

November 26, 2025

## Berar Finance Limited: Ratings upgraded for PTCs issued under two-wheeler loan receivables 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
Trisul 09 2024	Series A1 PTC	28.69	NA	4.18	[ICRA]AA-(SO); upgraded from [ICRA]A+(SO)
	Equity Tranche PTC	1.65	NA	1.65	[ICRA]A-(SO); upgraded from [ICRA]BBB+(SO)

\*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). BFL is also the servicer for the rated transaction.

The rating has been upgraded on account of the build-up of the credit enhancement cover over the future PTC payouts. The rating draws comfort from the fact that the breakeven collection efficiency is comfortably lower compared to the actual collection levels observed in the pool till the October 2025 payout month.

### Pool performance summary

Parameter	Trisul 09 2024
Payout month	October 2025
Months post securitisation	13
Pool amortisation	74.6%
Series A1 PTC amortisation	85.4%
Equity Tranche PTC amortisation	0.0%
Cumulative collection efficiency <sup>1</sup>	98.7%
Loss-cum-30+ days past due (dpd <sup>2</sup> ; % of initial pool)	1.5%
Loss-cum-90+ dpd <sup>3</sup> (% of initial pool)	0.3%
Cumulative cash collateral (CC) utilisation	0.0%
CC available (as % of balance pool)	19.7%
Excess interest spread (EIS <sup>4</sup> ; % of balance pool)	
Series A1 PTC	6.1%
Equity Tranche PTC	6.1%
Principal subordination (% of balance pool)	
Series A1 PTC	50.2%
Equity Tranche PTC	30.5%
Breakeven collection efficiency <sup>5</sup>	
Series A1 PTC	29.0%
Equity Tranche PTC	47.4%

<sup>1</sup> (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

<sup>2</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of Initial pool principal

<sup>3</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of Initial pool principal

<sup>4</sup> (Pool cash flows – Cash flows to PTC investors – Originator's residual share)/Pool principal outstanding

<sup>5</sup> (Balance cash flows payable to investor – CC available)/Balance pool cash flows

## 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). Any surplus excess interest spread (EIS), after meeting the promised and expected payouts to Series A1 PTC, 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 PTCs principal (and to Equity Tranche PTCs after Series A1 PTCs are fully paid off). However, the EIS shall be utilised towards the repayment of the principal payout to the Series A1 PTC investor and equity tranche PTC (post redemption of Series A1 PTC) on the occurrence of certain pre-defined trigger events.

## Key rating drivers and their description

### Credit strengths

**Build-up of credit enhancement** – The rating factors in the build-up in the credit enhancement with the cash collateral (CC) increasing to 19.7% of the balance pool principal from 5.0% at the time of securitisation. Credit support is also available through subordination/over-collateralisation of 50.2% for PTC Series A1 and 30.5% for Equity Tranche and excess interest spread (EIS) of 6.1% of the balance pool principal for both the tranches.

**Healthy pool performance** – The pool's performance has been healthy with a cumulative collection efficiency of 98.7% as on Oct 2025 payout, which has resulted in lower delinquency with the 90+ days past due (dpd) at 0.3%. The break-even collection efficiency is significantly lower than the actual collections seen in the pool. Further, there have been no instances of cash collateral utilisation for the pool till date owing to healthy collection performance and the presence of EIS in the transaction.

**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 ~93% to the balance 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 pool's performance 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 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. 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 their tenure at 1.25% of the initial pool principal with certain variability around it. The average prepayment rate for the 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	Trisul 09 2024
Originator	Berar Finance Limited
Servicer	Berar Finance Limited
Trustee	Catalyst Trusteeship Limited
CC bank	DCB Bank
Collection and payout account bank	ICICI Bank Limited

## Liquidity position: Superior

The liquidity for Series A1 PTC and Equity Tranche PTC is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than 7 times the estimated loss in the pool for both the tranches.

## Rating sensitivities

**Positive factors** – The sustained strong collection performance of the underlying pool of contracts leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

**Negative factors** – The sustained weak collection performance of the underlying pool of contracts 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 rating.

## Analytical approach

The rating action is based on the performance of the pool till the October 2025 payout month (September 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 (Berar/ 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 MSME loans. Berar has now discontinued used car loans segment. The company has started disbursement of secured SME product with the ticket size of Rs. 5 lakh to 6 lakh and as on June 30, 2025 the AUM for the product stands at ~Rs. 44 crore.

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

### Key financial indicators

BFL	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 assets	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

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	Date & rating in FY2023
				November 26, 2025	January 13, 2025	October 08, 2024	-	-
Trisul 09 2024	Series A1 PTC	28.69	4.18	[ICRA]AA-(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-
	Equity Tranche PTC	1.65	1.65	[ICRA]A-(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	-

### Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTC	Moderately Complex
Equity Tranche 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)	Current Rating
<b>Trisul 09 2024</b>	Series A1 PTC	September 30, 2024	10.60%	December 17, 2026	4.18	[ICRA]AA-(SO)
	Equity Tranche PTC	September 30, 2024	-	December 17, 2026	1.65	[ICRA]A-(SO)

Source: Company

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

Not applicable

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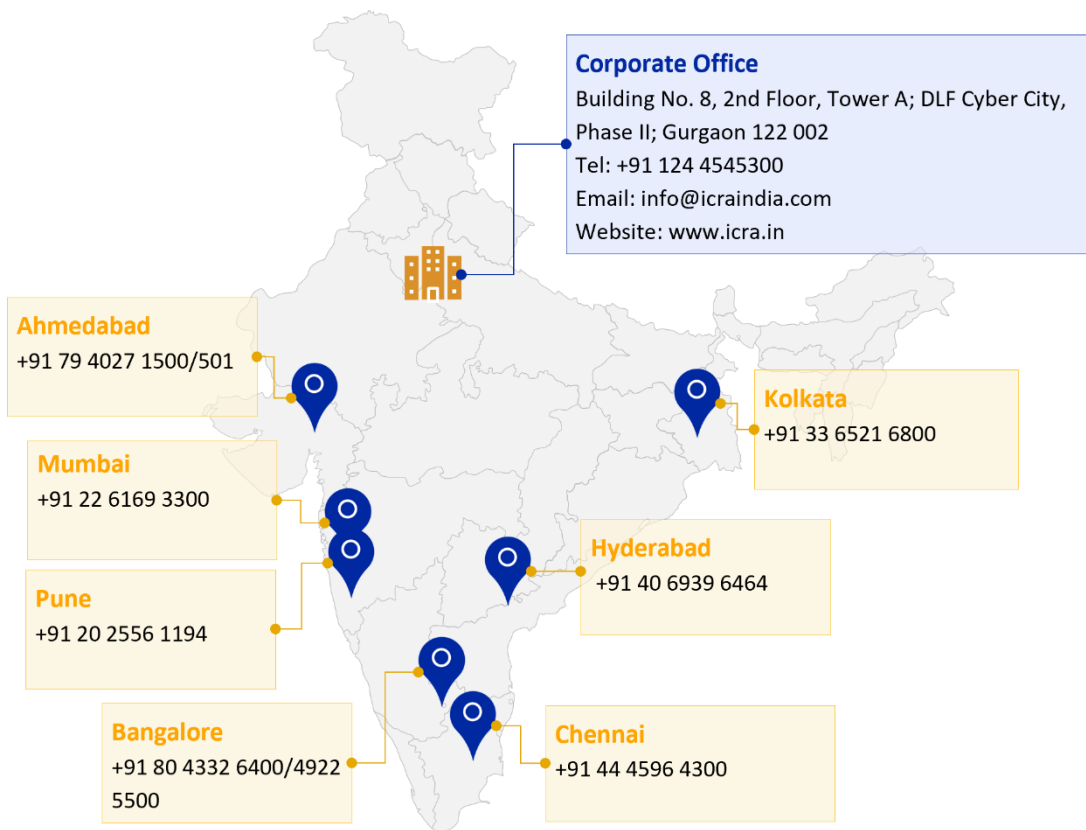
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