

Press Release

Go Airlines (India) Limited

May 05, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3463.02	ACUITE B Downgraded Issuer not co-operating*	-
Bank Loan Ratings	2136.98	-	ACUITE A4 Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	5600.00	-	-

Rating Rationale

Acuite has downgraded its long term rating from '**ACUITE BBB+**' (read as **Acuite triple B plus**) to '**ACUITE B**' (read as **Acuite B**) on Rs. 3463.02 Cr. long term bank facilities and further downgraded its short term rating from '**ACUITE A2+**' (read as **Acuite A two plus**) to '**ACUITE A4**' (read as **Acuite A four**) on Rs. 2136.98 Cr. short term bank facilities of Go Airlines India Limited (GoFirst). The rating is now an indicative as 'Issuer Not Cooperating' and based on best available information.

Rationale for rating

Acuite factors the incessant business challenges faced by the company on operational front due to grounding of 50% of its existing fleet on account of P&W engine issues, this has resulted in higher fixed expenses and thus significant operational challenges. GoFirst has suspended its operation till 15th May 2023 due to cash flow issues. The arrangement with Oil Marketing Companies (OMC) was currently on cash and carry basis and due to shortage of funds the daily operations could not be continued. GoFirst has sustained losses for more than three year in a row and frequently relied on fund infusion by the promoter group for sustenance of business operations. The losses have over the years widened, thereby impacting the liquidity and has consequently defaulted on meeting its lease payments (commercial obligation). Acuite also takes note of the announcement by the company of filing voluntary insolvency and the media releases claiming initiation of proceedings for repossession of aircrafts. Acuite will closely monitor the developments with regards to resolution proceedings and shall accordingly assess the impact of such developments on the financial and business risk profile of the company.

Furthermore, the rating has been migrated to INC (issuer not cooperating) category as the issuer has failed to submit No Default Statement (NDS) for the last three month ended April 30, 2023. Acuite has made attempts to seek information from the issuer with regards to the recent developments but has not received any response.

About the Company

Go Airlines (India) Limited (Go First) was the aviation foray of the Mumbai based 'Wadia' Group. The company was initially incorporated in April, 2004 as a private limited company and was later converted into a Public Limited Company in March, 2011. It launched low fare passenger airline services in Nov 2005 under the brand name 'Go Air'. In April 2021, the

company rebranded its services to 'Go First'. As of Aug, 2022, Go First has a total fleet size of 58 aircraft serving 34 domestic destinations and 9 international destinations with an operational track record of nearly 17 years.

About the Group

Wadia Group is one of the oldest business group in India which was founded in 1736. The Group is a diversified conglomerate with businesses ranging from FMCG, Aviation, Chemicals, and Healthcare to Real Estate. Bombay Dyeing & Manufacturing Company Limited is the flagship company of the Wadia Group, engaged primarily in the business of textiles. Britannia Industries is another large listed entity where the Wadia Group has a significant stake. While four companies are listed on the Indian Stock Exchanges, the above two companies have been listed for over hundred years.

Non-cooperation by the issuer/borrower

Acuité has been requesting for No Default Statements (NDS); however, despite multiple requests; the Company's management has remained non-cooperative and not submitted the NDS for the preceding 03 consecutive months.

Acuité had also requested for data/clarifications, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuité believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as "Issuer not cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité has endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

"No information provided by the issuer / available for Acuite to comment upon."

Material Covenants

None

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook : Not Applicable

Other Factors affecting Rating

On the basis of publicly available information:

- The company was burning cash to the tune of Rs. 200 Cr. per month and hence faced liquidity crunch as a result of which the company has filed a voluntary insolvency resolution proceeding before NCLT on 3rd May 2023. NCLT has allowed the urgent hearing of the matter. NCLT gave direction to list the case at 10:30 AM on 4th May 2023.

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	4255.88	2171.74
PAT	Rs. Cr.	(1804.08)	(870.16)
PAT Margin	(%)	(42.39)	(40.07)
Total Debt/Tangible Net Worth	Times	(1.06)	(1.08)
PBDIT/Interest	Times	0.17	0.26

Status of non-cooperation with previous CRA

The rating from Brickworks dated January 17, 2023 is flagged as Issuer not cooperating and is under INC flag since July 09, 2020.

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Jan	Term Loan	Long Term	31.60	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Term Loan	Long Term	1320.00	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Secured Overdraft	Long Term	20.00	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Term Loan	Long Term	25.65	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Secured Overdraft	Long Term	100.00	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Secured Overdraft	Long Term	843.02	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Letter of Credit	Short Term	30.00	ACUITE A2+ (Downgraded from ACUITE A1)
	Term Loan	Long Term	5.00	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Proposed Bank Facility	Long Term	650.00	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Term Loan	Long Term	98.22	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)

2023	Term Loan	Long Term	93.00	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Working Capital Demand Loan	Long Term	30.00	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Term Loan	Long Term	64.05	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Term Loan	Long Term	73.90	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Proposed Bank Facility	Short Term	450.00	ACUITE A2+ (Downgraded from ACUITE A1)
	Proposed Bank Facility	Long Term	100.00	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Letter of Credit	Short Term	1200.00	ACUITE A2+ (Downgraded from ACUITE A1)
	Term Loan	Long Term	4.80	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Term Loan	Long Term	3.78	ACUITE BBB+ Negative (Downgraded from ACUITE A- Negative)
	Letter of Credit	Short Term	456.98	ACUITE A2+ (Downgraded from ACUITE A1)
	Term Loan	Long Term	31.60	ACUITE A- Negative (Assigned)
	Letter of Credit	Short Term	1200.00	ACUITE A1 (Reaffirmed)
	Working Capital Demand Loan	Long Term	30.00	ACUITE A- Negative (Reaffirmed)
	Letter of Credit	Short Term	30.00	ACUITE A1 (Reaffirmed)
	Term Loan	Long Term	93.00	ACUITE A- Negative (Assigned)
	Term Loan	Long Term	73.90	ACUITE A- Negative (Assigned)
11 Oct 2022		Long Term		
	Secured Overdraft	Term	100.00	ACUITE A- Negative (Reaffirmed)
	Secured Overdraft	Long Term	843.02	ACUITE A- Negative (Reaffirmed)
	Term Loan	Long Term	3.78	ACUITE A- Negative (Assigned)
	Term Loan	Long Term	25.65	ACUITE A- Negative (Assigned)
	Term Loan	Long Term	64.05	ACUITE A- Negative (Assigned)
	Term Loan	Long Term	1320.00	ACUITE A- Negative (Assigned)
	Term Loan	Long Term	5.00	ACUITE A- Negative (Reaffirmed)
	Proposed Bank Facility	Short Term	450.00	ACUITE A1 (Assigned)
	Proposed Bank Facility	Long Term	650.00	ACUITE A- Negative (Assigned)
	Term Loan	Long Term	98.22	ACUITE A- Negative (Assigned)
	Proposed Bank Facility	Long Term	100.00	ACUITE A- Negative (Reaffirmed)
	Secured Overdraft	Long Term	20.00	ACUITE A- Negative (Reaffirmed)

	Letter of Credit	Short Term	456.98	ACUITE A1 (Reaffirmed)
	Term Loan	Long Term	4.80	ACUITE A- Negative (Assigned)
01 Apr 2022	Letter of Credit	Short Term	504.00	ACUITE A1 (Reaffirmed)
	Secured Overdraft	Long Term	20.00	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	100.00	ACUITE A- (Withdrawn)
	Term Loan	Long Term	5.00	ACUITE A- Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	100.00	ACUITE A- Stable (Reaffirmed)
	Secured Overdraft	Long Term	363.50	ACUITE A- Stable (Reaffirmed)
	Letter of Credit	Short Term	1200.00	ACUITE A1 (Reaffirmed)
	Secured Overdraft	Long Term	100.00	ACUITE A- Stable (Reaffirmed)
	Letter of Credit	Short Term	30.00	ACUITE A1 (Reaffirmed)
	Working Capital Demand Loan	Long Term	30.00	ACUITE A- Stable (Assigned)
	Secured Overdraft	Long Term	432.50	ACUITE A- Stable (Reaffirmed)
06 Jan 2021	Term Loan	Long Term	5.00	ACUITE A- Stable (Assigned)
	Bank Guarantee	Short Term	567.50	ACUITE A1 (Assigned)
	Cash Credit	Long Term	100.00	ACUITE A- Stable (Assigned)
	Secured Overdraft	Long Term	432.50	ACUITE A- Stable (Assigned)
	Secured Overdraft	Long Term	100.00	ACUITE A- Stable (Assigned)
	Bank Guarantee	Short Term	30.00	ACUITE A1 (Assigned)
	Bank Guarantee	Short Term	1200.00	ACUITE A1 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Central Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	456.98	ACUITE A4 Downgraded Issuer not co-operating*
Bank of Baroda	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1200.00	ACUITE A4 Downgraded Issuer not co-operating*
Axis Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE A4 Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	100.00	ACUITE B Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	650.00	ACUITE B Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	450.00	ACUITE A4 Downgraded Issuer not co-operating*
Bank of Baroda	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	100.00	ACUITE B Downgraded Issuer not co-operating*
Central Bank of India	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	843.02	ACUITE B Downgraded Issuer not co-operating*
IDBI Bank Ltd.	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE B Downgraded Issuer not co-operating*
Central Bank of India	Not Applicable	Term Loan	Not available	9.90	Not available	Simple	5.00	ACUITE B Downgraded Issuer not co-operating*
Central	Not	Term	Not	Not	Not			ACUITE B Downgraded

Bank of India	Applicable	Loan	available	available	available	Simple	93.00	Issuer not co-operating*
Central Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	73.90	ACUITE B Downgraded Issuer not co-operating*
Central Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	64.05	ACUITE B Downgraded Issuer not co-operating*
Central Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	25.65	ACUITE B Downgraded Issuer not co-operating*
IDBI Bank Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.80	ACUITE B Downgraded Issuer not co-operating*
IDBI Bank Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.78	ACUITE B Downgraded Issuer not co-operating*
Deutsche Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1320.00	ACUITE B Downgraded Issuer not co-operating*
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	31.60	ACUITE B Downgraded Issuer not co-operating*
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	98.22	ACUITE B Downgraded Issuer not co-operating*
IDBI Bank Ltd.	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	30.00	ACUITE B Downgraded Issuer not co-operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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