May 20, 2025

Milagro Infrastructure Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term- Fund based – Term Loans	50.00	49.40	[ICRA]A (Stable); reaffirmed
Long term-Fund based – Cash Credit	2.00	5.00	[ICRA]A (Stable); reaffirmed
Long term – Unallocated	3.00	0.00	-
Total	**55.00**	**54.40**	

**Instrument details are provided in Annexure I*

Rationale

ICRA has taken a consolidated view of InterGlobe Hotels Private Limited (IGH), along with its two 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 between the entities.

The ratings reaffirmation factors in the continued healthy operational performance of the company, reflected in healthy operating metrics and a continued growth in scale and cash accruals. Further, ICRA continues to factor in IGH's strong parentage and their demonstrated track record of extending timely financial support for project execution, operational funding, and debt repayments. The company's strong parentage also lends it strong financial flexibility to negotiate favourable terms with lenders. The ratings also continue to favourably factor in IGH's large and geographically diversified presence (22 hotels across 14 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.

The 22-hotel operational portfolio (an additional property is under construction) under IGH witnessed a healthy improvement in the operating performance in FY2025, with both occupancy and the portfolio of average room rent (ARR) seeing a healthy traction, driven by healthy demand and a simultaneous lag in supply, especially in tier 1 cities due to scarcity of land. Aided by this steady recovery and a cost-efficient operating structure, in FY2025, the company posted revenues of ~Rs. 642 crore (vis-à-vis ~Rs. 591 crore in FY2024) and improved gross operating profits (GOP) of ~Rs. 262 crore (vis-à-vis GOP of ~Rs. 215 crore in FY2024). ICRA notes that uncertainties caused by the ongoing India-Pakistan conflict may have a lingering effect on demand for travel and hospitality services in the near term. While this remains a risk factor to monitor, the extant favourable demand-supply situation remains a structural credit positive over the medium term for branded players like IGH. The company's nascent stage properties (including Ibis Hebbal in Bengaluru and Ibis Thane, that became operational in FY2023, Ibis Styles Vagator that became operational in FY2024 and Ibis Mumbai, BKC that commenced operations in February 2025) should further support earning growth as they mature.

IGH's rating remains constrained by its exposure to project execution and approval risks, given the under-construction inventory of ~149 rooms and cyclical nature of revenue generation, which remains vulnerable to seasonality and overall macroeconomic performance. The Indian budget hotel segment remains largely unorganised, characterised by relatively lower entry barriers. Hence, IGH faces significant competition from standalone players in individual markets, in addition to chains such as Lemon Tree, Holiday Inn Express, and Ginger, among others. While the dependence on corporate contracted business has moderated after the pandemic, the same remains a key contributor to the revenues and may keep IGH's portfolio vulnerable to vagaries in corporate policies on travel and MICE activities.

While ICRA takes cognisance of the timely equity infusion by the promoters over the years (~Rs. 180 crore between April 2020 and March 2023), IGH's external debt levels continue to remain elevated, given the growth-oriented business and the ongoing project that is still in the construction phase (expected to operationalise by September 2027). However, the management was able to favourably refinance its near-term repayments in FY2025 (~Rs. 300-crore term loan utilised towards refinancing debt obligations in the near term). Besides stronger accruals from the improvement in the operating performance, this is expected to help improve the leverage indicators for the company in the near term and help the entity remain self sufficient to meet its debt servicing obligations (DSCR expected to remain at 1.2-1.3 times over the medium term).

ICRA also takes cognizance of the InterGlobe Group's (IGE – IGH's parent entity) announcement of strategic partnership with Accor wherein IGE-Accor partnership will strive to establish 300 hotels in India under the Accor brand (currently 70 operational with 30 more in the pipeline). The partnership is expected to employ a multi-pronged strategy including investment in Treebo, which will enable the partnership to expand the reach of Accor brands like 'Ibis' and 'Mercure' in tier-2 and tier-3 cities. Further, the Group plans to undertake an organisational restructuring to simplify the group structure and potentially host the hospitality business of the IGE-Accor partnership under a single entity. ICRA notes that no significant investment is supposed to be undertaken by IGH under this partnership, except for any property development taken up by IGH to expand its portfolio which is expected to continue to be supported by fund infusion by its parent entities. The new organisation stru;cture is only expected to evolve over the next few years and ICRA will continue to monitor any changes that take place under this strategy and their credit implications for IGH.

The Stable outlook on the long-term rating reflects ICRA's expectation that IGH will continue to be of strategic importance for its promoters and would keep deriving financial support to pursue its investment plans. In addition, the company is expected to continue to benefit from favourable medium term demand expectation, which coupled with its well-recognised brand and experienced operator, would aid the entity to record healthy operational metrics.

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 ~36% stake in InterGlobe Aviation Limited (rated [ICRA]A+(Stable)/[ICRA]A1+). Cumulatively, the promoters have infused over ~Rs. 1,700 crore as equity in 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 the funding support to continue to support 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 the total inventory of ~4,145 rooms across 13 cities in India. The company, at present, has 22 operational hotels across 13 cities (metro and tier-I cities) of 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 like access to Accor's global distribution system (GDS), strong loyalty programmes, and established corporate relationships. Additionally, a diversified portfolio insulates IGH from any adverse regional developments and aids in targeting corporate clientele allowing the portfolio to have better rates and healthy occupancies.

Healthy sequential growth in operating metrices – The IGH portfolio saw a steady growth in revenue in FY2025. Occupancy levels for all months up to March 2025 remained robust, despite increased ARRs. Monthly ARRs in FY2023 were higher than ARRs in FY2020 by 13-14% on an average. Further ARRs continue to rise in FY2024 by ~9% and witnessed a further growth of ~5% over FY2025. Consequently, a YoY revenue per available room (RevPAR) increment was witnessed across properties in key metro markets aided by higher occupancies and ARR. Given the strong demand in the industry and supply constraints in metro cities, revenue growth is expected to continue in 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 Indian hospitality industry is susceptible to macroeconomic conditions, tourist movement and several exogenous factors, leading to inherent cyclicality. The prospects of the hospitality sector are likely to be adversely impacted to an extent because of the geopolitical scenario in the Indian subcontinent. Hostile engagement and heightened tension between India and Pakistan may impact the prospects of the industry due to travel restrictions, decline in arrival of foreign travellers and deferment by domestic tourists and travellers. As such, global and domestic economic conditions will remain a key monitorable for IGH, as a part of the 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 the micro-market demand dynamics. Also, the company garners a sizeable portion of its business (~40% pre-pandemic, ~26% in FY2025) 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 vagaries in corporate policies on travel and MICE activities.

Debt coverage indicators remain modest; planned capex over medium term to constrain improvement in credit metrics – Despite the improvement in operating performance, high debt levels (long term debt of ~Rs. 1,138 crore as on March 31, 2025, excluding operating leases and hybrid instruments), due to drawdown of project debt, have led to modest debt coverage metrics. While ICRA expects the profitability metrics to remain healthy over the medium term, aided by a steady demand, the debt levels are likely to remain elevated over the medium term due to capex commitments towards the company's under-construction hotel in Bangalore, wherein the investment requirement has increased owing to plans to upgrade the hotel. Any funding support required during the stabilisation phase of the company's nascent stage properties, coupled with investments required under the revised capex plan, will have to be supported by fund infusion from promoters or timely refinancings. Nonetheless, ICRA continues to draw comfort from the company's financial flexibility emanating from its healthy asset base, periodic equity infusion by the promoters, and the management's demonstrated track record of raising or refinancing debt on competitive terms.

Liquidity position: Adequate

IGH's liquidity is expected to remain adequate, supported by steady cash flows and need-based equity infusion by its promoters. In addition, free cash balances of ~Rs. 117 crore (as on March 25, 2025) and undrawn project debt (~Rs. 240 crore as of March 2025) provide liquidity cushion. ICRA expects IGH's strong accruals from operations and financial flexibility with its lenders to support refinancing options and liquidity profile.

Rating sensitivities

Positive factors – A sustained improvement in operational metrices and profitability indicators and/or higher-than-expected equity infusion by the promoters, leading to a significant improvement in liquidity and leverage metrics, could be a trigger for improvement in ratings.

Negative factors – Pressure on the ratings could arise from any demand slowdown and weakening of operating metrics, leading to sustained pressure on its earnings and credit metrics. Further, any prolonged delays in project execution or weakening of the promoters' credit profile, could also exert pressure on the ratings. Specific metrics for ratings downgrade include DSCR reducing to less than 1.2 times on a sustained basis.

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 it because of its strategic importance and close business linkages among them. ICRA also expects the promoters to be willing to extend financial support to IGH out of their need to protect their reputation from the consequences of a Group entity's distress. The promoters also have a consistent track record of extending timely financial support to the company, whenever a need has arisen
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-II

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) are already operational at the end of March 2025. IGH expects to have a cumulative inventory of ~4,145 rooms in the next two years across India with the addition of lifestyle-based hotel in Bangalore.

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 owns the majority stake in IndiGo airline, India's largest airline with ~60% market share (as of December 2024). 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)

IHPL (consolidated)	FY2023	FY2024	9MFY2025*
Operating income	486.5	591.3	474.8
PAT	(9.8)	(3.1)	3.1
OPBDIT/OI	34.3%	32.5%	29.1%
PAT/OI	-2.0%	-0.5%	0.7%
Total outside liabilities/Tangible net worth (times)	1.3	1.4	-
Total debt/OPBDIT (times)	7.6	7.0	7.8
Interest coverage (times)	1.6	1.6	1.6

*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 (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	May 20, 2025	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	49.40	[ICRA]A (Stable)	Apr-17-24	[ICRA]A (Stable)	-	-	Mar-20-23	[ICRA]A- (Stable)
				-	-	-	-	Jun-29-22	[ICRA]BBB+ (Stable)
Cash credit	Long-term	5.00	[ICRA]A (Stable)	Apr-17-24	[ICRA]A (Stable)	-	-	-	-
Unallocated Limits	Long-term	0.00	-	Apr-17-24	[ICRA]A (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund Based – Term Loans	Simple
Long Term – Fund based – Cash Credit	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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	FY2022	-	FY2036	49.40	[ICRA]A (Stable)
NA	Cash credit	-	-	FY2026	5.00	[ICRA]A (Stable)

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	IGH ownership	Consolidation approach
InterGlobe Hotels Private Limited	Parent entity	Full consolidation
Isha Steel Treatment Private Limited	100%	Full consolidation
Milagro Infrastructure Private Limited	100%	Full consolidation
Ashford Properties Private Limited	66%	Full consolidation

Note: ICRA has taken a consolidated view of IGH and its subsidiaries, while assigning the ratings.

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