

July 31, 2025

## Farmers Agriculture Credit Co-operative Society Limited: Rating reaffirmed/assigned for enhanced limits

### Summary of rating action

| Instrument*                           | Previous rated amount<br>(Rs. crore) | Current rated amount<br>(Rs. crore) | Rating action   |
|---------------------------------------|--------------------------------------|-------------------------------------|---|
| Short-term fund-based bank facilities | 9.75                                 | 22.00                               | [ICRA]A4; reaffirmed and assigned for enhanced amount |
| <b>Total</b>                          | <b>9.75</b>                          | <b>22.00</b>                        |   |

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation factors in Farmers Agriculture Credit Co-operative Society Limited's (FACCSL) established track record of over four decades, access to funds at favourable rates and moderate capital profile. The rating is, however, constrained by the modest scale of operations with a portfolio of Rs. 26.4 crore as on March 31, 2025 (Rs. 17.8 crore as on March 31, 2024), geographically concentrated operations with a presence in a single district, and the marginal borrower profile, which remains vulnerable to income shocks and agro-climatic risk.

Given the short-term nature of most of the advances, the society's portfolio remains small, though disbursements increased gradually to Rs. 46.8 crore in FY2025 from Rs. 36.7 crore in FY2024 (Rs. 30.5 crore in FY2023). The society receives subsidy and interest subvention for the loans offered, though the timeliness and adequacy of the same has varied over the years, resulting in weak profitability.

### Key rating drivers and their description

#### Credit strengths

**Established track record of operations** – FACCSL is a co-operative society established in 1976 in the Periyapatna region (Mysuru district, Karnataka) and registered under the Co-operative Societies Act. It was established for financing agriculture and agriculture-allied activities. It extends agri loans to 30 villages in and around Periyapatna town. Loans extended by FACCSL are eligible for subsidies and interest subvention from various schemes of the state and Central governments, the benefits of which are passed on to the borrowers.

**Access to funds at favourable rates; moderate capital profile** – FACCSL's members provide share capital at the time of joining the society and contribute 10% of the loan amount availed towards the share capital at the time of availing a loan. Further, the society receives deposits from members at average interest rates of 7-8%, supporting its cost of funds. As on March 31, 2025, FACCSL's total share capital and deposits stood at Rs. 5.8 crore and Rs. 28.7 crore, respectively.

Deposits with a maturity of about 1 year accounted for 57% of the total borrowings as on March 31, 2025. FACCSL also received funding through a working capital facility from a bank (43% of total borrowings as on March 31, 2025). The rate of interest for this facility is 9.75% and it is largely used for extending crop loans. FACCSL's capital profile moderated with a gearing of 5.3 times as of March 2025 (3.5 times as of March 2024).

## Credit challenges

**Modest scale and limited geographical diversity** – FACCSL’s product profile comprises crop loans, agriculture-allied activity loans, gold loans and loans against member deposits. The scale of operations remains small with a loan portfolio of Rs. 26.4 crore as on March 31, 2025 (Rs. 17.8 crore as on March 31, 2024). As of March 2025, agriculture-allied activity loans, gold loans, crop loans and deposit loans 70%, 15%, 8% and 7%, respectively, of the loan portfolio. Although crop loans account for the majority of the disbursements (58% in FY2025), repayments at the end of March in any fiscal reduce the year-end outstanding. As such, the overall portfolio remains small at year end despite the gradual scaling up of disbursements (Rs. 46.8 crore in FY2025 from Rs. 36.7 crore in FY2024 and Rs. 30.5 crore in FY2023).

However, FACCSL’s scope to scale up its operations and earnings is limited as it is expected to function in its existing area of operations, which is the Periyapatna region (comprising 30 villages) in Mysuru district, Karnataka. The concentration of the assets under management (AUM) in one district exposes the society to regional risks.

**Asset quality vulnerable to agro-climatic conditions and marginal borrower profile** – The rating factors in the susceptibility of FACCSL’s loan portfolio to agro-climatic risks as crop loans form the majority of its disbursements. Overdue accounts/annual disbursements stood at 2.7% in FY2025 compared to 3.7% in FY2024. FACCSL’s customers are primarily marginal farmers with limited ability to absorb economic and agro-climatic shocks.

**Lack of robust regulatory framework for co-operative entities** – FACCSL is registered under the Co-operative Societies Act and is not regulated by the Reserve Bank of India (RBI). The regulatory framework for co-operative societies is quite limited compared to the requirements of RBI-regulated non-banking financial companies.

## Liquidity position: Stretched

As on March 31, 2025, FACCSL had a cash and bank balance of Rs. 30.0 crore. Its cash flow is seasonal with collections typically concentrated in the last quarter of the fiscal while disbursements are made during peak crop seasons, leading to stretched liquidity during this period. The society depends on deposit mobilisation from members to a large extent. Additionally, it has a working capital facility with a bank. Limited flexibility in availing other funding avenues, at present, is a challenge for FACCSL’s liquidity position.

## Rating sensitivities

**Positive factors** – Significant scale-up and diversification of the portfolio, while improving the liquidity position and maintaining healthy asset quality and earnings, would have a positive impact.

**Negative factors** – ICRA could downgrade the rating if the liquidity profile weakens further.

## Analytical approach

| Analytical approach             | Comments  |
|---------------------------------|---|
| Applicable rating methodologies | <a href="#">Rating Methodology for Non-banking Finance Companies</a>      |
| Parent/Group support            | Not applicable  |
| Consolidation/Standalone        | The rating is based on the standalone financial statements of the society |

## About the company

Farmers Agriculture Credit Co-operative Society Limited (FACCSL; erstwhile Syndicate Rythara Sahakara Sanga Niyamita) was incorporated in 1976 as a multi-state state co-operative society. It extends advances for various farming requirements in and around 30 villages in Periyapatna, which is in the Mysuru district of Karnataka. The society also trades (small-sized) in fertilisers, seeds and food grains and provides warehouse facilities to farmers. It receives interest subvention as well as subsidies under various schemes of the Central and state governments.

As on March 31, 2025, FACCSL had a member base of 3,153 (3,094 as of March 2024) and total managed portfolio outstanding of Rs. 26.4 crore in FY2025. It reported a net profit of Rs. 0.8 crore (provisional) on a total asset base of Rs. 63.7 crore (provisional) in FY2025 vis-à-vis Rs. 0.47 crore and Rs. 39.8 crore, respectively, in FY2024.

## Key financial indicators

| Farmers Agriculture Credit Co-operative Society Limited | FY2024 | FY2025 (prov.) |
|---|--------|----------------|
| Total income  | 5.1    | 4.7            |
| PAT   | 0.5    | 0.8            |
| Total managed assets                                    | 39.8   | 63.7           |
| Return on managed assets                                | 1.1%   | 1.5%           |
| Reported gearing (times)                                | 3.5    | 5.3            |
| Gross NPA*  | 7.57%  | 4.82%          |
| CRAR  | NA     | NA             |

Amount in crore; Ratios as per ICRA's calculations; \*Gross NPA % = Total overdues/Portfolio outstanding

## 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 |          |        |        |              |          |
|-----------------|------------------|--------------------------|--------------|---|----------|--------|--------|--------------|----------|
|                 | FY2026           |                          |              | FY2025  |          | FY2024 |        | FY2023       |          |
|                 | Type             | Amount rated (Rs. crore) | Jul 31, 2025 | Date  | Rating   | Date   | Rating | Date         | Rating   |
| Bank facilities | Short term       | 22.00                    | [ICRA]A4     | Apr 23, 2024                                      | [ICRA]A4 | -      | -      | Jan 12, 2023 | [ICRA]A4 |

## Complexity level of the rated instruments

| Instrument                          | Complexity indicator |
|-------------------------------------|----------------------|
| Short-term fund-based bank facility | Very 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 |
|------|-------------------------------------|------------------|-------------|----------|--------------------------|----------------------------|
| -    | Short-term fund-based bank facility | NA               | NA          | NA       | 22.00                    | [ICRA]A4                   |

Source: FACCS

[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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### Branches



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