

Go First creditors green light revival plan

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Creditors of cash-strapped airlines Go First have approved interim finance of Rs 425 crore aimed at reviving the airline. While an in-principle approval for the interim finance has been granted, the plan is subject to the boards of the respective banks approving the same.

Central Bank of India, Bank of Baroda, and IDBI Bank are the consortium lenders to the airline. They will seek board approvals to sanction the interim finance. Post which DGCA approvals will be sought to start the airline's operations.

The low-cost carrier's resolution professional Shailendra Ajmera had sought Rs 425 crore in interim finance from the airlines financiers to get a revival plan going that could help restart operations, multiple sources told ET on Saturday.

The requirement for financing could expand based on certain

contingencies such as the availability of working engines for the aircraft and ticket cancellations, the sources said.

The proposal for funds was put up to the committee of creditors of Go First at a meeting that took place earlier this week.

Go First reportedly plans to resume operations in July and operate 78 daily flights with 22 aircraft. Aircraft of the cash-strapped carrier have been grounded since May 3.

The Go First bankruptcy filing lists Central Bank of India , Bank of Baroda, IDBI Bank and Deutsche Bank among its creditors, which are owed Rs 6,521 crore in total.

Early this May, Go First filed for bankruptcy at the National Company Law Tribunal (NCLT) and suspended its flight operations due to rising losses, primarily due to delays in the delivery of Pratt and Whitney's engines leading to the grounding of a portion of its fleet. The airline expects immediate resolution and revival of operations.

There were reports that the grounding of the Go First flights had put pressure on airfares, particularly on select routes where the now-grounded airline had its footprint.

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