in a competitive market, the scale of disruption highlights gaps in resource planning.

For now, the Directorate General of Civil Aviation (DGCA) has granted temporary relief to IndiGo on compliance with the new norms related to night-duty (implemented in Phase II) until February 10, 2026, which should support near-term recovery. IndiGo, on its part, rebooted the network, systems, and rosters so that it could start afresh with higher number of flights and improved stability. This has enabled IndiGo to gradually progress towards achieving normalcy in operations over the coming week, while bearing a heavy financial and reputational cost in the interim.

IndiGo's near-term financial performance is expected to be significantly impacted due to revenue loss from cancellations, refunds, higher operating costs to compensate affected passengers, and potential penalties following an ongoing regulatory inquiry. The reputational impact following the inconvenience caused to a large number of travelers, and the ensuing regulatory and media attention, is an area of concern, and the company's ability to restore brand loyalty will be critical. While this episode has impacted IndiGo's brand for now, it may not necessarily have a lasting impact. IndiGo offers competitively priced services and has a long and consistent record of providing reliable services across its large network. As its operations recover, these factors will outweigh the potential for sustained defection of travelers to other airlines. Importantly, IndiGo holds a commanding position in the Indian aviation market, with about 65% share in domestic passenger traffic, putting scale and statistics in its favour that will tend to make it the default choice for a large proportion of travelers.

Nevertheless, profitability for the current fiscal will remain under pressure, not only from operational disruptions but also from the depreciation of the Indian Rupee against the US Dollar. IndiGo's financial leverage (Net debt, including lease liabilities, minus free cash/ EBITDAR) in FY2026 is likely to breach ICRA's negative trigger of 2.5x. However, in its base case, ICRA does not expect the breach to persist in the next fiscal, implying that the medium-term credit impact of this event should be largely manageable. ICRA continues to take comfort from the company's dominant market share in the Indian aviation industry, strong growth prospects supported by low air travel penetration in India, and the company's strong balance sheet characterised by a healthy liquidity profile, marked by unencumbered cash and equivalents of around Rs. 38,500 crore as on September 30, 2025. The large liquidity buffers give IndiGo significant cushion to bear the near-term earnings pressure as well as meet its investment requirements, without raising new debt.

ICRA will continue to monitor developments related to:

- The pace at which IndiGo's operational metrics revert to the prior levels
- The cost implications of implementing the new regulatory norms, which could increase pilot hiring expenses when no other efficiency levers are deployed
- The ability to pass on these incremental costs to travelers
- Continuity of senior leadership in the context of the show cause notices issued by the DGCA to IndiGo's Chief Executive Officer and Chief Operating Officer

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
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 63% of the domestic market in terms of passengers carried. It commenced operations in August 2006 with a single aircraft, and as on March 31, 2025, had a fleet of 434 aircraft (owned/finance lease- 62, operating lease- 345, damp lease-27). The airline is operating 2,300+ daily flights. The fleet comprises 40 Airbus A320 CEOs, 195 Airbus A320 NEOs, 135 Airbus A321 NEOs, 48 ATRs, 3 A321 freighters, 3 B777 (damp lease), 9 B737 (damp lease) and 1 B 787 (damp lease). As of March 2025, these connected 91 domestic and 40 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 in FY2016, wherein its shares were listed on the BSE and the NSE. IndiGo is the key investee company of InterGlobe Group, which has diverse business interests across aviation, hospitality, real estate, travel commerce, airline management, pilot training, aircraft maintenance and IT&BPO spaces. As of March 31, 2025, it was owned 35.7% by InterGlobe Enterprises, 13.5% by Mr. Rakesh Gangwal/family trust and the remaining 50.7% by public (institutions and individuals).

## Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	68,904	80,803
PAT	8,172	7,258
OPBDIT/OI	24%	22%
PAT/OI	12%	9%
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

Source: Company, ICRA Research; 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

Current rating (FY2026)				Chronology of rating history for the past 3 years							
Instrument	Type	Amount rated (Rs crore)	Dec 10, 2025	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
				-	-	-	-	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
				-	-	-	-	Nov 20, 2023	[ICRA]A1+	Mar 20, 2023	[ICRA]A1
Non-Fund Based-bank guarantee	Long Term	987.50	[ICRA]AA (Stable)	Jul 25, 2025	[ICRA]AA (Stable)	Jul 26, 2024	[ICRA]AA- (Stable)	Jul 28, 2023	[ICRA]A+ (Stable)	Apr 04, 2022	[ICRA]A (Negative)
				-	-	-	-	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 (Stable)/ [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
				-	-	-	-	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
				-	-	-	-	Nov 20, 2023	[ICRA]A1+	Mar 20, 2023	[ICRA]A1
Interchangeable (BG)	Long Term	(773.38)	[ICRA]AA (Stable)	Jul 25, 2025	[ICRA]AA (Stable)	Jul 26, 2024	[ICRA]AA- (Stable)	Jul 28, 2023	[ICRA]A+ (Stable)	Apr 04, 2022	[ICRA]A (Negative)
				-	-	-	-	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
				-	-	-	-	Nov 20, 2023	[ICRA]A1+	Mar 20, 2023	[ICRA]A1
Unallocated limits	Long Term	185.62	[ICRA]AA (Stable)	Jul 25, 2025	[ICRA]AA (Stable)	Jul 26, 2024	[ICRA]AA- (Stable)	Jul 28, 2023	[ICRA]A+ (Stable)	Apr 04, 2022	[ICRA]A (Negative)
				-	-	-	-	Nov 20, 2023	[ICRA]A+ (Stable)	Mar 20, 2023	[ICRA]A (Stable)
Issuer rating	Long Term	-	[ICRA]AA (Stable)	Jul 25, 2025	[ICRA]AA (Stable)	Jul 26, 2024	[ICRA]AA- (Stable)	Jul 28, 2023	[ICRA]A+ (Stable)	Apr 04, 2022	[ICRA]A (Negative)
				-	-	-	-	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/ WCDL/ FCDL/STL	Simple
Short Term Non-Fund Based Limits – Letter of Credit	Very simple
Long-Term Non-Fund Based – Bank Guarantee	Very Simple
Long Term/Short Term Non-Fund Based Limits - Standby Letter of Credit	Simple
Short-Term Interchangeable limits (Fund/Non-Fund based)	Very Simple
Long Term Non-Fund Based Sub-Limits (interchangeable limits)	Very 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 (Stable)
NA	Long Term/Short Term Non-Fund Based Limits-SBLC	Multiple	-	-	3,162.88	[ICRA]AA (Stable) / [ICRA]A1+
NA	Short-Term Non-Fund Based (interchangeable-Limits) - LC	Multiple	-	-	(150.00)	[ICRA]A1+
NA	Long-Term Non-Fund Based (interchangeable-Limits) - BG	Multiple	-	-	(773.38)	[ICRA]AA (Stable)
NA	Short Term Fund Based (interchangeable limits)	Multiple	-	-	(500.00)	[ICRA]A1+
NA	Unallocated limits	-	-	-	185.62	[ICRA]AA (Stable)
NA	Issuer Rating	-	-	-	-	[ICRA]AA (Stable)

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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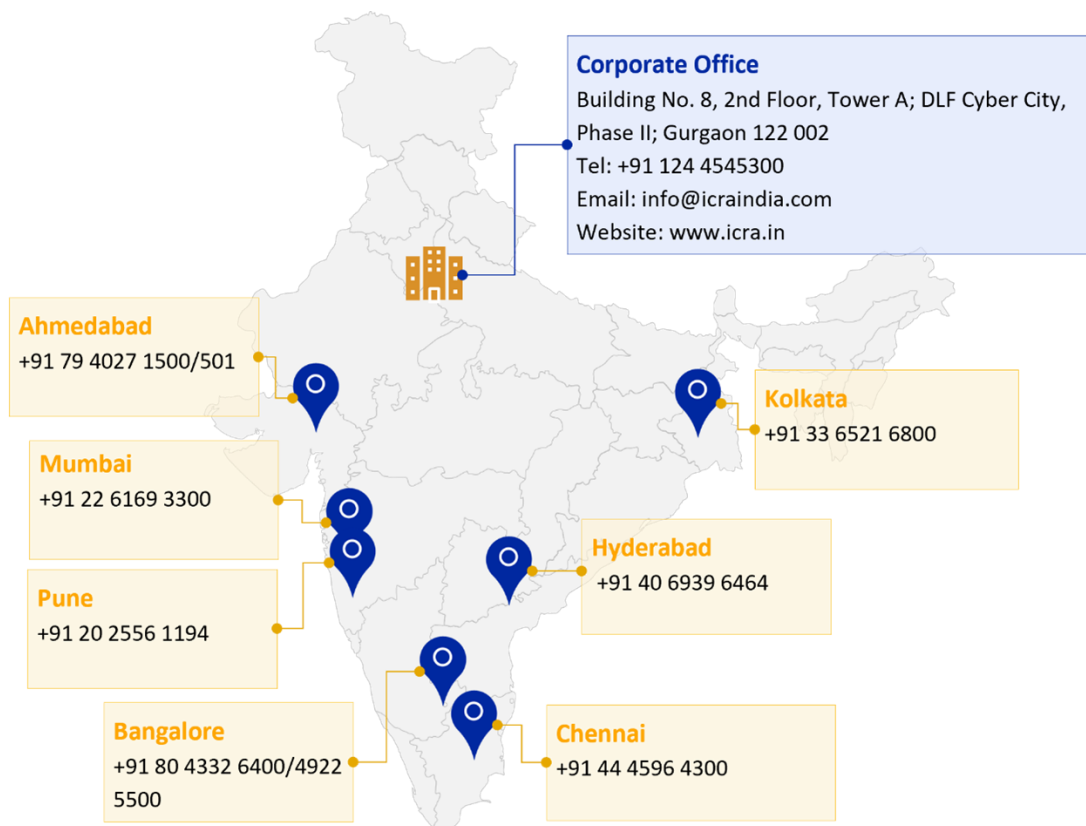
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