

October 22, 2025

Mulkanoor Cooperative Rural Credit & Marketing Society Ltd. (erstwhile Mulkanoor Cooperative Rural Bank & Marketing Society Ltd.): Rating upgraded to [ICRA]BB+ (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based cash credit	180.00	100.00	[ICRA]BB+ (Stable); upgraded from [ICRA]BB (Stable)
Total	180.00	100.00	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade factors in Mulkanoor Cooperative Rural Credit & Marketing Society Ltd.'s (MCRCMSL) sustained track record of maintaining a prudent risk profile, characterised by comfortable capitalisation and healthy asset quality and earnings. The society has an operational vintage of more than 65 years with a diversified earnings profile. It primarily extends loans to its members for agriculture and allied activities. It also offers value-added services such as rice milling and cotton ginning and is involved in the trading/selling of fertilisers, pesticides and seeds to its members.

MCRCMSL's asset quality performance has remained stable, with its 0+ days past due (dpd) in the range of 1.5-2.0% over the past five years (1.5% as on March 31, 2025). While its asset quality is exposed to agro-climatic conditions, it has been able to partially mitigate this risk by providing its members with incentives for the timely servicing of loans. Further, the society benefits from its diversified income sources, viz., rice milling, cotton ginning and trading of fertilisers, pesticides and seeds. As such, it has maintained a healthy net profitability of 2.0% over the past five years. The gearing remained comfortable at 2.1 times as on March 31, 2025 vis-à-vis 2.3 times as on March 31, 2024 (2.6 times as on March 31, 2023) on the back of stable profitability and modest growth.

However, the rating remains constrained by the geographical concentration and the small scale of operations, with a portfolio of Rs. 138.4 crore and a member base of 7,540 as on March 31, 2025 (Rs. 135.9 crore and 7,641, respectively, as on March 31, 2024). The rating continues to factor in MCRCMSL's limited financial flexibility and the limited regulatory supervision for cooperative societies. Going forward, any regulatory changes for cooperative societies and their impact on MCRCMSL's credit profile would be monitorable.

The Stable outlook considers ICRA's expectation that MCRCMSL will maintain healthy asset quality and profitability indicators over the near-to-medium term.

Key rating drivers and their description

Credit strengths

Track record of operations – MCRCMSL is a cooperative society established in 1956 in the Mulkanoor region, Warangal district (Telangana), and registered under the Telangana State Mutually Aided Co-operative Societies Act. It extends loans to its members, primarily for agriculture and allied activities in 14 villages/20 Gram Panchayats in and around Mulkanoor. Apart from purchasing fertilisers, pesticides and seeds from Indian Farmers Fertiliser Cooperative (IFFCO) and selling them to

farmers, the society supports farmers by purchasing their agricultural produce and processing and marketing the same under its own brand.

Stable profitability and capitalisation profile – Although MCRCMSL commenced operations as a cooperative society to extend loans to its members, it has gradually forayed into value-addition services such as seed production and processing and marketing its members’ agricultural produce. Consequently, its revenue profile is fairly diversified with income from loans, trading revenues and investments accounting for 42%, 48% and 5%, respectively, of its total income in FY2025 (37%, 45% and 15%, respectively, in FY2024). MCRCMSL has the requisite infrastructure such as rice mills, cotton ginning mills and warehouses, enabling it to offer a wide range of services to its members. The diversified income profile continues to support the society’s profitability (profit after tax/average total assets), which was stable at 2.0% in FY2025 (2.0% in FY2024 and FY2023).

The society has an comfortable capitalisation profile with the share capital and reserves contributing 46.8% to the total funding profile (as on March 31, 2025). It also has deposits from members, accounting for close to 53% of the total funding profile. MCRCMSL’s gearing stood at 2.13 times as on March 31, 2025 compared to 2.29 times as on March 31, 2024 (2.58 times as on March 31, 2023).

Credit challenges

Modest scale and limited geographical diversity – MCRCMSL had a loan portfolio of Rs. 138.4 crore as on March 31, 2025 (Rs. 135.9 crore as on March 31, 2024 and Rs. 130.1 crore as on March 31, 2023), largely concentrated in the Mulkanoor region and its surrounding villages. The criteria to become a member are that the farmer should hold land and have residence within the jurisdiction of MCRCMSL. Hence, the member base is small (7,540 as of March 2025 and 7,641 as of March 2024) and has remained stagnant over the last five years. The society’s ability to scale up its loan portfolio remains limited at present as its scope of operations is limited to 14 villages in the Warangal district. This also exposes it to risks arising from high geographical concentration, especially given the vulnerability of its borrowers to agro-climatic factors.

ICRA notes that while the annual disbursement stood at Rs. 242.3 crore in FY2025 (Rs. 235.1 crore in FY2024), the year-ending loan portfolio remained stable due to the short-term nature of most of the disbursements, which are repayable within one crop cycle. The gearing improved to 2.1 times as on March 31, 2025 from 2.3 times as on March 31, 2024 (2.6 times as on March 31, 2023) on the back of stable profitability and limited growth.

Asset quality vulnerable to agro-climatic conditions – MCRCMSL lends to members involved in agriculture and allied activities. Almost 96% of the loans disbursed during any fiscal are short term in nature and are provided for agriculture, exposing the society to adverse agro-climatic conditions. However, it has been able to partially mitigate this risk by providing its members with incentives for the timely servicing of loans. MCRCMSL reported 0+ and 365+ dpd of 1.5% and 0.1%, respectively, as on March 31, 2025 (1.5% and 0.1%, respectively, as on March 31, 2024). Going forward, the society’s asset quality will remain dependent on favourable monsoons and the price of agri produce.

Limited regulatory oversight – MCRCMSL is registered under the Telangana Mutually Aided Co-operative Societies Act. The regulatory framework for cooperative societies is quite limited compared to the prudential requirements of Reserve Bank of India (RBI)-regulated non-banking financial companies.

Liquidity position: Adequate

Short-term loans (96% of disbursements in FY2025), with a tenor of less than 12 months, account for the majority of MCRCMSL’s loans while funding (deposits and bank borrowings) is mainly for a tenor of 12 months, thereby creating a well-matched asset-liability profile. The society is eligible for Rs. 75-crore cash credit (CC) utilisation per crop season and the CC facility is serviced through the collections of that season. The year-end CC utilisation in FY2025 was around 64% (average utilisation for the year: 66.6%). As on August 31, 2025, the society had a cash and bank balance of Rs. 1.5 crore and liquid investments of Rs. 19.1 crore (maturing within one year) in the form of deposits with State Bank of India. MCRCMSL has repayments of Rs. 0.6 crore towards term loans and a repayment obligation of Rs. 12.5 crore towards fixed deposits in FY2026.

Rating sensitivities

Positive factors – A significant improvement in the member base and good quality portfolio growth, while maintaining adequate liquidity and profitability indicators, would have a positive impact.

Negative factors – Weakening in MCRCMSL’s asset quality, adversely affecting its profitability, or a material deterioration in the capitalisation or liquidity profile would have a negative impact.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial statements

About the company

Established in 1956, MCRCMSL is a cooperative society registered under the Telangana State Mutually Aided Co-operative Societies Act. It was primarily set up to accept deposits from its members and to extend crop, short-term, medium-term and long-term loans to its members mainly for agriculture and allied activities. In addition to lending operations, the society is engaged in the trading of pesticides, seeds and fertilisers (largely sourced from government agencies) and offers value-added services such as rice milling and seed production and provides supply and marketing support to its members. MCRCMSL, via its sole branch in Mulkanoor village, serves 14 villages/20 Gram Panchayats in and around the region. As on March 31, 2025, it had 7,540 members with a total portfolio outstanding of Rs. 138.4 crore.

Key financial indicators

MCRCMSL	FY2024	FY2025
Total income	34.5	34.9
PAT	7.1	7.2
Loan book	135.9	138.4
Total managed assets	351.8	358.0
Return on managed assets	2.0%	2.0%
Gearing (times)	2.3	2.1

Source: MCRCMSL, ICRA Research; *Provisional numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA:

Non-cooperation by issuer

Crisil Ratings has been consistently following up with The Mulkanoor Cooperative Rural Bank and Marketing Society Limited (MCRBAMS) for obtaining information through letter and email dated June 20, 2025 among others, apart from telephonic communication. However, the issuer has remained non cooperative.

‘The investors, lenders and all other market participants should exercise due caution with reference to the rating assigned/reviewed with the suffix 'ISSUER NOT COOPERATING' as the rating is arrived at without any management interaction and is based on best available or limited or dated information on the company. Such non co-operation by a rated entity may

be a result of deterioration in its credit risk profile. These ratings with 'ISSUER NOT COOPERATING' suffix lack a forward looking component.'

Detailed rationale

Despite repeated attempts to engage with the management, Crisil Ratings failed to receive any information on either the financial performance or strategic intent of MCRBAMS, which restricts Crisil Ratings' ability to take a forward looking view on the entity's credit quality. Crisil Ratings believes that rating action on MCRBAMS is consistent with 'Assessing Information Adequacy Risk'. Based on the last available information, the rating on bank facilities of MCRBAMS continues to be 'Crisil B/Stable Issuer not cooperating'.

Any other information: None

Rating history for past three years

		Current rating (FY2026)				Chronology of rating history for the past 3 years					
		FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	October 22, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based-Cash Credit	Long Term	100.00	[ICRA]BB+ (Stable)	-	-	Jul 26, 2024	[ICRA]BB (Stable)	May 30, 2023	[ICRA]BB (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based cash credit	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
NA	Cash Credit	NA	NA	-	80.00	[ICRA]BB+ (Stable)
NA	Unallocated	NA	NA	-	20.00	[ICRA]BB+ (Stable)

Source: MCRCMSL

[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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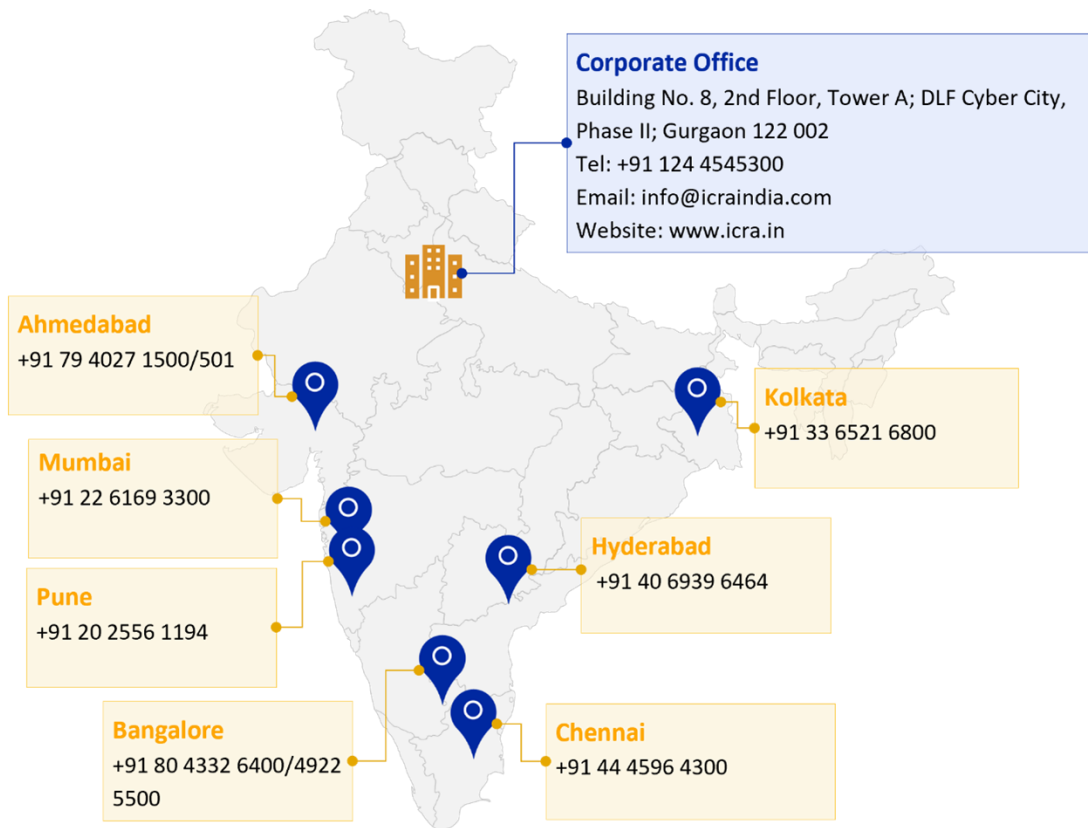
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