

June 11, 2026

Mysore Mercantile Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – Cash credit	25.00	25.28	[ICRA]BBB+ (Negative); reaffirmed
Short-term – Non fund-based – Bank guarantee	11.50	11.50	[ICRA]A2; reaffirmed
Long-term/short-term – Unallocated limits	63.50	63.22	[ICRA]BBB+ (Negative)/[ICRA]A2; reaffirmed
Total	100.00	100.00	

*Instrument details are provided in Annexure II

Rationale

The rating action on the bank facilities of Mysore Mercantile Company Limited (MMCL) reflects its lower-than-anticipated performance in FY2026, with revenues and earnings remaining below expectations. MMCL, a merchant exporter, derived a major share of its revenues from molasses exports in earlier years (89% in FY2023 and 66% in FY2024). However, the imposition of a 50% export duty on molasses by the Government of India led to a sharp decline in revenues in FY2025. In response, the company diversified into Engineering, Procurement and Construction (EPC) projects, merchant exports of coffee, and trading of uniforms. Although these segments supported some recovery in FY2026, execution delays in EPC projects due to pending customer clearances limited the pace of growth. With the withdrawal of the export duty in November 2025, MMCL resumed molasses exports, which is expected to aid revenue and profit growth in FY2027. That said, the company's ability to scale up molasses trading and execute EPC projects in a timely manner is a key monitorable. MMCL's operating margin is estimated to have improved to 11–12% in FY2026 from a sharply lower 3.1% in FY2025, supported by a higher scale of operations and a change in revenue mix. However, profitability remains exposed to fluctuations in commodity prices. At the same time, the company benefits from relatively stable earnings support through recurring revenues of Rs. 15-20 crore from renewable energy projects and rental income from liquid storage tanks.

The company has a standalone debt of Rs. 42.5 crore as on March 31, 2026, and has adequate debt metrics with Total debt / OPBITDA of over 2 times (0.3 in FY2024) in FY2026. The indicators moderated in FY2026 owing to lower operating profit and increase in working capital intensity because of higher receivables cycle and stocking up of molasses inventory. The company's working capital intensity is likely to normalize to around 30-35% in FY2027. ICRA notes that the company has a planned debt-funded capex of around Rs. 100 crore in the next 12-24 months towards setting up of coffee curing plant and biogas plant. Timely completion of the capex and successful scale of operations remain critical. Post completion of the project, MMCL's consolidated revenues and earnings are likely to reach past-peak levels.

The ratings remain supported by the extensive experience of the promoters in agro-commodity trading and the company's diversified business profile across trading, EPC and renewable energy segments. The ratings, however, are constrained by the inherent volatility in revenues and profitability associated with trading-led operations, given the company's exposure to fluctuations in commodity prices, procurement efficiencies and global demand dynamics. The business remains susceptible to regulatory interventions and agro-climatic conditions, as demonstrated by the material impact of export duty on molasses in January 2024. Additionally, the company faces customer concentration risk, with a significant portion of revenues derived from a limited customer base, exposing it to demand-side variability.

Key rating drivers and their description

Credit strengths

Extensive experience of the promoters in trading of agro-commodities – The company is owned by Karnataka-based Mr. H.S. Shetty and his family members, who have an extensive experience of more than four decades in various agro-commodities trading, both in domestic as well as in international markets. The company has developed a long-track record of business and has a strong relationship with its customers and suppliers, which has supported its business growth over the years. MMCL also has diversified revenue profile, insulating its revenues and earnings from any slowdown in specific segments.

Adequate capital structure and debt protection metrics – MMCL's capital structure and debt metrics are adequate. At the standalone level, the company has overdraft facilities, loans against fixed deposits, and loans from directors; and debt levels at subsidiaries are low. While the debt metrics, indicated by total debt / OPBITDA and interest coverage, remain adequate, they moderated in the last two years as lower scale impacted profits and stretched working capital intensity. Its debt-metrics are likely to be at similar levels in FY2027 supported by expected normalization of working capital cycle, while improvement would be limited by the planned debt-funded capex.

Credit challenges

Volatile revenues and margins - MMCL's operating performance remains inherently volatile, as reflected in the sharp decline in revenues in FY2025 following the imposition of 50% export duty on molasses, its key revenue contributor till FY2024. It reported revenue growth of ~40% to Rs. 113.8 crore in FY2026 but was lower than ICRA's expectations due to delays in EPC project execution. The company resumed molasses trading in FY2027, and this is expected to support scale-up in revenue. However, timely execution of EPC projects and meaningful scale-up of molasses trading business remains to be seen. After declining to 3% in FY2025, its operating margin improved to ~11% in FY2026 with growth in scale but was significantly lower than its previous (FY2023 and FY2024) levels of over 15%. Going forward, operating margins are expected to remain sensitive to fluctuations in commodity prices, procurement efficiencies and competitive intensity.

Exposed to high customer concentration - The company has high customer concentration, with the top five clients accounting for around 72-75% of total sales in FY2026. Any decline in offtake from its top clients would materially impact the company's revenues and cash flows. However, the company has a long relationship with these clients, as reflected by steady business.

Sizeable debt -funded capex; timely ramp-up remains critical - The company is undertaking a capex of around Rs. 100 crore over the next two years towards a coffee curing facility and a biogas plant, with ~7.5 acres land already acquired and ~Rs. 2.5–3.0 crore incurred so far. While the segment offers healthy margin potential, the project likely involves incremental debt of around Rs. 70 crore, exposing the company to execution and ramp-up risks with any delays in stabilisation or offtake tie-ups likely to strain debt servicing metrics. Post completion of the project, MMCL's consolidated revenues and earnings are likely to reach past-peak levels.

Susceptible to changes in Government policies and agro-climatic conditions - Import and export of agricultural commodities are susceptible to Government regulations. Any adverse change in import/export duties on agricultural commodities may affect the product's competitiveness. The imposition of export duty of 50% on molasses in January 2024 is one such instance. As MMCL is involved in agro-commodity trading, the company also remains exposed to agro-climatic risks, changing crop patterns and associated cyclicalities in the business.

Liquidity position: Adequate

MMCL's liquidity position is adequate, supported by expected retained cash flows of Rs. 7-10 crore over the next 12 months and estimated cash and bank balances of Rs. 18-20 crore as on March 31, 2026. The company plans to incur capex of around Rs. 100 crore over the next two years towards setting up coffee curing and biogas facility, which will be funded through term loan of around Rs. 75 crore, promoter funds and internal accruals. Term loan is yet to be sanctioned; moreover, timely infusion of promoter loans remains critical for timely completion of the capex. It does not have any repayment obligations in next 12 months.

Rating sensitivities

Positive factors – The ratings could be upgraded in case of a sustained improvement in MMCL’s scale of operations and profitability, supported by successful ramp-up of its trading operations. Timely completion and scale-up of the coffee curing and biogas plant, leading to a healthy growth in earnings, while maintaining adequate liquidity and comfortable debt protection metrics, would also be credit positive.

Negative factors – Pressure on MMCL’s ratings could arise from risks emanating from regulatory actions or the company’s inability to materially scale up its molasses trading operations, thereby constraining revenue growth and earnings generation. Sustained impact on cash flows due to sub-optimal scale-up, or material elongation in the working capital cycle, weakening the company’s liquidity profile could also lead to a rating downgrade. Additionally, any shortfall in timely promoter support for funding capex requirements could act as a negative trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has considered MMCL’s consolidated financial statements given the financial and business linkages of the parent and subsidiary companies. The list of entities consolidated is included in Annexure III.

About the company

MMCL was incorporated in 2000 by Karnataka-based Mr. H.S. Shetty and his family members. It has operations across merchant exports, renewable energy generation, EPC infrastructure, textiles, warehousing, and organic products. MMCL is recognized as a Government of India Three Star Export House and operates under ISO 9001:2015 certification issued by TUV SUD South Asia Pvt. Ltd. It was mainly involved in export of molasses. However, post imposition of the export duty on molasses exports in January 2024, it started focussing on trading of coffee. Export duty on molasses has been removed in November 2025 and the company plans to scale-up this segment in FY2027. The company also executes EPC contracts (solar and wind power generation projects). It has wind and hydro power plants and also rents out liquid storage tanks.

Key financial indicators (audited)

MMCL – Consolidated	FY2024	FY2025
Operating income	342.9	83.3
PAT	35.8	1.8
OPBDIT/OI	16.8%	3.1%
PAT/OI	10.4%	2.2%
Total outside liabilities/Tangible net worth (times)	0.2	0.1
Total debt/OPBDIT (times)	0.3	2.2
Interest coverage (times)	36.5	15.0

Source: Company, ICRA Research;

All ratios are as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

MMCL – Standalone	FY2024	FY2025	FY2026*
Operating income	322.4	79.4	113.8
PAT	32.1	2.5	6.2
OPBDIT/OI	15.9%	3.3%	11.0%
PAT/OI	10.0%	3.2%	5.5%
Total outside liabilities/Tangible net worth (times)	0.2	0.1	0.2
Total debt/OPBDIT (times)	0.3	2.1	3.4
Interest coverage (times)	33.0	17.1	10.2

Source: Company, ICRA Research; *provisional

All ratios are as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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

Instruments	Type	Current (FY2027)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Jun 11, 2026	FY2026	FY2025		FY2024		
			Date	Rating	Date	Rating	Date	Rating	
Fund-based - Cash credit	Long-term	25.28	[ICRA]BBB+ (Negative)	Apr 03, 2025	[ICRA]BBB+ (Negative)	-	-	Jan 17, 2024	-
							Jun 27, 2023	[ICRA]BBB+ (Stable)	
Non fund-based – Bank guarantee	Short-term	11.50	[ICRA]A2	Apr 03, 2025	[ICRA]A2	-	-	-	-
Unallocated limits	Long-term/Short-term	63.22	[ICRA]BBB+ (Negative)/ [ICRA]A2	Apr 03, 2025	[ICRA]BBB+ (Negative)/ [ICRA]A2	-	-	-	-
Fund based – Domestic/Export Credit Facility	Short-term	-	-	-	-	-	-	Jan 17, 2024	[ICRA]A2
								Jun 27, 2023	[ICRA]A2
Fund-based – Interchangeable – Cash Credit	Long term	-	-	-	-	-	-	Jan 17, 2024	[ICRA]BBB+ (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 Mutual 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 – Cash credit	Simple
Short-term – Non fund-based – Bank guarantee	Simple
Long-term/short-term – Unallocated limits	NA

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	Long-term fund-based – Cash credit	NA	NA	NA	25.28	[ICRA]BBB+ (Negative)
NA	Short-term – Non fund-based – Bank guarantee	NA	NA	NA	11.50	[ICRA]A2
NA	Long-term/short-term – Unallocated limits	NA	NA	NA	63.22	[ICRA]BBB+ (Negative)/ [ICRA]A2

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	Consolidation approach
Chikku Energy Private Ltd	Full Consolidation
Mysore Green Co Pvt Ltd	Full Consolidation
Mysore Science and Technology Services Private Ltd	Full Consolidation

Source: Company Data

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