May 20, 2025

Ashford Properties Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term- Fund based Term Loan	115.00	115.00	[ICRA]A(Stable); reaffirmed
Total	**115.00**	**115.00**	

Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Ashford Properties Private Limited (APPL) factors in the strong operational and financial support enjoyed by APPL from its parent entity, Interglobe Hotels Private Limited (IGH) which holds a 66% stake in APPL. IGH is a joint venture between InterGlobe Enterprises (IGE, 60% shareholder), which is one of the promoters and the largest shareholder of InterGlobe Aviation Limited (India's largest airline with ~60% market share) and Accor (French multinational hospitality group). IGE is an established player in aviation management, travel distribution services and ground handling services, and is wholly owned by Mr. Rahul Bhatia and family. IGH has large and geographically diversified presence (22 hotels across 14 cities) and has an agreement with Accor, to develop hotels under its 'Ibis' brand in India, Bangladesh, Nepal and Sri Lanka. APPL has established a 206-key 'Ibis' hotel in Bandra-Kurla Complex (BKC), Mumbai and is IGH's fifth hotel in the Mumbai Metropolitan region. As IGH holds the majority stake, APPL has enjoyed healthy financial flexibility, as demonstrated by its track record of extending timely financial support for project execution, operational funding, and debt repayments. APPL is also set to benefit from access to Accor's global distribution system (GDS), strong loyalty programmes, and established corporate relationships, which lend healthy revenue visibility to the entity.

The rating remains constrained as the Indian hospitality industry, given the discretionary nature of spending, is susceptible to macroeconomic conditions, tourist movement and several exogenous factors, leading to inherent cyclicality. 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, the extant favourable demand-supply situation remains a structural credit positive over the medium term for branded players like APPL. The company's hotel operations, which commenced in February 2025, have scaled up at a healthy pace. However, APPL remains exposed to the risk of demand offtake as it faced significant competition from standalone players in Mumbai's BKC micro market, given the nature of the Indian budget hotel segment, which remains largely unorganised, and has low entry barriers. Further, due to its nascent stage of operations, APPL's debt coverage metrics are expected to remain modest over the near term as its operational metrics are likely to improve gradually, leading to breakeven. However, timely support from the parent entity is expected to help APPL meet its debt servicing obligations in a timely manner.

The Stable outlook on the long-term rating reflects ICRA's expectation that APPL will continue to be of strategic importance for its parent entity and would keep deriving financial support to reach stable operations. In addition, the company is expected to continue to benefit from the favourable medium-term demand expectation, which coupled with its well-recognised brand and experienced operator, would help APPL to ramp up its operational metrics.

Key rating drivers and their description

Credit strengths

Access to funding support from strong and experienced parent entity – APPL is a subsidiary of IGH, which holds a 66% stake in the entity. Further, IGH is a joint venture (JV) of the InterGlobe Enterprises Private Limited (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 ~38% stake in InterGlobe Aviation Limited (rated [ICRA]A+(Stable)/[ICRA]A1+). APPL has enjoyed healthy financial flexibility as it is a subsidiary of IGH, demonstrated by its track record of extending timely financial support for project execution, operational funding, and debt repayments. ICRA expects the same to continue to support APPL's credit profile, as and when required.

Well recognised brand to aid in gradual improvement in operating metrics – As it owns an 'Ibis' brand hotel, APPL has access to Accor's global distribution system (GDS), strong loyalty programmes, and established corporate relationships. This is expected to aid in ramping up its operations and provides healthy revenue visibility for APPL.

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 current geopolitical situation in the Indian subcontinent. The 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 of travel by domestic tourists and travellers. Global and domestic economic conditions will remain key monitorable for APPL, like the entire hospitality industry.

Nascent stage of operations – APPL commenced operations in its hotel in February 2025. Though its operations have scaled up, APPL remains exposed to the risk of demand offtake as it faces significant competition from standalone players in Mumbai's BKC micro market, given the nature of the Indian budget hotel segment, which remains largely unorganised, characterised by relatively lower entry barriers.

Debt coverage metrics to remain modest over the near term – Due to its nascent stage of operations, APPL's debt coverage metrics are expected to remain modest over the near term as operational metrics are likely to improve only gradually. However, timely support from the parent entity is expected to help APPL meet its debt servicing obligations in a timely manner.

Liquidity position: Adequate

APPL's liquidity is expected to remain adequate, supported by improving cash flows and need-based equity infusion by its parent. In addition, free cash balances of ~Rs. 6.3 crore (as on March 25, 2025) provides liquidity cushion. ICRA expects APPL's initial operational loss funding and debt repayments to be met by support from IGH. Further, the company has low repayment obligations in the initial years of operations due to ballooning repayment structure, wherein the repayment is set to commence from FY2027 with repayment obligation of ~Rs. 0.1 crore during the fiscal.

Rating sensitivities

Positive Factors – The rating could be upgraded in case of an improvement in the credit profile of the parent entity.

Negative Factors – The rating could be downgraded in case of weakness in linkages or a deterioration in the credit profile of the parent entity. A weaker-than expected ramp-up in operational metrics could also exert pressure on the rating

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels
Parent/Group support	APPL is a subsidiary of IGH, which holds a 66% stake in the entity. The ratings assigned to APPL factor in the very high likelihood of its parent entity extending financial support to it because of its strategic importance and close business linkages among them. ICRA also expects the

	parent to be willing to extend financial support to APPL 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	Standalone

About the company

Ashford Properties Private Limited (APPL), incorporated in 2007, is a ~66% subsidiary of InterGlobe Hotels Private Limited (IGH), with the remaining stake held by Shree Naman Developers Private Limited and Mr. Ketan Shamji Gogri and has established one 206-key hotel at BKC, Mumbai. The hotel became operational in February 2025.

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 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 the Hoxton 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)

APPL (Standalone)	FY2023	FY2024
Operating income	-	-
PAT	0.2	0.1
OPBDIT/OI	-	-
PAT/OI	-	-
Total outside liabilities/Tangible net worth (times)	0.1	0.4
Total debt/OPBDIT (times)	(280.8)	(562.8)
Interest coverage (times)	(2,997.7)	(280.6)

Source: Company, ICRA Research; 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

<table>
<tr><th rowspan="3">Instrument</th><th colspan="3" rowspan="2">Current ratings (FY2026)</th><th colspan="6">Chronology of rating history for the past 3 years</th></tr>
<tr><th colspan="2">FY2025</th><th colspan="2">FY2024</th><th colspan="2">FY2023</th></tr>
<tr><th>Type</th><th>Amount rated (Rs. crore)</th><th>May 20, 2025</th><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th></tr>
<tr><td rowspan="2">Term Loan</td><td rowspan="2">Long-term</td><td rowspan="2">115.00</td><td rowspan="2">[ICRA]A (Stable)</td><td>Apr-17-24</td><td>[ICRA]A (Stable)</td><td>-</td><td>-</td><td>Mar-20-23</td><td>[ICRA]A- (Stable)</td></tr>
<tr><td>-</td><td>-</td><td>-</td><td>-</td><td>Jun-29-22</td><td>[ICRA]BBB+ (Stable)</td></tr>
</table>

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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term Loan-1	FY2022	-	FY2041	106.0	[ICRA]A (Stable)
NA	Proposed term loan	-	-	-	9.0	[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 – Not Applicable

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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