

November 18, 2025

Berar Finance Limited: Rating confirmed as final for PTCs backed by two-wheeler loan receivables issued by Akaay 08 2025

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Akaay 08 2025	Series A1 PTCs	24.33	24.33	[ICRA]A+(SO); provisional rating confirmed as final
	Equity Tranche PTCs	1.12	1.12	[ICRA]A-(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

In August 2025, ICRA had assigned provisional rating to the Series A1 PTCs and Equity Tranche PTCs, issued by Akaay 08 2025. The PTCs are backed by a pool of two-wheeler loan receivables originated by Berar Finance Limited (BFL/Originator) with an aggregate principal outstanding of 27.97 crore (underlying pool receivables of Rs. 33.58 crore). BFL is also the servicer for the rated transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said ratings have now been confirmed as final.

Pool performance summary

Parameter	Akaay 08 2025
Payout month	October 2025
Months post securitisation	2
Series A1 PTC amortisation	10.9%
Equity Tranche PTCs amortisation	0.0%
Cumulative prepayment rate	0.3%
Cumulative collection efficiency ¹	95.0%
Monthly collection efficiency	95.5%
Loss cum 0+ dpd ²	10.1%
Loss cum 30+ dpd ³	0.5%
Loss cum 90+ dpd ⁴	0.0%
Cumulative cash collateral (CC) utilisation	0.0%

¹ Cumulative collections (incl. advances)/ (Cumulative billings + Opening overdue at the time of securitisation)

² Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation

³ Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation

⁴ Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

Transaction structure

As per the transaction structure, the monthly cash flow schedule for Series A1 PTCs comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) to Series A1 PTCs, followed by Equity Tranche PTCs (after Series A1 PTCs are fully paid off). The residual cash flow from the pool, after meeting the promised and expected payouts, will be used for the prepayment of the Series A1 PTCs principal. Any prepayment in the pool would be used for the prepayment of the Series A1 PTCs principal (and to Equity Tranche PTCs after Series A1 PTCs are fully paid off).

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 5.00% of the initial pool principal, amounting to Rs. 1.40 crore, provided by the Originator, (ii) subordination of 13.00% of the initial pool principal for Series A1 PTCs and 9.00% of the initial pool principal for Equity Tranche PTCs, and (iii) the excess interest spread (EIS) of 13.75% of the initial pool principal for Series A1 PTCs and Equity Tranche PTCs.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The current pool is granular, consisting of 4,543 contracts. The and top 10 contracts forming less than ~1% of the pool principal, 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 amount of the losses in the pool and provide support in meeting the PTC payouts.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, all the contracts in the pool have never been delinquent post after loan disbursement. This reflects the relatively better credit profile of the borrowers, which is a credit positive.

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

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz Maharashtra, Madhya Pradesh and Chhattisgarh, contributing 100% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The performance of the pool would remain exposed to macro-economic 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 based on 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. The resulting collections from the pool, 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 pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 5.00% 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 ratings for the instruments.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Akaay 08 2025
Originator	Berar Finance Limited
Servicer	Berar Finance Limited
Trustee	IDBI Trusteeship Services Limited
CC holding bank	Indian Overseas Bank
Collection and payout account Bank	ICICI Bank Limited

Liquidity position: Strong

The liquidity for the Series A1 PTCs and Equity Tranche PTCs is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~5.75 times and 5.00 times the estimated loss in the pool for the Series A1 PTCs and Equity Tranche PTCs, respectively.

Rating sensitivities

Positive factors – The ratings could be upgraded on the strong collection performance of the underlying pool (monthly collection efficiency >95%) on a sustained basis, leading to the build-up of the credit enhancement cover for the remaining payouts.

Negative factors – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the ratings.

Analytical approach

The rating action is based on the Trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

Analytical Approach	Comments
Applicable rating methodologies	Securitisation Transactions
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). The company is promoted by Mr. M. G. Jawanjar and was incorporated in 1990. BFL primarily finances two-wheelers (2Ws). It also provides personal loans and secured micro, small and medium enterprise (MSME) loans. BFL has discontinued the used car loan segment. The company has started disbursing secured small and medium enterprise (SME) loans with a ticket size of Rs. 5-6 lakh. As on June 30, 2025, the assets under management (AUM) for this product stood at ~Rs. 44 crore.

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

Key financial indicators (audited)

Particulars	FY2024	FY2025	Q1FY2026*
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 data, ICRA Research; Note: 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

Current Rating (FY2026)						Chronology of Rating History for the Past 3 Years		
Trust name	Instrument	Initial rated amount (Rs. Crore)	Current rated amount (Rs. crore)	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				Nov 18, 2025	Aug 21, 2025			
Akaay 08 2025	Series A1 PTCs	24.33	24.33	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-	-
	Equity Tranche PTCs	1.12	1.12	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTCs	Moderately Complex
Equity Tranche PTCs	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	Date of issuance / Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current amount rated (Rs. crore)	Current rating
Akaay 08 2025	Series A1 PTCs	August 14, 2025	10.05%	December 15, 2027	24.33	[ICRA]A+(SO)
	Equity Tranche PTCs	August 14, 2025	-	December 15, 2027	1.12	[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.

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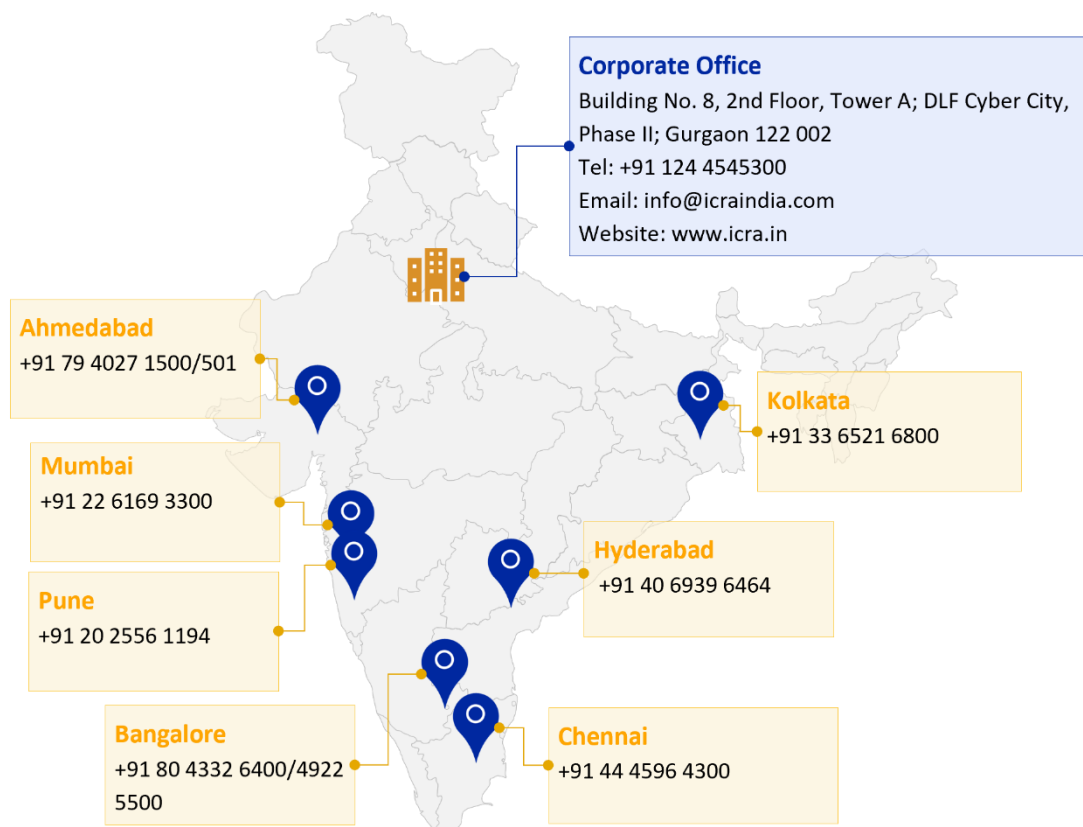


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