

April 28, 2026

## Berar Finance Limited: Rating 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
SENTINEL 2025	Series A1 PTC	37.23	NA	17.04	[ICRA]A+(SO); upgraded from [ICRA]A-(SO)

\*Instrument details are provided in Annexure II

### 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 March 2026 payout month.

### Pool performance summary

Parameters	SENTINEL 2025
Payout month	March 2026
Months post securitisation	11
Pool amortisation	44.2%
Series A1 PTC amortisation	54.2%
Cumulative collection efficiency <sup>1</sup>	98.0%
Monthly collection efficiency	98.1%
Loss-cum-90+ dpd <sup>2</sup> (% of initial pool)	0.3%
Cumulative cash collateral (CC) utilisation	0.0%
CC available (as % of balance pool)	9.0%
Excess interest spread (EIS <sup>3</sup> ; % of balance pool): Series A1 PTC	8.3%
Principal subordination (% of balance pool): Series A1 PTC	27.0%
Breakeven collection efficiency (% of balance pool): Series A1 PTC	60.0%

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

<sup>2</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of pool at the time of securitization plus the addition of the new pool

<sup>3</sup> (Pool cash flows – Cash flows to PTC investors – Originator's residual share)/Pool principal outstanding

## 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 was for 18 months from the transaction commencement date, which ended after the August 2025 payout on account of breach of predefined replenishment triggers. The transaction is now in the amortisation period and the first payout to PTC Series A1 was made in September 2025.

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.

During the amortisation period, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. The residual cash flows from the pool, after meeting the promised and expected payouts, will be flow back to the originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of the PTC Series A1 principal. The transaction has certain trigger events defined, on occurrence of which the residual cash flows would be passed on to PTC Series A1 investors. As on date, the trigger events in the transaction have been breached.

## 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 ~9.0% of the balance pool principal from 5.0% at the time of securitisation. Credit support is also available through subordination/over-collateralisation of 27.0% for Series A1 PTC and excess interest spread (EIS) of 8.3% of the balance pool principal.

**Healthy pool performance** – The pool's performance has been healthy with a cumulative collection efficiency of 98.0% as on March 2026 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, Chhattisgarh and Madhya Pradesh contributing ~85% 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 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 its tenure at 3.00% of the initial pool principal 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	SENTINEL 2025
Originator	Berar Finance Limited
Servicer	Berar Finance Limited
Trustee	MITCON Credentia Trusteeship Services Limited
CC Bank	Ujjivan Small Finance Bank
Collection and payout account Bank	ICICI Bank Limited

## Liquidity position: Superior

The liquidity for Series A1 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 8 times the estimated loss in the pool.

## 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 (BFL) could also exert pressure on the rating.

## Analytical approach

The rating action is based on the performance of the pool till the March 2026 payout month (February 2026 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) 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. Berar primarily finances two-wheelers (2Ws). It also provides used car loans, personal loans and secured MSME loans. Berar has now discontinued the used car loans segment.

While its operations are concentrated in Maharashtra, Berar has expanded to eight other states, i.e. Andhra Pradesh, Chhattisgarh, Madhya Pradesh, Telangana, Gujarat, Jharkhand, Karnataka and Odisha. As on December 31, 2025, the company's loan book was Rs. 1,685.2 crore.

## Key financial indicators

BFL	FY2024	FY2025	9MFY2026*
Total income	252	295	258
Profit after tax	22	32	24
Total managed assets	1,351	1,622	1,931
Gross stage 3	4.6%	4.4%	4.1%
CRAR	25.0%	22.3%	25.4%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; \*unaudited

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

## Any other information: None

## Rating history for past three years

Trust name	Instrument	Current rating (FY2027)		Chronology of rating history for the past 3 years					
		Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2027		Date & rating in FY2026		Date & rating in FY2025	
				April 28, 2026	August 21, 2025	May 06, 2025	-	-	
SENTINEL 2025	Series A1 PTC	37.23	17.04	[ICRA]A+(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-	

## Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ Fls (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fls	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fls	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA

14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

### Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTC	Highly 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 II: Instrument details**

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Amount Rated (Rs. crore)	Current Rating
<b>SENTINEL 2025</b>	Series A1 PTC	April 30, 2025	11.30%	February 24, 2029	17.04	[ICRA]A+(SO)

Source: Company

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

Not applicable

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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)

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