



Press Release

The Andhra Bank Farmers Service Co-Operative Society Limited (ABFSCS)

April 21, 2025

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Fund based – Long Term bank facilities – Cash Credit	38.80	IVR B+/ Stable (IVR Single B Plus with Stable Outlook)	--	Rating assigned	Simple
Total	38.80 (INR Thirty Eight crore and Eighty Lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics ratings has assigned its ratings to the bank loan facilities of ABFSCS as it derives strength from its diversified operations, adequate capitalization and moderate gearing with comfortable debt coverage indicators. However, these strengths are partially offset by volatile earnings profile, average asset quality and small scale of operations given the regional concentration.

The Stable Outlook reflects the continued benefits derived by ABFSCS from its members and expectations of consistent growth in its scale of operations over FY25-FY27.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the overall financial performance of the society.

Downward Factors

- Any deterioration of overall financial profile of the society.
- Adverse movement in asset quality of the society.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Diversified operations:

The Andhra Bank farmers' service co-operative society (ABFSCS) is a co-operative society incorporated in 1984, to provide banking services to 19 villages across 4 mandalas in Guntur district, Andhra Pradesh. The society consists of 13 board of directors including chairmen, vice chairmen and other directors who are elected by members through cooperative society elections. Managing director of the society is deputed from Union bank of India (UBI). The society is engaged in credit, trading of fertilizers, Fuel, Cooking Gas activities. The society primarily provides agricultural loans, gold loans and agricultural term loans to its members. Other services offered by society includes accepting deposits, locker facility to its members, providing group insurance scheme to members and other banking services.

Adequate capitalisation:

Society is comfortably capitalized with total CRAR of 28.32% as against the minimum regulatory requirement of 12% in FY24 (refers for the period April 01st 2023 to March 31st, 2024). Society net worth has increased in FY24 and stood at Rs.17.41 crore as against Rs. 17.13 crore in FY23.

Moderate gearing coupled with comfortable debt coverage indicators:

The society has moderate gearing levels as reflected by overall gearing of 2.17x for FY24 (2.04x for FY23) and comfortable debt coverage indicators as reflected by ISCR and DSCR of 1.27x respectively for FY24 (0.96x respectively in FY23).

Key Rating Weaknesses

Volatile earnings profile:

Majority of society's income is from trading activities such as fertilizers, fuel and cooking gas. Given the fluctuations in the prices of these commodities, the earnings profile of the society remains volatile as reflected in its total operating income of Rs 18.29 crore for FY24 when compared to Rs 25.46 crore in FY23. On the back of which, Society's PAT has declined to



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Rs.0.32 crore in FY24 from Rs.0.43 crore in FY22. Society's EBITDA margin has dropped from 26.26% in FY2023 to 22.56% in FY2024 suggests that, although the society remained profitable at the operational level, its efficiency in generating profit from sales has weakened due to decrease in sales of fertilizers.

Average asset quality:

Society's asset quality remains average as reflected in GNPA and NNPA of 4.63% and 3.53 % respectively for FY24 as against 4.26% and 2.67% in FY2023. Going forward society's ability to improve its asset quality while maintaining healthy profits will be key monitorable.

Small scale of operations given the regional concentration:

The society's scale of operations remains low with an AUM of Rs.44.70 crore as on March 31st (Rs.38.84 crore as on March 31st FY23) as it is confined to 19 villages in Guntur district, Andhra Pradesh, This exposes the society to high geographical concentration risk. Thus, the society's performance is expected to remain exposed to the competitive landscape in these regions and the occurrence of events such as natural calamities, which may adversely impact the credit profile of the borrowers. Besides geography, the society will be exposed to competition and any changes in the regulatory framework, thereby impacting the credit profile of ABFSCS.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies.](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Trading\)](#)

Liquidity – Adequate



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Society is adequately capitalized with total CRAR (%) of 28.32% as on 31 March 2024. As on 31 Dec 2024, Society has liquidity of Rs. 2.08 crore in the form of cash and bank balances.

About the Company

The Andhra Bank Farmers Service Cooperative Society Limited was established on 07.04.1984. Society has a bank linkage with Union Bank of India, Sattenapalli (erstwhile Andhra bank) and society maintaining good financial track record in limits. The society have multi-purpose business including onward lending of advances to agriculture and allied activities, and other activities like cold storage plant, petrol pump, five fertilizer godowns and LPG gas distribution agency. In onward lending society provides loans to farmers under agricultural crop loans, gold loans and term loans, all these loans would be given to 11 villages which comes under service area of the society.

Financials (Standalone):

(Rs. crore)

For the year ended/As on*	31-03-2023	31-03-2024
	(Audited)	(Audited)
Total Income	25.46	18.29
EBITDA	6.69	4.13
PAT	0.28	0.32
Tangible net worth	17.13	17.41
Total debt	34.94	37.86
AUM	38.84	44.70
<u>Ratios</u>		
EBITDA Margin (%)	26.26	22.56
PAT Margin (%)	1.11	1.75
Total CRAR (%)	30.89%	28.32%
Overall gearing (x)	2.04	2.17
Interest Coverage (x)	0.96	1.27

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable



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Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund based – Long Term bank facilities – Cash Credit	Long Term	38.80	IVR B+/ Stable	--	--	--

Analytical Contacts:

Name: Amey Joshi Tel: (022) – 6239 6023 Email: amey.joshi@infomerics.com	Name: Sree Harsha Tel: (022) – 6239 6023 Email: sree.harsha@infomerics.com
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About Infomerics:

Infomerics Valuation and Rating Ltd. (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Listing status	Rating Assigned/Outlook
Fund based – Long Term bank facilities – Cash Credit	-	-	-	Revolving	38.80	-	IVR B+/Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-andhrabank-apr25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.