

September 30, 2025

The Railway Employees Co-operative Credit Society Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based/Non-fund based	1,500.00	1,500.00	[ICRA]A- (Stable); reaffirmed
Total	1,500.00	1,500.00	

*Instrument details are provided in Annexure I

Rationale

The rating factors in The Railway Employees Co-operative Credit Society Limited's (RECCS) sustained track record of extending unsecured personal credit to its members, who are employees of the Indian Railways (IR). However, its overall portfolio continued to decline for the third successive year, standing at Rs. 2,060.7 crore as of March 2025 vis-à-vis Rs. 2,152.5 crore as of March 2024 and Rs. 2,200.2 crore as of March 2023 (cumulative annual decline of 2.9%). The subdued portfolio growth trend over the past few years was on account of the declining membership base of the society, mainly due to several retirements and transfers to northern zones while fresh recruitments remained modest. However, increasing loan ticket sizes have provided some support.

RECCS continues to maintain healthy asset quality indicators, backed by its arrangement with its borrowers to deduct their monthly loan instalments and thrift deposit contributions by the IR directly from their salaries for remittance to the society. Consequently, it has been able to maintain stable operating efficiency while keeping its credit costs under control on a sustained basis, resulting in good profitability indicators with PAT/AMA¹ of 6.3% in FY2025 (6.0% in FY2024). The rating also considers the society's comfortable capitalisation with a gearing of 1.7 times as of March 2025 (2.1 times as of March 2024).

As a credit co-operative society, RECCS has limited funding avenues and moderate regulatory oversight compared to non-banking financial companies (NBFCs), which are under the purview of the Reserve Bank of India (RBI). However, multi-state co-operative societies are subject to prudential norms, notified by the Ministry of Cooperation. These norms, enforced by the Central Registrar of Cooperative Societies from January 2024, include the maintenance of a cash reserve ratio (CRR) of 2% and a statutory liquidity ratio (SLR) of 8% for the next two years (12% subsequently), a capital-to-risk (weighted) assets ratio (CRAR) of 9% and a leverage cap of up to 10 times. RECCS is currently complying with all these prudential norms.

The Stable outlook factors in ICRA's expectation that RECCS would continue to maintain stable performance metrics over the medium term, including healthy asset quality and profitability.

Key rating drivers and their description

Credit strengths

Healthy asset quality – RECCS' asset quality is healthy with the 90+ days past due (dpd) at 2.0% as of March 2025 and 1.8% as of March 2024. The slight deterioration was attributed to the increase in transfers, retirements, and the death of members. However, the asset quality is expected to remain healthy with low delinquencies, going forward, as the borrowers are employees of the IR and the loan instalments as well as the monthly contributions of thrift deposits, etc, are directly deducted

¹ Profit after tax/Average managed assets

by the IR from the members' salaries and remitted to the society. The credit costs incurred in FY2025 (0.5%) and FY2024 (0.5%) were largely on account of the death of members or other employment-related issues like suspension and transfers.

Good profitability indicators – RECCS' profitability is healthy with PAT/AMA of 6.3% in FY2025 (6.0% in FY2024). The overall profitability is supported by low credit costs and stable yields. The net interest margin increased in FY2025 due to the reduction in the cost of borrowings while internal generation was healthy and portfolio growth was limited. RECCS' credit cost has remained under control at 0.4-0.7% over the last five years. Its net profitability is expected to remain at 6.0% over the medium term.

Comfortable capitalisation profile – RECCS' gearing² was comfortable at 1.7 times as of March 2025 (2.1 times as of March 2024). It improved because of healthy internal generation and moderation in portfolio growth. RECCS has targeted portfolio growth at a modest compound annual growth rate (CAGR) of 3-5% in the medium term, given its declining member base and conservative approach towards extending credit. Considering that a borrowing member is required to contribute 10% of the loans availed towards equity capital, which would support regular equity infusions into the society, and RECCS' good internal generation, ICRA expects the capital profile to remain comfortable over the near-to-medium term. Further, restrictions on the quantum of capital withdrawal by the society's members, imposed as per the prudential norm, would limit significant volatility in the capital base.

Credit challenges

Steadily declining member base – RECCS had a member base of 56,194 as of March 2025 vis-à-vis 56,885 as of March 2024 (57,429 as of March 2023). The member base declined over the last seven years on account of several retirements and transfers. Further, active loan accounts decreased to 33,854 as of March 2025 from 44,300 as of March 2024, as borrowing members in the society declined even more. RECCS' disbursements have been lower than the pre-Covid-19 pandemic level, especially from the peak in FY2018. Disbursements declined by 18.8% in FY2025 (Rs. 377.7 crore) and 5.8% in FY2024 (Rs. 465.4 crore).

The overall portfolio decreased by 4.3% in FY2025 to Rs. 2,060.7 crore and 2.2% in FY2024 as well as FY2023 to Rs. 2,152.5 crore and Rs. 2,200.2 crore, respectively, while it grew at a modest rate of 4.9% in FY2022 and 2.9% in FY2021 compared to the CAGR of 15.8% during FY2017-FY2020. The society has steadily increased its exposure per borrower, partially compensating for the declining membership base. Going forward, RECCS' ability to grow while controlling the exposure per borrower and adding new members would be crucial.

Limited funding avenues – RECCS' funding profile comprised funding from banks (45% as of March 2025) and thrift deposits from members (55%). The growth in thrift deposits during FY2019-FY2025 was moderate (CAGR of 2.6%) due to the declining member base. As it is a society, RECCS has access to limited funding avenues compared to corporates. Therefore, liquidity management shall be crucial, going forward, as the loan tenors are up to 120 months while bank borrowings typically have a tenor of 48 months.

Moderate regulatory oversight – As a credit co-operative society, RECCS has moderate regulatory oversight compared to NBFCs, which are under the purview of the RBI. Multi-state co-operative societies come under the purview of the Ministry of Cooperation. In 2024, the Ministry notified the applicable prudential norms for societies, introducing a moderate level of regulatory oversight. These norms are being enforced by the Central Registrar of Cooperative Societies from January 22, 2024, including the requirement to maintain a CRR of 2% and an SLR of 8% for the next two years (12% subsequently), CRAR of 9% and leverage of up to 10 times. The society is currently complying with all the prudential norms.

² Net worth includes share capital and society's unmarked reserve funds

Liquidity position: Adequate

RECCS' liquidity profile is adequate with positive cumulative mismatches across maturity buckets of less than 1 year. As on March 31, 2025, it had repayment obligations of Rs. 457.2 crore (bank borrowings including overdraft (OD), thrift deposits and share capital) against inflows of Rs. 742.2 crore (loan collections and investments) over the next 12 months. RECCS' ability to improve its financial flexibility and manage liquidity would be monitorable, going forward.

Rating sensitivities

Positive factors – Member-base driven portfolio growth over the medium term, while maintaining healthy earnings and keeping the gearing below 3.5 times on a sustained basis, would be a positive factor.

Negative factors – An increase in the leverage beyond 5.5 times or a sizeable non-core investment, which could adversely impact the liquidity or earnings, would be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of RECCS.

About the society

RECCS was established in 1907 and is governed by the Multi-State Co-operative Societies Act, 2002. It does not come under the purview of the RBI as it is not registered as an NBFC. Railway employees, who are employed in Southern, South Central, South Western, and Central Railway, and employees of Rail Wheel Factory, Yelahanka and Integral Coach Factory, Chennai can become members of the society for thrift savings and to avail loans.

RECCS had 29 branches across 5 states with deposits of Rs. 685.0 crore as of March 2025 (Rs. 690.5 crore as of March 2024) and advances of Rs. 2,084.1 crore (Rs. 2,177.0 crore as of March 2024). The net surplus was Rs. 163.0 crore in FY2025 (Rs. 155.3 crore in FY2024) on total income of Rs. 339.1 crore for FY2025 (Rs. 342.6 crore for FY2024).

Key financial indicators (audited)

RECCS	FY2024	FY2025
Total income	342.6	339.1
PAT	155.3	163.0
Total managed assets	2,585.7	2,550.4
Return on managed assets	6.0%	6.3%
Managed gearing (times)	2.1	1.7
Gross stage 3 (90+dpd)	1.8%	2.0%
CRAR	41.9%	55.8%

Source: RECCS, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years						
FY2026			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	Sep 30, 2025	Date	Rating	Date	Rating	Date	Rating
Long-term fund-based/Non-fund based bank facilities	Long term	1,500.0	[ICRA]A-(Stable)	Jun 28, 2024	[ICRA]A-(Stable)	Apr 10, 2023	[ICRA]A-(Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based/Non-fund based bank facilities	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	Oct-23 to Aug-25	NA	Oct-27 to Aug-29	256.03	[ICRA]A- (Stable)
NA	Unallocated	NA	NA	NA	1,243.97	[ICRA]A- (Stable)

Source: RECCS

[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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