

## THE SUN SETS ON GO FIRST

Some key considerations for lessors :  
*The likely impact on the industry*



**Alok Anand | MAY 2024**

Disclaimer: The opinions and commentary mentioned is solely that of the author. The data used to derive such opinions is sourced from designated sources through proper means of subscriptions.

# Introduction

GoAir, a wholly owned subsidiary of the Wadia Group, was founded in 2005. Headquartered in Mumbai, India, it exclusively operated the Airbus A320 aircraft and became the fifth largest airline in India in 2012 and the sixth domestic carrier to fly internationally. Early in 2021 the airline rebranded as **Go First** and had planned to launch an IPO to raise US\$450m. However, in 2023, Go First experienced operational issues which resulted in the cancellation of multiple flights and ultimately resulted in it filing for voluntary insolvency resolution in May 2023. Go First went on to be granted two extensions for its insolvency process to allow for there to be opportunity to revive the airline, but these have since failed to produce a favorable outcome or buyer for the airline. Go First is believed to owe approximately 65 billion rupees (US\$780 million) to financial creditors at the time of this article's publication and its total liabilities are estimated to be in the region of 115 billion rupees (US\$1.4 billion).

So, what likely impact does this (now) expedited return of leased assets from Go First have on the market broadly? This short article serves to briefly highlight some key aspects that lessors and asset managers need to consider when assessing the recovery of assets currently listed within the Go First fleet, including MRO capacity, human resource and engine maintenance.

## Airframe MRO Capacity

The Indian MRO sector continues to expand rapidly, with emerging players facing a challenge of limited slots and hangars to meet sudden spikes in demand. While AirWorks and GMR dominate the market and operate at full capacity, they are likely experiencing a slowdown in aircraft transition activity, leading to relatively faster slot turnover. Indamer Nagpur (a venture of the Adani Group) and the government-owned Air India Engineering Services Limited have been actively bidding for deals. Although not all Indian MROs are EASA certified, this does not hinder aircraft recovery efforts. Smaller players like Nano Aviation and Bharat Aviation, along with Indigo's recent activation of base maintenance capabilities in Bangalore, add to the market diversity.

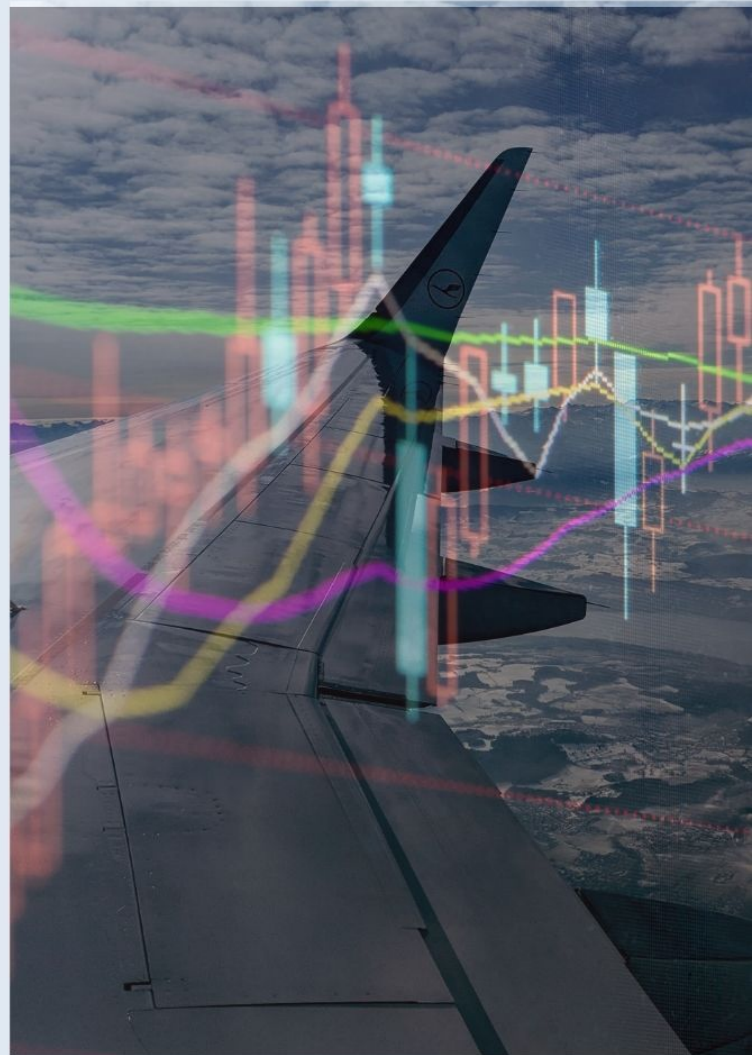
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Outside India, however, neighbouring China presents challenges around placing aircraft from India, limiting MRO options to South East Asia. With a lack of transition activity, MRO facilities in this region are eager to accommodate additional airplanes.

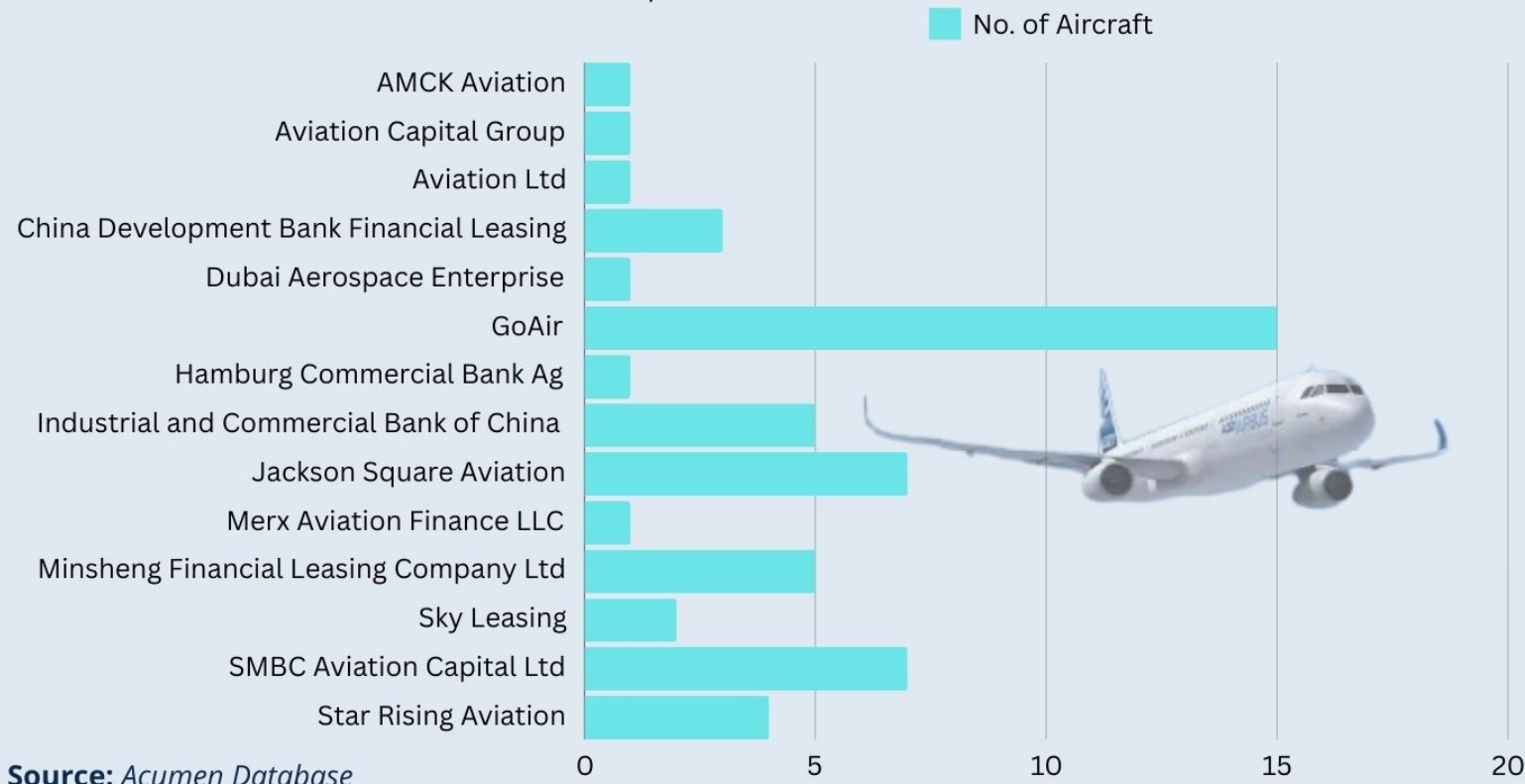
Go First faces challenges with roughly 30 aircraft lacking serviceable engines and a further 24 with engines in need of proper preservation. Anticipating maintenance and preservation needs, along with necessary engine replacements, short-term storage in major cities and possible ferrying to MROs within or outside India is likely.

Given the scarcity of Pratt & Whitney PW1000G engines, also known as the GTF, the recovery process may proceed in phases, prioritizing asset securing, preservation, maintenance, engine replacement, and ferrying in a sequential manner.



## Some Go First Fleet Stats

The breakdown of Go First fleet ownership:

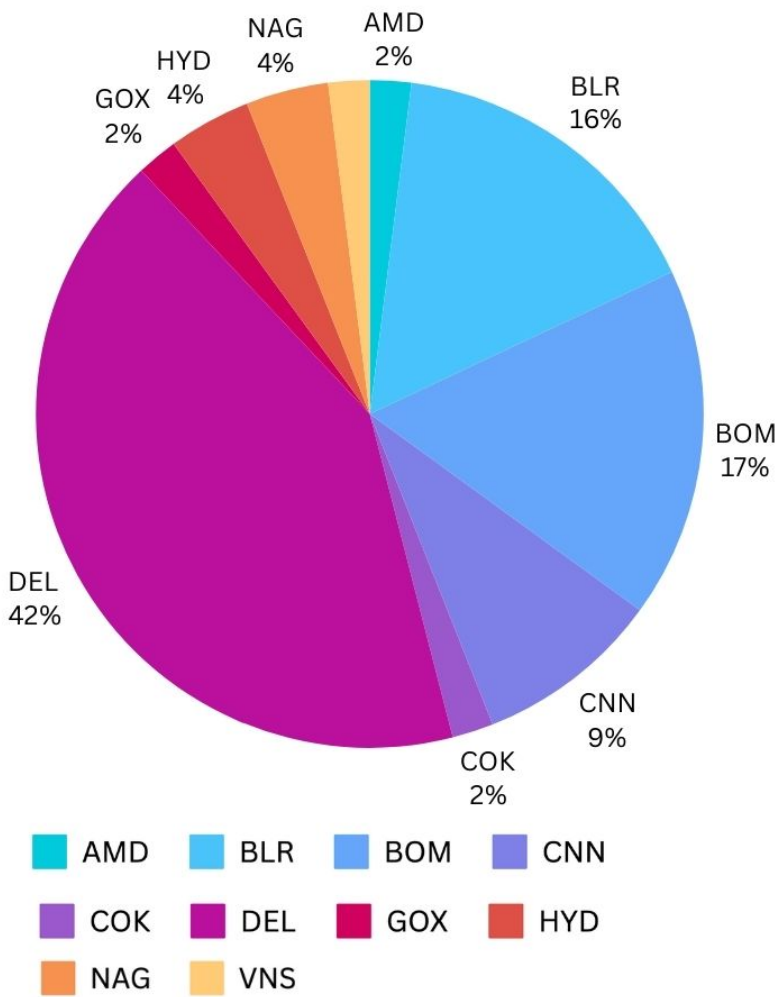


Source: Acumen Database

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## Grounded Go First fleet by location:



Source: Acumen Database

## Human resource

### Engineers and consultants

There's a concerning talent shortage in Indian aviation, exacerbated by Indian staff being lured away not only by Middle Eastern carriers but also through targeted poaching by the various Indian carriers. MROs in particular, are struggling to retain skilled personnel due to a lack of significant projects. However, well-funded MROs might have a slight advantage in retaining qualified engineers.

In terms of consultants, the Indian market has become highly commoditised, with many opting to freelance, a practice encouraged by lessors to save on costs. While routine field consultants are abundant, the real challenge lies in finding experienced professionals with expertise in aircraft systems, engine issues, and structures, where lessors face the most risk.

Fortunately, despite the closure of some tech consultant companies in other markets, most in India have endured. Additionally, several former Go First employees are offering their services in the market to manage aircraft recovery. Overall, the consultant and engineer pool should be able to cope as long as other transition activities remain suspended.

## Engine maintenance

### Likely backlog

The Go First fleet comprises 49 aircraft equipped with GTF engines, the majority of which will need to undergo shop visits. The existing backlog for GTF engines suggests that over 600 aircraft are grounded worldwide, with an average turnaround time (TAT) of 300 days for engine maintenance. As these engines are sent for servicing, we anticipate that they will only be ready for actual induction in 2025, consequently affecting other engine shop visits later in the same year.

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# Conclusion

In Country, MRO's may well have the capacity to cope, together with MROs positioned in South East Asia - eager to fill their shops, with the potential demand created by Go First's collapse. However, this will depend on whether or not and at what frequency other transitional activities occur within the period. A significant shift in transitional activity could exhaust this finite capacity.

The current state of the Go First fleet coupled with the limited availability of PW 1000G engines in the market is likely to force a phased approach to asset recovery. A high proportion of owner and management risk will be attached to those engines identified as requiring shop visits. A high volume of GTF engines will need such maintenance and they will find themselves being added to an already long list of shop inductions. This is expected to increase the load on engine maintenance facilities as well as the burden on their support and material supply lines.

Managing risk from a lessor / owner perspective will also present a challenge in the form of available skilled human resources. The pool of routine field consultants and technical engineers should be sufficient to manage an influx of maintenance requests generated by the Go First fleet. The real challenge will be to source experienced professionals possessing the necessary experience and understanding of aircraft systems, engine matters, and structures to interpret, assess and manage and mitigate risk appropriately.

## About the Author:

Alok Anand  
Chairman & CEO

Alok founded Acumen Aviation in 2009. Under Alok's leadership, Acumen grew its footprint to be a global group of four companies, providing state of the art consultancy solutions in Aviation Asset Management. Formerly, he was Head of Maintenance Control Centre for India's first low cost carrier Air Deccan. During his aviation career of over 24 years, he held various management positions including Line Maintenance Manager, MCC Manager and worked in various airlines like Jet Airways and Air India. He was part of the team which set-up the initial Air Deccan operations, and raised through the ranks to head its International Maintenance Control Operations. This experience allowed him to develop excellent operational and organisational skills.

He is a member of the HAL Management Academy Advisory Board; a member of The Hague Court of Arbitration for Aviation, and is a licensed aircraft engineer for various aircraft types, including Airbus and ATR.

## About Acumen:

Acumen is an aircraft asset lease manager with a global platform, established in 2009, headquartered in Ireland with offices in India, China and the USA. Acumen's management team has over 300 years of cumulative experience with a permanent staff of over 90 people. Acumen offers a full range of services throughout the lifecycle of the aircraft including aircraft sourcing, pre-purchase inspections (physical and records), project management, lease management, re-marketing, fleet audits, aircraft trading, powerplant management, aircraft valuations and CAMO services. Acumen embraces new technologies and has a dedicated digital business arm providing market driven products and services to the sector. This includes Acumen's state-of-the-art asset management platform, SPARTA, as well as its digital success advisory (DSA), offering specific software development and design solutions to help clients meet the challenges and requirements of the digital age. Its customers include aircraft lessors, airlines, banks, private equity and investors.

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