

October 01, 2025

## Berar Finance Limited: Rating reaffirmed for PTCs issued under two-wheeler loan securitisation transaction

### Summary of rating action

Trust Name	Instrument*	Initial amount rated (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current amount rated (Rs. crore)	Rating action
Hulk 2024	Series A1 PTC	26.37	NA	26.30	[ICRA]A-(SO); reaffirmed

\*Instrument details are provided in Annexure I

### Rationale

The pass-through certificates (PTCs) are backed by a pool of two-wheeler loan receivables originated by Berar Finance Limited {BFL/Originator; rated [ICRA]BBB (Stable)}. BFL is also the servicer for the rated transaction. As per the transaction structure, the Originator would assign follow-on pools to the trust during the 15-month replenishment period, basis the predefined eligibility criteria. The replenishment period will continue for two more months (i.e. until October 2025 payout month) in case of the non-occurrence of the defined trigger events.

As of the August 2025 payout month, the transaction is in the replenishment period, and the current pool meets the defined eligibility criteria. The rating reaffirmation factors in the satisfactory pool performance, compliance with the eligibility criteria specified for replenishment contracts, and no breach of trigger events.

### Pool performance summary

Parameter	Hulk 2024
Payout month	August 2025
Months post securitisation	13
Pool amortisation <sup>1</sup>	0.2%
Series A1 PTC amortisation	0.3%
Cumulative collection efficiency <sup>2</sup>	98.3%
Monthly collection efficiency	98.2%
Loss-cum-30+ days past due (dpd <sup>3</sup> ; % of initial pool)	3.1%
Loss-cum-90+ dpd <sup>4</sup> (% of initial pool)	0.6%
Cumulative cash collateral (CC) utilisation	0.0%

### Transaction structure

As per the structure, the tenure of the transaction is divided into two periods, viz. the replenishment period and the amortisation period. The replenishment period is for 15 months from the transaction commencement date, which would end after the October 2025 payout.

During the replenishment period, the Series A1 PTC investor would receive only the promised interest payouts on a monthly basis. Following the interest payment, the balance pool principal collections will be utilised to purchase additional loan receivables as per the eligibility criteria. Further, the PTCs would be prepaid if there is a shortfall in assigning eligible contracts.

<sup>1</sup> Including principal overdue amount

<sup>2</sup> (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

<sup>3</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of Initial pool principal

<sup>4</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of Initial pool principal

During the amortisation period, the monthly cash flow schedule will comprise the promised interest payout to Series A1 PTC. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is entirely promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal.

## Key rating drivers and their description

### Credit strengths

**Granular pool supported by presence of credit enhancement** – The current pool is granular and basis the eligibility criteria the follow-on pools are also expected to be granular, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some of the losses in the pool and provide support in meeting the PTC payouts.

**Healthy pool performance** – The pool's performance has been strong with a cumulative collection efficiency of ~98% till the July 2025 collection month, which has resulted in lower delinquencies with the 90+ days past due (dpd) at 0.6%.

**Servicing capability of BFL** – BFL has adequate processes for servicing the loan accounts in the securitised pool. It has a long track record of regular collections and recoveries across a wide geography and multiple economic cycles.

### Credit challenges

**Moderate pool selection criteria** – As of the August 2025 payout, the pool is still in the replenishment phase. However, only two more months of replenishment are left. Thereafter, the final pool would crystallise.

**Risks associated with lending business** – The performance of the initial as well as the follow-on pools would remain exposed to macroeconomic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

### Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. However, since the pool in the current transaction would be revised during the replenishment period, the characteristics of the pool would change unlike other PTC transactions where the pool is static. ICRA has used the defined eligibility criteria to arrive at a potential loss for the follow-on pools. The resulting collections from the current pool and follow-on pools, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current transaction, ICRA has estimated the shortfall in the principal of the pool crystallised at the end of replenishment period at 6.00% at the end of its tenure with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4% to 9.0% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

## Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Hulk 2024
Originator	Berar Finance Limited
Servicer	Berar Finance Limited
Trustee	MITCON Credentia Trusteeship Services Limited
CC bank	AU Small Finance Bank Limited
Collection and payout account bank	ICICI Bank Limited

## Liquidity position: Strong

The liquidity for Series A1 PTC is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~3.25 times the estimated loss in the pool.

## Rating sensitivities

**Positive factors** – Since the principal amortisation would begin on the crystallisation of the final pool, the rating is unlikely to be upgraded till the final pool is crystallised. The rating could be upgraded, basis healthy collections observed in the final crystallised pool, leading to the buildup of the credit enhancement cover for the rated PTCs.

**Negative factors** – The rating could be downgraded on the occurrence of trigger events, non-adherence to the key transaction terms and deterioration in the performance of the follow-on pools such that the delinquencies during the amortisation period are higher than expected. Weakening in the credit profile of the servicer could also exert pressure on the rating.

## Analytical approach

The rating action is based on the performance of the pool till the August 2025 payout month (July 2025 collection month), the present delinquency profile of the pool, the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Securitisation Transactions</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## About the originator

Berar Finance Limited (BFL) is a Nagpur-based public, equity unlisted, deposit-taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI). Promoted by Mr. M. G. Jawanjar, the company was incorporated in 1990. BFL primarily finances two-wheelers and also provides personal loans and secured micro, small and medium enterprise (MSME) loans. It has discontinued used car loan segment. The company has started disbursing its secured small and medium enterprises (SME) product with a ticket size of Rs. 5-6 lakh and the assets under management (AUM) for this product stood at ~Rs. 44 crore as on June 30, 2025.

While its operations are concentrated in Maharashtra, BFL has a presence in five other states, i.e., Chhattisgarh, Madhya Pradesh, Telangana, Gujarat and Karnataka, and commenced operations in Odisha in FY2025. As on June 30, 2025, the company's loan book was Rs. 1,416 crore.

### Key financial indicators

BFL	FY2024	FY2025	Q1 FY2026*
Total income	252	295	81
Profit after tax	22	32	6
Total managed assets	1,351	1,625	1,655
Gross stage 3	4.6%	4.4%	4.5%
CRAR	25.0%	22.3%	21.8%

Source: Company, ICRA Research; All calculations and ratios are as per ICRA Research; Amount in Rs. crore; \*Provisional

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

S. no.	Trust name	Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years				
			Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025			Date & rating in FY2024
					October 01, 2025	October 25, 2024	July 29, 2024	-	-
1	Hulk 2024	Series A1 PTC	26.37	26.30	[ICRA]A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

### Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTC	Moderately Complex

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

Trust name	Instrument type	Date of issuance	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Rating
<b>Hulk 2024</b>	Series A1 PTC	July 24, 2024	11.25%	January 23, 2028	26.30	[ICRA]A-(SO)

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited

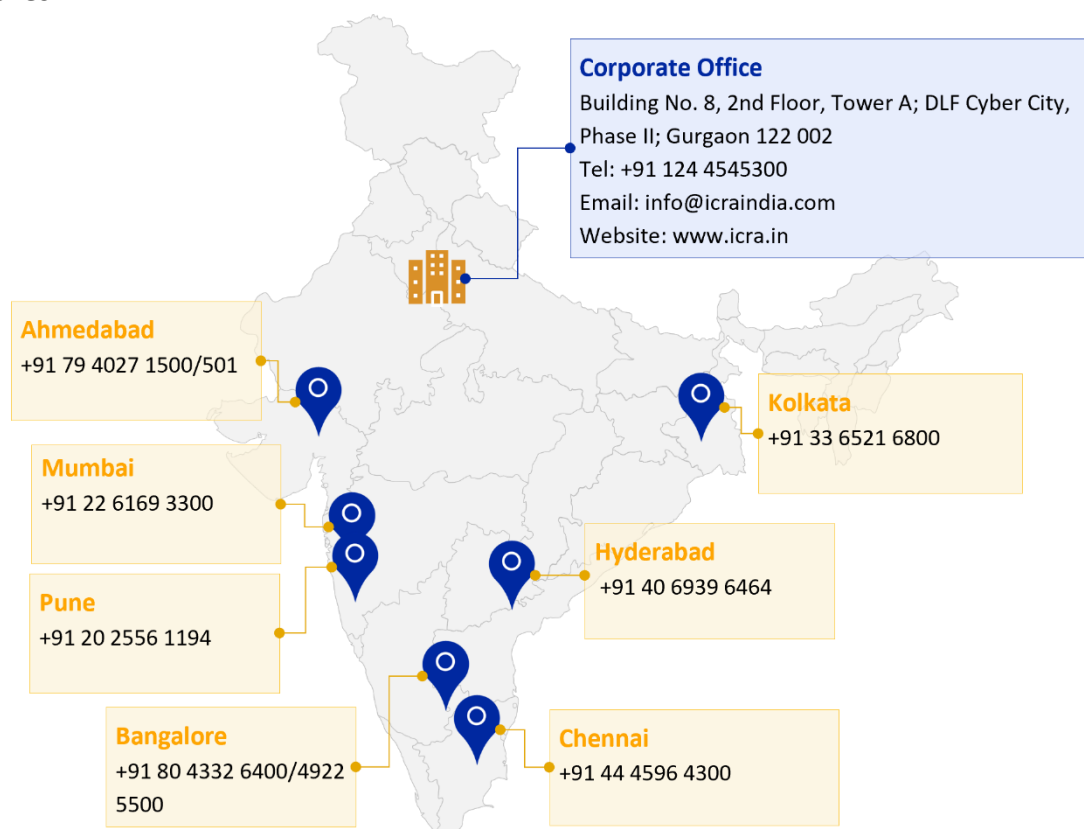


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