



Press Release
THE ANDHRA BANK FARMERS SERVICE CO OP SOCIETY LIMITED
January 02, 2026
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	23.00	ACUITE BB- Stable Reaffirmed	-
Bank Loan Ratings	32.00	-	ACUITE A4 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	55.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) on Rs.23.00 Cr. long term bank facilities and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on Rs.32.00 Cr. short term bank facilities of The Andhra Bank Farmers Service Co Op Society Limited. The outlook is '**Stable**'.

Rationale for rating.

The rating reaffirmation takes into account the society's established presence in banking services and the steady expansion of its loan portfolio. The loan book stood at Rs.53.15 Cr. in FY25 compared to Rs.50.37 Cr. in FY24. Interest income increased to Rs.7.27 Cr. in FY25 from Rs.5.51 Cr. in FY24, while net interest income was Rs.2.46 Cr. against Rs.2.14 Cr. Profitability remained modest, with PAT at Rs.0.14 Cr. in FY25 versus Rs.0.78 Cr. in FY24, impacted by higher operating expenses and credit costs. Net worth was broadly stable at Rs.17.15 Cr. in FY25 compared to Rs.16.97 Cr. in FY24. The rating continues to be constrained by the society's small scale of operations, regional concentration, limited financial flexibility, and moderate profitability profile.

About the company

The Andhra Bank Farmers Service Co Op Society Limited is a cooperative society based in the Sattenapalli Mandal area of Guntur district, Andhra Pradesh. The multi-purpose cooperative was established in 1982 & is engaged in the business of accepting deposits, banking services, sale of fertilizers to farmers, group insurance scheme. The society also runs other businesses, including a cold storage plant, a petrol pump, and LPG gas distribution. Mr. Burra Ashok is the current CEO of the company.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered the standalone business and financial risk profile to arrive at the rating.

Key Rating Drivers

Strength

Established track record of operations

The Andhra Bank farmers' service co-operative society (ABFSCS) is a co-operative society

incorporated in 1982 with amalgamation of eight PACS (Primary agricultural co operative societies) at Tekulapally, Khammam district, Telangana with aim to provide banking services to 19 villages across 4 mandalas in Khammam district, Telangana. ABFSCS is a fourth largest society in Telangana and largest in Khammam district. 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). Society is confined to 19 villages; all the members of the society are people living in villages and society offers services exclusively to people of 19 villages. The society is engaged in credit, trading of fertilizers activities and undertakes paddy and maize procurements on behalf of Telangana state civil supplies department. The society primarily provides agricultural loans for cultivation of cotton, maize, paddy, chillies etc, gold loans by pledge of ornaments 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.

Acuite believes that society will continue to reap benefits from its established presence in the region.

Growing loan portfolio and membership base

The society's loan portfolio comprises crop loans, gold loans, and term loans, each showing steady growth over the period. The overall loan portfolio stood at Rs.53.15 Cr. as on March 31, 2025 compared to Rs.50.37 Cr. as on March 31, 2024. The society maintains adequate capital adequacy, with a CRAR of 25.23%, providing a comfortable cushion against credit risk. Its net worth remains stable, supported by a steady capital base and modest accretion over the period.

Range of financial services

The society offers crop loans, gold loans, and agricultural term loans, alongside deposit mobilization, locker facilities, and group insurance schemes, thereby addressing varied financial needs of its member base.

Weakness

Small scale of operations and regional concentration

The society's operations remain relatively small in scale compared to larger co-operative institutions, with activities confined to 19 villages across four mandals in Khammam district. This geographic concentration limits diversification and exposes the society to region-specific risks, particularly in agriculture-dependent areas.

Moderate profitability and earnings profile

While interest income has grown steadily, profitability remains modest. PAT declined to Rs.0.14 Cr in FY25 from Rs.0.78 Cr in FY24, reflecting pressure from higher operating expenses and credit costs. Key return ratios such as RoAA and ROTA also moderated in FY25, underscoring the society's limited earnings capacity.

Limited financial flexibility

The society's funding profile is largely dependent on borrowings, which stood at Rs.50.19 Cr in FY25 against Rs.46.28 Cr in FY24, resulting in a debt-to-equity ratio of 2.93 times in FY25. This reliance on external borrowings, coupled with modest reserves and surplus, constrains overall financial flexibility and the ability to absorb shocks.

Rating Sensitivity

- Any deterioration of overall financial risk profile of the society
- Movement in collection efficiency and asset quality
- Profitable growth maintaining overall financial risk profile

- Changes in regulatory environment.

Liquidity Position

Adequate

ABFSCS's liquidity profile is expected to remain adequate in the near to medium term. The society's borrowings stood at Rs.50.19 Cr with a gearing ratio of 2.93 times as on March 31, 2025. It had a cash and bank balance of Rs.2.86 Cr as on March 31, 2025.

Outlook - Stable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY25(Actual)	FY24(Actual)
Total Assets	Rs. Cr.	67.37	63.28
Total Income*	Rs. Cr.	2.71	2.38
PAT	Rs. Cr.	0.14	0.78
Net Worth	Rs. Cr.	17.15	16.97
Return on Average Assets (RoAA)	(%)	0.21	1.34
Return on Average Net Worth (RoNW)	(%)	0.79	4.75
Debt/Equity	Times	2.93	2.73
Gross NPA	(%)	4.05	3.28
Net NPA	(%)	3.28	2.59

*Total income equals to Net Interest Income plus other income

Status of non-cooperation with previous CRA (if applicable):

Not Applicable.

Any other information

None.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Jan 2025	Short-term Loan	Short Term	26.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A4+)
	Short-term Loan	Short Term	9.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A4+)
	Proposed Short Term Bank Facility	Short Term	15.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A4+)
	Term Loan	Long Term	1.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
16 Oct 2023	Short-term Loan	Short Term	26.00	ACUITE A4+ (Assigned)
	Short-term Loan	Short Term	9.00	ACUITE A4+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	15.00	ACUITE A4+ (Assigned)
	Term Loan	Long Term	1.00	ACUITE BB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE BB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.21	Simple	ACUITE BB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Short-term Loan	27 Dec 2024	Not avl. / Not appl.	26 Dec 2025	32.00	Simple	ACUITE A4 Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	30 Sep 2021	Not avl. / Not appl.	30 Sep 2026	0.38	Simple	ACUITE BB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	27 Dec 2024	Not avl. / Not appl.	26 Dec 2025	15.00	Simple	ACUITE BB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	27 Dec 2024	Not avl. / Not appl.	26 Dec 2031	2.41	Simple	ACUITE BB- Stable Reaffirmed

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