

July 25, 2025

MPG Hotels and Infrastructure Ventures Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Term Loan	107.13	130.65	[ICRA]BBB-(Stable); reaffirmed
Long-term – Term Loan (LRD)	81.58	65.70	[ICRA]BBB-(Stable); reaffirmed
Short term – Fund Based	6.75	-	-
Long term/ Short term – Unallocated	208.94	208.05	[ICRA]BBB-(Stable)/[ICRA]A3; reaffirmed
Total	404.40	404.40	

*Instrument details are provided in Annexure I

Rationale

While arriving at the ratings, ICRA has taken a consolidated view on MPG Hotels and Infrastructure Ventures Private Limited (MPGHIVPL) and its subsidiary Muthoot Hotels Private Limited (MHPL), jointly referred to as 'MPG or the Group'. The Group operates three hotels, along with a commercial real estate property, two residential real estate projects and two restaurants, all based in Kerala, and is part of the larger Muthoot Pappachan Group, a Kerala-based conglomerate with diverse business interests in non-banking financial services, hospitality, infrastructure development and automobile dealerships, strengthening its financial flexibility.

The reaffirmation of the ratings factors in ICRA's expectations of MPG maintaining a stable performance in the hospitality segment, along with expectations of continued need-based financial support from the promoters. The Group has completed the construction of apartments in its residential projects, and sales from the same are expected to generate meaningful cash flows over the next two to three years. Further, the Group is exploring multiple avenues for debt reduction and liquidity improvement, including the monetisation of unused land banks. This includes a land parcel in Sriperumbudur, Tamil Nadu, which has been monetised for Rs. 52.0 crore in the current fiscal.

Over the years, MPG has received periodic financial support from the promoters, both in the form of unsecured loans as well as incremental equity capital. As of March 2025, the loan from directors and related parties stood at Rs. 277.0 crore (Rs. 263.5 crore as on March 2024). While the capital structure and coverage metrics remain relatively subdued on account of comparatively high debt levels and past accumulated losses, an improvement in accruals is expected going forward. This improvement is likely to be supported by enhanced operating leverage, sustained cost-optimisation measures undertaken in the last two years and lower interest expenses with a reduction in external debt. Further, sales from the residential real estate properties should provide additional cash flows.

MPG has a commercial real estate asset, Technopolis IT park in Kakkanad, Kochi, with 3.55 lakh square feet of office space, which houses a few IT/ITeS majors as tenants. ICRA notes that occupancy was over 90% in FY2022, however, it dropped significantly in recent years due to competition from neighbouring office assets, resulting in a decline in net rentals from the property by 12% in FY2025. The Group has a lease rental discounting (LRD) loan of Rs. 69.1 crore as on March 31, 2025 against the rentals from this property, and the debt obligations [Principal+ interest (P+I)] are likely to be over Rs. 17.0 crore per year for the FY2026-FY2028 period. Any shortfall in lease rentals for meeting the P+I commitments of the LRD loan is expected to be funded by the promoters to ensure timely debt servicing.

The stable outlook on the long-term rating reflects ICRA's expectation that the company will be able to maintain its credit profile. This will be supported by steady revenues from the hospitality segment, expectations of higher revenues from the residential real estate segment, monetisation of non-core assets and periodic support from its promoters going forward.

Key rating drivers and their description

Credit strengths

Strong parentage – MPG is part of the larger Muthoot Pappachan Group, a Kerala-based conglomerate with diverse business interests, including non-banking financial services, hospitality, infrastructure development and automobile dealership, supporting its financial flexibility. MPG has received periodic financial support from the promoters in the past, in the form of unsecured loans and equity capital. In FY2024, the promoters infused Rs. 190 crore in MPGHIVPL (Rs. 80 crore in the form of equity and Rs. 110 crore in the form of unsecured loans). As on March 31, 2025, the equity share capital and unsecured loans from promoters and related parties stood at Rs. 245.0 crore and Rs. 277.0 crore, respectively. The promoters have committed to extend adequate and timely financial support going forward, as and when required.

Diversified business mix with portfolio comprising hospitality, commercial and residential assets – MPG has a diversified business mix with presence across hotels (74% of revenues in FY2025), residential real estate business (9%), commercial real estate (7%), restaurant (8%) and other revenues (2%). While there has been a decline in the residential real estate business in FY2025, it is expected to improve in FY2026 and FY2027, driven by the increase in flat sales following the completion of construction projects in FY2025. In the past, the commercial and residential real estate assets have supported the Group's cash flows to an extent during the downcycles in the hospitality industry.

Management tie-up with well-known international and Indian hospitality operators – MPG has management tie-ups with established international hotels operators such as Hilton and Accor, and Indian operators such as The Indian Hotels Company Limited (rated [ICRA]AA+ (Stable)/[ICRA]A1+) for operating its three hotels under brands such as Hilton Garden Inn, Novotel and Taj. The hotels benefit from the branding, marketing and advertising networks of the operators.

Credit challenges

Stretched capital structure and coverage metrics – MPG has relatively high debt levels for its scale of operations, despite a sizeable reduction. As on March 31, 2025, the Group's adjusted debt (debt excluding loans from promoters) was Rs. 205.1 crore, and its capital structure is stretched due to past accumulated losses. The Group's adjusted debt/ OPBDITA remained weak at 12.4 times, as on March 31, 2025 [Previous year (PY): 5.3 times], while its debt service coverage ratio was 0.3 times for FY2025 (PY: 0.4 times). Although the capital structure and coverage metrics remain subdued due to the elevated debt levels and past accumulated losses, an improvement in cash accruals is expected going forward. This is likely to be supported by higher sales from the residential real estate segment, improved operating leverage, sustained cost-optimisation measures undertaken in the last two years and lower interest expenses with a reduction in external debt (reduced to Rs. 205.1 crore as on March 2025 from Rs. 364.0 crore as of March 2023). ICRA expects the promoters to extend adequate and timely financial support going forward, as and when required, to ensure timely debt servicing.

Low occupancy in the commercial real estate asset – MPG has a commercial real estate asset, Technopolis IT park in Kakkanad, Kochi, with 3.55 lakh square feet of office space, which houses several IT/ITeS majors as tenants. ICRA notes that occupancy was over 90% in FY2022, however, it dropped in recent years due to competition from neighbouring office assets. The net rental from the IT park declined by 12% on YoY basis in FY2025, impacted by higher vacancy. The Group has an LRD loan of Rs. 69.1 crore as on March 31, 2025 against lease rentals from this property, and the debt obligations (Principal+ interest (P+I)) are likely to be over Rs. 17.0 crore per year for FY2026-FY2028. Any shortfall in lease rentals for meeting the P+I commitments of the LRD loan is expected to be funded by the promoters to ensure timely debt servicing.

Revenue vulnerability from hospitality industry's cyclicity, economic cycles and exogenous events is partly offset by revenues from real estate assets – The operating performance of the hospitality segment remains vulnerable to industry cyclicity/seasonality, macroeconomic cycles and exogenous factors (geopolitical crises, terrorist attacks, disease outbreaks, etc). Nonetheless, the risk to revenues is partially mitigated by cash flows from the real estate portfolio, akin to what was witnessed during the pandemic. The Group has a residential real asset, the sale of which would add to the cash inflows over the near to medium term.

Relatively higher geographic concentration – MPG has three hotel properties located in Trivandrum, Kovalam near Trivandrum and Kakkanad in Kochi. Its commercial real estate asset is located at Kakkanad, Kochi. Also, two of its residential projects are in Akkulam and Kowdiar in Trivandrum. With presence only in Kerala, MPG is exposed to region-specific risks. Moreover, MPG encounters stiff competition from other premium hotels, resorts and IT parks in the region.

Liquidity position: Adequate

MPG’s liquidity position is likely to improve with higher revenue stemming from its residential real estate units in the coming year. The Group has principal repayments of Rs. 31.2 crore for FY2026, Rs. 31.1 crore for FY2027 and Rs. 25.5 crore for FY2028 on its existing bank loans. In comparison, it held cash and cash equivalents of only Rs. 16.8 crore as on March 31, 2025. However, the Group subsequently monetised a land parcel for Rs. 52 crore in Q1 FY2026. ICRA expects the promoters to extend adequate and timely financial support, as and when required, to meet MPG’s operating and financial commitments going forward.

Rating sensitivities

Positive factors – Significant improvement in debt metrics and liquidity position could be a trigger for improvement in the ratings. Specific credit metric for upgrade includes adjusted debt (excluding unsecured loans from promoters)/ OPBITDA less than 4.0 times on a sustained basis.

Negative factors – Pressure on the ratings could arise from the weakening of the liquidity position arising from a sharp deterioration in MPG’s operating performance. Moreover, the absence of timely and adequate promoter support or significant net outflow/support extended to other Group companies may result in ratings downgrade. Further, the weakening of credit profile or linkages of/with the Muthoot Pappachan Group would also be a rating sensitivity.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of MPG Hotels and Infrastructure Ventures Private Limited and its subsidiaries as mentioned in Annexure-II.

About the company

MPG Hotels and Infrastructure Ventures Private Limited (MPGHIVPL), has two hotels, a 132-key Hilton Garden Inn at Trivandrum and a 128-key Novotel at Kakkanad, Kochi; IT Park in Kochi SEZ under the name ‘Muthoot Technopolis’; and residential real estate assets in Kowdiar and Akkulam in Trivandrum. The Group also operates speciality restaurants in Trivandrum under the names Villa Maya and Baker’s Arch Cafe. Through its subsidiary, Muthoot Hotels Private Limited (MHPL), it owns a 59-key villa luxury deluxe beach resort in Kovalam, Kerala, named Taj Green Cove Resort and Spa. This resort is under a management contract with Indian Hotels Company Limited.

MPG is part of the larger Muthoot Pappachan Group, a Kerala-based conglomerate with diverse business interests in nonbanking financial services, hospitality, infrastructure development and automobile dealerships. Muthoot Fincorp Limited is the flagship entity of the Muthoot Pappachan Group. The promoters hold 100% stake in MPG, partly in individual capacity and partly through other Group entities.

Key financial indicators

MPG Hotels and Infrastructure Ventures Private Limited (consolidated)	FY2024 (audited)	FY2025 (prov.)
Operating income	163.8	135.7
PAT	(22.7)	(23.0)
OPBDIT/OI	23.3%	12.2%
PAT/OI	-13.9%	-17.0%
Total outside liabilities/Tangible net worth (times)	-25.8	-13.2
Total debt/OPBDIT (times)	12.2	29.1
Interest coverage (times)	1.0	0.7

Amount in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; total debt includes lease liabilities

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years			
	Type	Amount rated (Rs. crore)	Date & Rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
			July 25, 2025	June 11, 2024	September 28, 2023	October 07, 2022	
1 Term Loan	Long term	130.65	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)	
2 Term Loan (LRD)	Long term	65.70	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	
3 Fund based facilities	Short term	-	-	[ICRA]A3	[ICRA]A4+	[ICRA]A4+	
4 Non-fund-based facilities	Short term	-	-	-	[ICRA]A4+	[ICRA]A4+	
5 Unallocated	Long term/ Short term	208.05	[ICRA]BBB-(Stable) /[ICRA]A3	[ICRA]BBB-(Stable) /[ICRA]A3	[ICRA]BB(Stable) /[ICRA]A4+	[ICRA]BB(Stable) /[ICRA]A4+	

Complexity level of the rated instruments

Instrument	Complexity indicator
Term Loan	Simple
Term Loan (LRD)	Simple
Unallocated facilities	Not applicable

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	FY2015	7.33-9.90%	FY2032	130.65	[ICRA]BBB-(Stable)
NA	Term Loan (LRD)	FY2017	8.75%	FY2029	65.70	[ICRA]BBB-(Stable)
NA	Unallocated	NA	NA	NA	208.05	[ICRA]BBB-(Stable)/[ICRA]A3

Source: MPGHIVPL

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

Annexure II: List of entities considered for consolidated analysis

Company name	MPGHIVPL ownership	Consolidation approach
MPG Hotels and Infrastructure Ventures Private Limited	100.00% (rated entity)	Full consolidation
Muthoot Hotels Private Limited (MHPL)	98.60% by MPGHIVPL	Full consolidation
Right Ambient Resorts Private Limited^	100% by MHPL	Full consolidation

Source: MPGHIVPL ^step down subsidiary

Note: ICRA has taken a consolidated view of the parent (MPGHIVPL) and its subsidiaries while assigning the ratings

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Sruthi Thomas

+91 80 4332 6430

sruthi.thomas2@icraindia.com

K. Srikumar

+91 44 4596 4318

ksrikumar@icraindia.com

Nilesh Kumar Jain

+91 44 4596 4312

nilesh.jain2@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



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