September 11 , 2026

Berar Finance Limited: Rating reaffirmed 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	Financial sector regulator#
Norton 06 2025	Series A1 PTC	16.53	NA	14.76	[ICRA]BBB+(SO); reaffirmed	RBI

**Instrument details are provided in Annexure I*
#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.

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 reaffirmation factors in healthy performance of the underlying pool and 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 August 2026 payout month.

Pool performance summary

Parameters	Norton 06 2025
Payout month	August 2026
Months post securitisation	14
Pool amortisation	9.8%
Series A1 PTC amortisation	10.7%
Cumulative collection efficiency[1]	98.7%
Monthly collection efficiency	98.3%
Loss-cum-30+ dpd (dpd[2]; % of initial pool)	1.4%
Loss-cum-90+ dpd[3] (% of initial pool)	0.1%
Cumulative cash collateral (CC) utilisation	0.0%
CC available (as % of balance pool)	5.0%
Excess interest spread (EIS[4]; % of balance pool): Series A1 PTC	6.1%
Principal subordination (% of balance pool): Series A1 PTC	10.0%
Breakeven collection efficiency (% of balance pool): Series A1 PTC	80.9%

[1] *(Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdue at the start of the transaction)*
[2] *POS on contracts aged 30+ dpd / POS on the pool at the time of securitization plus the addition of the new pool*
[3] *POS on contracts aged 90+ dpd / POS on the pool at the time of securitization plus the addition of the new pool*
[4] *(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 13 months from the transaction commencement date. The amortisation phase started from August 2026 payout month and no turbo amortization trigger event has occurred till date.

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 such that the pool principal outstanding does not exceed initial pool principal. Further, the PTCs would be prepaid if there is a shortfall in assigning eligible contracts. Any residual amount will flow back to the Originator.

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, no trigger events in the transaction have got breached.

Key rating drivers and their description

Credit strengths

Presence of credit enhancement – The transaction was in replenishment phase till July 2026. PTC amortisation commenced from August 2026 payout month thereby leading to some build up in credit enhancement. The cash collateral (CC) increased to ~5.0% of the balance pool principal from 4.5% at the time of securitisation. Credit support is also available through subordination/over- collateralisation of ~10.0% for Series A1 PTC and excess interest spread (EIS) of the balance pool principal.

Healthy pool performance – The pool's performance has been healthy with a cumulative collection efficiency of 98.8% as on August 2026 payout, which has resulted in lower delinquency with the 90+ days past due (dpd) at 0.14%. The break-even collection efficiency at ~81% is 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 of the loan accounts in the securitised pool. The company is in the lending business for more than three decades. It has demonstrated long track record of regular collections and recovery 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 ~83% 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 5.00% 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	Norton 06 2025
Originator	Berar Finance Limited
Servicer	Berar Finance Limited
Trustee	MITCON Credentia Trusteeship Services Limited
CC Holding Bank	Ujjivan Small Finance Bank
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 ~3.50 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 August 2026 payout month (July 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	Securitisation Transactions
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 June 30, 2026, the company's loan book was Rs. 1,878.7 crore.

Key financial indicators

BFL	FY2025	FY2026	Q1FY2027
Total income	295	358	107
Profit after tax	32	36	14
Total managed assets	1,625	2,079	2,162
Gross stage 3	4.4%	3.7%	3.7%
CRAR	22.3%	25.1%	23.7%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)				Chronology of rating history for the past 3 years			
Trust name	**Instrument**	**Initial amount rated (Rs. crore)**	**Current amount rated (Rs. crore)**	**Date & rating in FY2027**	**Date & rating in FY2026**		**Date & rating in FY2025**	**Date & rating in FY2024**
				September 11, 2026	**September 12, 2025**	**June 23, 2025**	**-**	**-**
Norton 06 2025	Series A1 PTC	16.53	14.76	**[ICRA]BBB+(SO)**	**[ICRA]BBB+(SO)**	**Provisional [ICRA]BBB+(SO)**	-	-

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 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	Financial sector regulator#
Norton 06 2025	Series A1 PTC	June 30, 2025	11.20%	December 18, 2028	14.76	[ICRA]BBB+(SO)	RBI

Source: Company

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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

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