

IndiGo: Cruising in Market but Crashing Within

Asian Journal of Management Cases
1–15

© 2021 Lahore University of
Management Sciences

Reprints and permissions:
in.sagepub.com/journals-permissions-india
DOI: 10.1177/0972820121994959
journals.sagepub.com/home/ajc



Reeti Kulshrestha¹, Arunaditya Sahay¹ and
Subhanjan Sengupta^{1,2}

Abstract

M. Damodaran,¹ chairman IndiGo, has a lot on his plate, and the servings are not over yet. What happened on 26 April 2019, was just a precursor to what was eventually to follow. Aditya Ghosh,² the longstanding director of InterGlobe³ for 10 years, resigned from his position, making way for Greg Taylor⁴ as president and chief executive officer (CEO). Rahul Bhatia⁵ became the interim CEO. This, ironically, happened when the airline had bagged in traffic rights to as many as 15 countries, including France, UK and Germany. The most ill-timed dispute between the two co-founders of IndiGo, Rakesh Gangwal⁶ and Rahul Bhatia, which had been brewing for about a year, came out in the open on 16 July 2019, at the most inopportune moment. Rakesh Gangwal alleged violations of corporate governance rule at IndiGo⁷ and requested the Securities and Exchange Board of India⁸ (SEBI) to intervene. The feud between the founders of InterGlobe Aviation Ltd. opened a can of worms, although Gangwal was not inclined to sell or raise his stakes. Analysts wondered about the timing of the complaints to SEBI: Why now? Will IndiGo be able to come out of this predicament or follow Kingfisher and Jet Airways' footsteps?¹¹ Will it be yet another episode of shallow vested interests? Will this lead to the downfall of IndiGo,¹² or will it survive the turbulence and keep flying like a phoenix?

Keywords

Aviation industry, corporate governance, corporate strategy, IndiGo

Discussion Questions

1. Analyse the board structure of IndiGo and its implications on airline governance.
2. Examine the role of promoter companies in the corporate governance of the company.
3. Evaluate the situation for the fallout between the two promoters.

¹ BIMTECH (Birla Institute of Management Technology), Greater Noida, Uttar Pradesh, India.

² Business School, University of Eastern Finland (UEF), Kuopio, Finland.

Corresponding author:

Reeti Kulshrestha, BIMTECH (Birla Institute of Management Technology), Greater Noida, Uttar Pradesh 201306, India.

E-mail: reeti.kulshrestha_efpm18@bimtech.ac.in