May 25, 2026

Milagro Infrastructure Private Limited: Placed on Rating Watch with Positive Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term- Fund based – Term Loans	49.40	48.33	[ICRA]A; Placed on Rating Watch with Positive Implications
Long term-Fund based – Cash Credit	5.00	0.00	-
Total	**54.40**	**48.33**	

**Instrument details are provided in Annexure II*

Rationale

ICRA has taken a consolidated view of InterGlobe Hotels Private Limited (IGH), along with its two fully owned subsidiaries – Isha Steel Treatment Private Limited and Milagro Infrastructure Private Limited (together referred to as IGH or the company) while assigning the ratings, given their common management team and significant operational and financial linkages among the entities.

ICRA has placed the ratings on watch with positive implications following the proposed amalgamation of multiple InterGlobe–Accor platform entities into IGH. The transaction forms part of the promoters', InterGlobe Group and Accor SA, strategy to consolidate their hospitality operations in India under a single umbrella entity. The proposed amalgamation is expected to create a unified, Accor-branded growth platform in India by centralising strategic decision-making, capital allocation and operational execution within a single corporate entity. Post amalgamation, the combined platform will operate as the master franchisee and the primary operating arm for Accor in India, with access to Accor's global brand portfolio. Further, the merger of Accor's asset-light, management fee-accruing business with the asset-heavy hotel-owning entities of the InterGlobe Group into one consolidated entity is expected to materially strengthen IGH's credit profile. The transaction is anticipated to significantly enhance IGH's scale, operating efficiency and financial flexibility. ICRA will resolve the watch following the conclusion of the merger process, which is expected over the next 6-9 months.

The ratings continue to factor in the company's healthy operational performance, reflected in robust operating metrics and steady growth in scale and cash accruals. Further, ICRA continues to consider IGH's strong parentage and the promoters' demonstrated track record of extending timely financial support for project execution, operational funding and debt repayments. The company's strong parentage also provides high financial flexibility to negotiate favourable terms with lenders. The ratings additionally continue to favourably factor in IGH's large and geographically diversified presence (22 hotels across 13 cities) and its agreement with the French multinational hospitality group, Accor, to develop hotels under its 'Ibis' brand in India, Bangladesh, Nepal, and Sri Lanka.

IGH's operating performance strengthened in FY2026, supported by a favourable demand environment and sustained momentum in key operating metrics. The company reported a robust improvement in average room rates (ARR), which increased by around 13% in FY2026, reflecting strong pricing power backed by a demand-supply imbalance in key markets. In addition, RevPAR improved by around 15%, indicating healthy traction across the portfolio. This growth was supported by a recovery in corporate travel and increased MICE activity, which continued to support demand in the company's core business segment. The strong operating environment translated into steady growth in revenues, with IGH expected to report operating income of around Rs. 720 crore in FY2026 (ICRA estimate), representing growth of over 10% from Rs. 661 crore in FY2025. The improvement was broad-based across the portfolio, barring temporary softness in select properties undergoing renovation.

Given the inherently high operating leverage in the hospitality business, the improvement in revenues resulted in a more than proportionate increase in operating profits. The company is expected to report OPBDITA of around Rs. 232 crore in FY2026, with margins broadly stable at around 32%, reflecting operating efficiency despite cost pressures. Even though adverse geopolitical developments could curtail international commercial travel, domestic demand is expected to help the properties sustain steady performance.

IGH's ratings remain constrained by its exposure to project execution and approval risks, given the under-construction inventory of around 149 rooms under the Hoxton, Bengaluru project, which is expected to become operational by December 2026. The company is also exposed to the cyclical nature of the hospitality industry, with revenues vulnerable to seasonality and broader macroeconomic conditions. While current demand trends remain favourable, sustained performance is contingent upon maintaining occupancy and pricing levels. Further, the Indian budget hotel segment remains highly fragmented with relatively low entry barriers, leading to intense competition from standalone properties as well as organised chains. Although dependence on corporate travel has moderated post the pandemic, it remains a key revenue driver, exposing IGH to fluctuations in corporate travel policies and MICE activity trends.

While ICRA takes cognisance of the continued promoter support and past equity infusion, IGH's leverage remains elevated, reflecting its growth-oriented business model and ongoing capital expenditure. Despite stable debt levels in FY2026, with term debt at around Rs. 1,122 crore, the leverage profile remains stretched relative to earnings. However, refinancing of near-term obligations in FY2025 and improvement in operating cash flows in FY2026 have provided better liquidity visibility, with coverage indicators improving, as reflected in a DSCR of around 1.2 times. Going forward, improving accruals are expected to support debt servicing; however, the ability to sustain improvement in credit metrics remains dependent on timely project completion and continued operating performance.

Key rating drivers and their description

Credit strengths

Strong and experienced promoters with track record of timely capital infusion over the years – IGH is a joint venture (JV) of InterGlobe Enterprises Private Limited (IGE, 60%) and the French hospitality major, Accor SA. IGE is present across diverse industries and enjoys significant financial flexibility owing to the market value of its around 34% stake in InterGlobe Aviation Limited (rated [ICRA]AA Rating Watch with Negative Implications/[ICRA]A1+). Cumulatively, the promoters have infused over Rs. 1,700 crore as equity into IGH since its inception to fund new projects and meet cash flow shortfalls in nascent properties, which demonstrates the promoters' commitment to the company. While limited equity support has been required in the past two fiscals, given the strong operating performance, ICRA expects funding support to continue supporting IGH's credit profile, as and when required.

Well-recognised brand and geographically diversified footprint – IGH has firmed up plans to operate 23 hotels with a total inventory of 4,145 rooms across 13 cities in India. At present, the company has 22 operational hotels across 13 cities (metro and tier-I cities) in India, with concentration of the room inventory skewed towards western and southern Indian cities. It has an association with Accor (also a 40% stakeholder in the company), an established hospitality services provider, for expanding the 'Ibis' brand in the subcontinent. This offers benefits such as access to Accor's global distribution system (GDS), strong loyalty programmes, and established corporate relationships. Additionally, the diversified portfolio insulates IGH from adverse regional developments and aids in targeting corporate clientele, allowing the portfolio to command better rates and maintain healthy occupancies.

Healthy sequential growth in operating metrices – The IGH portfolio witnessed continued improvement in operating performance in FY2026, with occupancy levels remaining robust throughout the year despite a sustained increase in average room rates (ARRs). ARR growth remained strong, with an increase of around 13% in FY2026 to Rs. 5,289, following steady growth in prior years, reflecting favourable demand conditions and pricing power in key markets. Consequently, revenue per available room (RevPAR) increased by around 15% year on year to Rs. 3,968 in FY2026, supported by both higher occupancies and improved ARR across the portfolio. The growth was broad-based across key metro markets, driven by a recovery in corporate travel, increased MICE activity, and a tight supply environment. Given the continued demand momentum and supply constraints in urban markets, IGH is expected to sustain revenue growth over the near to medium term.

Credit challenges

Cyclical industry; revenues susceptible to general economic slowdown and exogenous shocks – Given the discretionary nature of spending, the hospitality sector remains exposed to macroeconomic conditions, travel trends, and other exogenous factors, resulting in inherent cyclicality. While demand conditions are currently supportive, geopolitical developments such as the ongoing crisis in West Asia could exert near-term pressure on travel sentiment and hospitality demand, particularly through potential disruptions to international travel flows, rising input costs, and broader uncertainty affecting discretionary spending. That said, the impact is expected to remain moderate for IGH, given its predominant focus on domestic travellers and corporate demand, which has shown a steady recovery with stable office travel and MICE activities. Nevertheless, global and domestic economic conditions, along with evolving geopolitical risks, will remain key monitorables for IGH as part of the inherently cyclical hospitality industry.

Low segment diversification and high dependence on corporate clientele – IGH operates its entire portfolio within one segment, i.e., economy, exposing it to stiff competition from branded as well as unbranded players and online room aggregators in the budget category. This may create constraints while increasing ARRs beyond a certain level, depending on micro-market demand dynamics. Also, the company garners a sizeable portion of its business from the corporate sector. This demand was severely impacted during the pandemic, when corporates shifted to online platforms for meetings and conferences. While contribution from this segment has reduced post Covid, partly due to a lag in recovery within the corporate sector compared to the independent leisure travel segment, IGH's portfolio remains vulnerable to fluctuations in corporate travel policies and MICE activity trends.

Debt coverage indicators remain modest; planned capex to constrain improvement in credit metrics – Despite the improvement in operating performance, IGH's leverage profile remains elevated, with long-term debt at around Rs. 1,122 crore as on March 31, 2026 (excluding operating leases and hybrid instruments). The high debt levels, driven by funding requirements for ongoing and past capex, continue to result in moderate coverage indicators, although these have improved in FY2026 supported by higher cash accruals. While ICRA expects profitability and cash generation to remain supported over the medium term, aided by favourable demand conditions and stabilisation of existing assets, leverage is likely to remain elevated in the near term, given the capital expenditure commitments towards the ongoing Hoxton project in Bengaluru. The total project cost is expected to be around Rs. 405 crore, reflecting the company's decision to position it as a high-end lifestyle offering, which has resulted in additional funding requirements. Further, any funding support required during the stabilisation phase of relatively recent properties, along with residual project outflows, may necessitate continued reliance on debt. Nevertheless, ICRA derives comfort from IGH's financial flexibility, supported by its established asset base, demonstrated ability to refinance debt on competitive terms, and the strong track record of timely promoter support, which provides additional cushion to the overall credit profile.

Liquidity position: Adequate

IGH's liquidity is expected to remain adequate, supported by steady cash flows of around Rs. 120-150 crore. In addition, free cash balances of Rs. 84 crore (as on December 31, 2025) and undrawn project debt (around Rs. 210 crore as of March 2026) provide a liquidity cushion. The entity has capex requirements and debt repayments of around Rs. 200 crore and Rs. 84 crore, respectively, in FY2027. ICRA expects IGH's strong accruals from operations and financial flexibility with lenders to support refinancing options and the overall liquidity profile.

Rating sensitivities

Positive factors – The completion of the ongoing merger process, as described above, would be a trigger for a positive rating movement as it is expected to materially strengthen IGH's credit profile.

Negative factors – Pressure on the ratings could arise due to a material and sustained weakness in earnings, leading to deterioration in the credit metrics. A prolonged delay in project execution or weakening of the promoters' credit profile could also exert pressure on the ratings. A specific credit metric that could lead to a rating downgrade includes DSCR remaining persistently below 1.2 times.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels
Parent/Group support	IGH is a 60:40 JV of the InterGlobe Group and the Accor Group. The ratings assigned to IGH factor in the very high likelihood of its parent entities extending financial support to the company because of its strategic importance and close business linkages with them. ICRA also expects the promoters to remain willing to extend financial support to IGH to protect their reputation from the consequences of distress at a Group entity. The promoters also have a consistent track record of extending timely financial support to the company whenever required.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of IGH. As on December 31, 2025, the company had three subsidiaries that are enlisted in Annexure-III.

About the company

InterGlobe Hotels Private Limited (IGH), a 60:40 JV between InterGlobe Enterprises Private Limited (IGE, along with its affiliates) and Accor SA, was established in 2004 to develop the Ibis network of hotels in India, Nepal, Sri Lanka, and Bangladesh. The company has developed 22 budget hotels under the Ibis brand and plans to develop one lifestyle hotel under the Hoxton brand in India. Of these, 22 hotels (3,996 keys) were operational as on March 31, 2026. IGH expects to have a cumulative inventory of ~4,145 rooms by the end of FY2027 across India with the addition of the Hoxton in Bengaluru.

The company's 40% stakeholder, Accor, is a leading player in the global hospitality industry. IGE, on its part, is one of the promoters of InterGlobe Aviation Limited (IAL), which holds a majority stake in IndiGo airline, India's largest airline with around 64% market share (as of February 2026). IGE, also an established player in aviation management, travel distribution services and ground handling services, is wholly owned by Mr. Rahul Bhatia and family.

Key financial indicators (audited)

IGH (consolidated)	FY2024	FY2025	9MFY2026*
Operating income	591.3	661.1	519.5
PAT	(3.1)	25.9	8.1
OPBDIT/OI	32.5%	33.8%	29.3%
PAT/OI	-0.5%	3.9%	1.6%
Total outside liabilities/Tangible net worth (times)	1.4	1.4	1.4
Total debt/OPBDIT (times)	7.0	6.1	6.6
Interest coverage (times)	1.6	1.8	1.7

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	May 25, 2026	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	48.33	[ICRA]A; Rating Watch with Positive Implications	May 20, 2025	[ICRA]A (Stable)	Apr 17, 2024	[ICRA]A (Stable)	-	-
Cash credit	Long-term	0.00	-	May 20, 2025	[ICRA]A (Stable)	Apr 17, 2024	[ICRA]A (Stable)	-	-
Unallocated Limits	Long-term	0.00	-	-	-	Apr 17, 2024	[ICRA]A (Stable)	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.
($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)

8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term loans**	FY2022	-	FY2036	48.33	[ICRA]A; Rating Watch with Positive Implications

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis

Company name	IGH ownership	Consolidation approach
InterGlobe Hotels Private Limited	Rated entity	Full consolidation
Isha Steel Treatment Private Limited	100%	Full consolidation
Milagro Infrastructure Private Limited	100%	Full consolidation
Ashford Properties Private Limited	67%	Full consolidation

Source: Company

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