



InterGlobe Aviation Ltd - Failure of board to enable excellence in governance

ADDENDUM TO THE NOTE:

This note is issued as an addendum to the research note titled “**InterGlobe Aviation Ltd – Failure of Board to Enable Excellence in Governance**”, issued on 8th December, 2025. Building on the earlier analysis, SES seeks to highlight the immediate steps that could be taken to address the situation at hand and the approach required to mitigate systemic risks and prevent similar issues across the industry.

If you wish to read the addendum note directly, please [click here](#).

ORIGINAL NOTE:

FAILURE OF BOARD TO ENABLE EXCELLENCE IN GOVERNANCE

Recent chaotic situation at major airports, innumerable stories of hardship suffered by passengers topped by sky rocketing air fares, shamelessly cashing on miseries of consumers is result of “**chalta hai**” and “**will manage**” culture that prevails and ails many organizations and businesses. At the end, it appears, albeit temporarily, that Indigo has been successful in navigating through their failures. Critics are blaming DGCA, for letting go compliance with its directive on Flight Duty Time Limitations (FDTL). Rightly so, yet keeping aside laxity in enforcing its rule, fact is that DGCA had to choose between devil and deep sea, as scale was tilted towards larger public interest in letting go FDTL for time being, while compromising on flight /passenger safety. Thus “Chalta hai” managed & scored a victory. Passenger safety once again took a back seat probably reinforcing the belief “if we have lived with this risk till now, heavens are not going to fall in a day”

While DGCA had Hobson’s choice, Indigo in all probability made a conscious choice by ignoring FDTL for commercial considerations, saving on pilot remuneration and increased number of flights, which would not have been possible had they followed FDTL.

Hopefully situation will be normalised in few days’ time, it is time to ask few tough questions from the Board of Indigo and Management on behalf of stakeholders.

Firstly, was the Board aware of FDTL requirement? Did it monitor compliance? And is the Company transparent in accepting its failure? Indigo, in press release on 7th December, has advised setting up of up a Crisis Management Group (CMG) in a board meeting held on first day of crisis. Was the Board not aware that the problem of cancellations and delayed flights would arise if they continued with this scale? Why did it wait until the crisis instead of acting proactively? No one would believe that the Board of Indigo which is graced with presence of stalwart was unaware of FDTL. That leads us to conclude that Board would have monitored compliance. And would have come to know that it was looking into certain failure in future. What did they do? It would be interesting to see minutes of Board Meetings to know what was discussed and how the Company planned to tackle the non-compliance. Probably “will manage” prevailed over tough decision to comply. And confidence that vulnerability of DGCA would come to their rescue.

Indigo has Risk Management Committee (RMC) (Sub-committee of Board), which is tasked to evaluate business risks and manage risks. What did RMC do in assessing the risk and mitigating the same? But for vulnerability of DGCA on account of larger public interest Indigo did run the risk of operations coming to a halt.



Why DGCA is vulnerable is the obvious question? The answer is simple, a public utility has been allowed to operate as near duopoly. Even worse, these airlines operate like fully commercial private businesses but with very little accountability, even though they provide an essential public service.

It is an undisputed fact that free enterprise brings efficiency, provided there is competition and business operate in true sense as free enterprise in a competitive manner. The moment it is near duopoly and entry of new players / capacity is limited, ills of monopoly gets embedded in working.

There are tough laws on monopoly, unfortunately airline business is too complex (is it really or made out to be) that lawmakers have not been able to tame the operators. It is quite strange that business makes merry even out of its failure. Looks like Ripley's believe or not. Look at what happened. Indigo failed to maintain its schedule, cancelled flights. Their failure reduced capacity available. Thus, demand and supply mismatch. Free enterprise concept came into play and fares skyrocketed. So, failure brought bounty. In Security Market, regulator SEBI has a concept of disgorgement. Any profit earned by creating abnormal situation must be disgorged. The Least DGCA can do is to order disgorgement of all super normal fares charged from hapless consumers. Formula can be simple, average of last 7 days fare on each route prior to disturbance (undisturbed price) be treated as rightful fare and any amount charged higher must be disgorged, not only from Indigo but from all players. Plus all expenses it saved by not following FDTL, till full compliance, with hefty penalty. It is time we price public inconvenience in money terms to bring efficiency in utilities.

Law mandates a Stakeholders Relationship Committee (SRC) for all listed companies. As the name suggests, it is a Board sub-committee to take care of stakeholders, not to be confused and limited to shareholders only. For a utility like Indigo, employees (including pilots/cabin crew/front desk) and passengers are two largest stakeholders. Unfortunately, it appears Indigo failed both. By playing with safety of stakeholders in not implementing FDTL and also by fleecing hapless passengers in aftermath of fiasco. Again, a failure of all SOPs and framework which Indigo claims for its operational excellence. Shareholders must ask tough questions from Board, as they too have lost.

It is a fact that transparency just like sunlight acts as disinfectant, therefore it is must that Indigo comes out with full explanation as to why it failed to implement FDTL in time. It should not try to hide behind as has been attempted.

“A multitude of unforeseen operational challenges including minor technology glitches, schedule changes linked to the winter season, adverse weather conditions, increased congestion in the aviation system **and the implementation of --FDTL**’ had a negative compounding impact on our operations in a way that was not feasible to be anticipated.” (Indigo Press Statement December 3, 2025)

It is still wanting public to believe that disruption was not caused by FDTL alone, if so then why all other airlines did not face similar issues is an innocent question? Why did it wait until the middle of the crisis to reboot the network, systems, and rosters to start afresh? Adequate risk management, better planning, and stronger operational efficiency could have helped avert this situation.

Present crisis like situation must be used as an opportunity by DGCA to find structural solution, tighten its enforcement and ensure that the situation is not manipulated by using public inconvenience to pressure the regulator. Further, SEBI should examine whether under LODR Regulations, Indigo was required to disclose show cause notice issued by DGCA on 11th August 2025 for using “non approved full flight simulators”? Even show cause issued by DGCA on 6th December



has not been disclosed to exchanges. Hopefully Indigo will not turn around and deny receipt of Notice, as it is addressed to CEO, Indigo Airline and not to Interglobe Aviation?

This fiasco should serve as wakeup call to board members of companies that merely talking good governance will not enable excellence, one has to walk the talk. Lastly, a word for hapless staff manning the front desk at airport and call centre. All of them must have faced anger, abuses and shouting from equally hapless passengers, you got brickbats not roses from passengers not because you failed but management failed you. You are not alone frontline people are most harassed in any service organisation.

Addendum Note (Update added on 9th December, 2025):

Both the DGCA and Government should avoid any knee jerk actions. Dismissing the Board or the CEO is not a solution. This is not a *Satyam-like* situation as Satyam could have been shut down without impacting the public, but IndiGo is a public utility. There is no fraud here, and removing the Board essentially means asking others to clean up the mess created by the current management, which could make the situation even more chaotic.

What is needed instead is introspection. We must understand the specific causes behind the issue at IndiGo and, more importantly, why a sector that once had more than half a dozen functioning airlines has now deteriorated into a near-duopoly. Identifying and implementing the necessary structural reforms must be at the top of the agenda.

Lastly our legal system needs a wake-up call, as Jet Air is still in deep cold storage of legal process.

As an immediate step, DGCA must order all airlines and all travel websites / travel agents websites, who are facilitating ticket booking to prominently display Passenger Charter on their websites so passengers are fully informed of their rights. ([Link](#))



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