

July 17, 2019

Interglobe Aviation Limited – Update on Material Event

Summary of rated instruments

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
Long-term Non-fund Based Limits	335.63	[ICRA]A+ (Negative)
Long-term Non-fund Based Sub-Limits*	(100.00)	[ICRA]A+ (Negative)
Unallocated	541.89	[ICRA]A+ (Negative)
Long-term/Short-term Non-Fund Based Limits	6,642.48	[ICRA]A+ (Negative)/A1+
Short-term Fund-based Limits	155.00	[ICRA]A1+
Short-term Non-fund Based Limits	325.00	[ICRA]A1+
Short-term Non-fund Based Sub-Limits*	(545.00)	[ICRA]A1+
Total Bank Line Facilities	8,000.0	
Issuer Rating	-	[ICRA]A+ (Negative)

* Sub-limits of other facilities

Material Event

Interglobe Aviation Limited (Indigo) announced to the stock exchange on July 9, 2019 that its Board of Directors received a letter from one of the founding promoters, viz. Mr. Rakesh Gangwal, informing that he is seeking regulatory intervention from the Security and Exchange Board of India (SEBI) with regard to alleged grievances. The letter sent by Mr. Gangwal, along with responses from the other founder-promoter, Mr. Rahul Bhatia (part of the Interglobe Group), has been shared on the stock exchange, and these have brought to light the differences existing between the two founders.

In his letter, Mr. Gangwal has raised concerns on a) the related party transactions (RPTs) executed with companies in the Interglobe Group, b) the controlling rights that the Interglobe Group have in the company that has allegedly resulted in corporate governance issues, and c) lack of an independent woman director on the Board.

Impact of the Material Event

Given the escalation of the differences between the two founding members and significant stakeholders¹ of the company, and allegations of serious corporate governance breaches, the resolution of the same involving regulatory intervention and investigations could be a long-drawn process. In the interim, although day-to-day operations may not be impacted, the impact of the same on the company's growth plans and strategic decisions remains to be seen. Accordingly, ICRA will continue to monitor the developments on these fronts and its likely impact on company's operational and financial performance.

The previous detailed rating rationale for Interglobe Aviation Limited is available on the following link: [Click here](#)

¹ Mr. Gangwal and associates hold close to 37% and the Interglobe Group holds around 38% stake in the company.

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