

October 27, 2022

Berar Finance Limited: Moved to Non-Cooperating category

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fixed deposit (FD) programme	170.00	170.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING*; Rating moved to 'Issuer Not Cooperating' category
Long term – Fund-based term loan (TL)	14.50	14.50	[ICRA]A-(CE) (Stable) ISSUER NOT COOPERATING*; Rating moved to 'Issuer Not Cooperating' category
Long term – Fund-based TL	467.92	467.92	[ICRA]BBB (Stable) ISSUER NOT COOPERATING*; Rating moved to 'Issuer Not Cooperating' category
Principal protected non-convertible market linked debentures	25.00	25.00	PP-MLD[ICRA]BBB (Stable) ISSUER NOT COOPERATING*; Rating moved to 'Issuer Not Cooperating' category
Non-convertible debentures	112.00	112.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING*; Rating moved to 'Issuer Not Cooperating' category
Total	789.42	789.42	
*Instrument details are provided in Annexure I			
Rating without explicit credit enhancement			[ICRA]BBB

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

The ratings have been moved to the 'Issuer Not Cooperating' category based on limited information on Berar Finance Limited's (BFL) performance since the time it was last rated in June 2022. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using these ratings as the ratings do not adequately reflect the credit risk profile of the entity. The entity's credit profile may have changed since the time it was last reviewed by ICRA.

As a part of its process and in accordance with its rating agreement with BFL, ICRA has been sending repeated reminders to the entity for the payment of the surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite cooperation and in line with ICRA's 'policy in respect of non-cooperation by a rated entity' available at www.icra.in, the ratings have been moved to the 'Issuer Not Cooperating' category.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies Rating Methodology for Partially Guaranteed Debt Policy in Respect of Non-cooperation by a Rated Entity
Parent/Group support	Not applicable

Analytical Approach	Comments
Consolidation/Standalone	Standalone

About the company

Berar Finance Limited (BFL) is a Nagpur-based public, 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 used car loans, commercial vehicle loans, agriculture equipment loans and personal loans.

While its operations are concentrated in Maharashtra, BFL has, over the years expanded to five other states, i.e., Chhattisgarh, Madhya Pradesh, Telangana, Gujarat and Karnataka. As on March 31, 2022, the company's loan book was Rs. 854 crore. In FY2022, BFL reported a profit after tax (PAT) of Rs. 17.4 crore on operating income of Rs. 85 crore vis-à-vis a PAT of Rs. 15 crore on operating income of Rs. 67 crore in FY2021. As on June 30, 2021, the company reported PAT of Rs. 3.7 crore on operating income of Rs. 24 crore.

Key financial indicators (audited)

Berar Finance Limited	FY2020	FY2021	FY2022
Total income	105	135	176
Profit after tax	14.6	15.3	17.4
Net worth	110	146	259
AUM	471	685	854
Total assets	556	891	1,038
Return on assets	3.0%	2.1%	1.8%
Return on net worth	15.9%	12.0%	8.6%
Gross gearing (times)	3.86	4.93	2.91
Gross NPA	2.6%	2.5%	3.1%
Net NPA	2.3%	1.7%	2.2%
Gross stage 3	2.6%	2.5%	2.2%
Net stage 3	1.8%	1.7%	1.4%
Solvency (Net stage 3/Net worth)	7.5%	7.8%	4.3%
CRAR	21.6%	20.5%	28.8%

Source: Company, ICRA Research

Note: All calculations and ratios are as per ICRA Research; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2023)			Chronology of Rating History for the Past 3 Years											
		Amount Rated (Rs. crore)	Amount Outstanding as of Apr 30, 2022 (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022			Date & Rating in FY2021						Date & Rating in FY2020	
				Oct 27, 2022	Jun 02, 2022	Mar 04, 2022	Dec 10, 2021	Sep 24, 2021	Mar 18, 2021	Feb 23, 2021	Dec 29, 2020	Jul 21, 2020	Jun 23, 2020	Jun 10, 2020	Oct 31, 2019	
1	Long term – Fund-based TL	14.50	13.10	[ICRA]A-(CE) (Stable) ISSUER NOT COOPERATING	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	Provisional [ICRA]A-(CE) (Stable)	-	-	-	-	-	-	-	-	-
2	Fixed deposits programme	170.00	155.33	[ICRA]BBB (Stable) ISSUER NOT COOPERATING	[ICRA]BBB (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)
3	Principal protected non-convertible market linked debentures	25.00	27.61 [^]	PP-MLD[ICRA]BBB (Stable) ISSUER NOT COOPERATING	PP-MLD[ICRA]BBB (Stable)	PP-MLD[ICRA]BBB (Stable)	PP-MLD[ICRA]BBB (Stable)	PP-MLD[ICRA]BBB (Stable)	-	-	-	-	-	-	-	-
4	Long term – Fund-based TL	467.92	406.39	[ICRA]BBB (Stable) ISSUER NOT COOPERATING	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
5	Non-convertible debentures programme	112.00	95.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	-	-

[^]Including accrued interest

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long Term – Fund-based TL [^]	Very Simple
Principal Protected Non-convertible Market Linked Debentures	Complex
Non-convertible Debentures	Moderately Complex
Long Term – Fund-based TL	Very Simple
Fixed Deposits Programme	Very Simple

[^] Backed by credit enhancement

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: www.icra.in

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE998Y07063	Non-convertible Debentures Programme	Dec 23, 2020	13.75%	Dec 23, 2023	15.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
INE998Y07055	Non-convertible Debentures Programme	Nov 18, 2020	13.75%	Mar 30, 2023	15.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
INE998Y07089	Non-convertible Debentures Programme	Mar 24, 2021	a) Until Jun 15, 2021, 15% (b) From Jun 15, 2021 until Sep 15, 2021, 14.5% (c) From Sep 15, 2021 until Dec 15, 2021, 14% d) From Dec 15, 2021 until the final settlement date, 13.9069%	Feb 05, 2025	34.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
INE998Y07048	Non-convertible Debentures Programme	Sep 11, 2020	14.00%	Sep 11, 2023	10.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
INE998Y07014	Non-convertible Debentures Programme	Jun 22, 2020	12.50%	Jun 21, 2023	10.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
INE998Y07071	Non-convertible Debentures Programme	Feb 24, 2021	13.18%	Feb 24, 2024	18.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
Not Placed	Non-convertible Debentures Programme	Not Applicable	Not Applicable	Not Applicable	10.00	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
INE998Y07097	Principal Protected Non- convertible Market Linked Debentures	Sep 17, 2021	BSE Sensex Linked	Oct 13, 2024	13.00	PP-MLD[ICRA]BBB (Stable) ISSUER NOT COOPERATING
INE998Y07105	Principal Protected Non- convertible Market Linked Debentures	Sep 17, 2021	BSE Sensex Linked	Nov 30, 2024	12.00	PP-MLD[ICRA]BBB (Stable) ISSUER NOT COOPERATING
Not Applicable	Long Term – Fund- based TL	Not Available	Not Available	Not Available	467.92	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
Not Applicable	Term Loan	Nov-21	10.30%	Oct-24	14.50	[ICRA]A-(CE) (Stable) ISSUER NOT COOPERATING

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
Not Applicable	Fixed Deposits Programme	Not Available	Not Available	Not Available	155.33	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
Not Applicable	Fixed Deposits Programme[^]	Not Applicable	Not Applicable	Not Applicable	14.67	[ICRA]BBB (Stable) ISSUER NOT COOPERATING

Source: Company

[^]Unutilised as of April 30, 2022

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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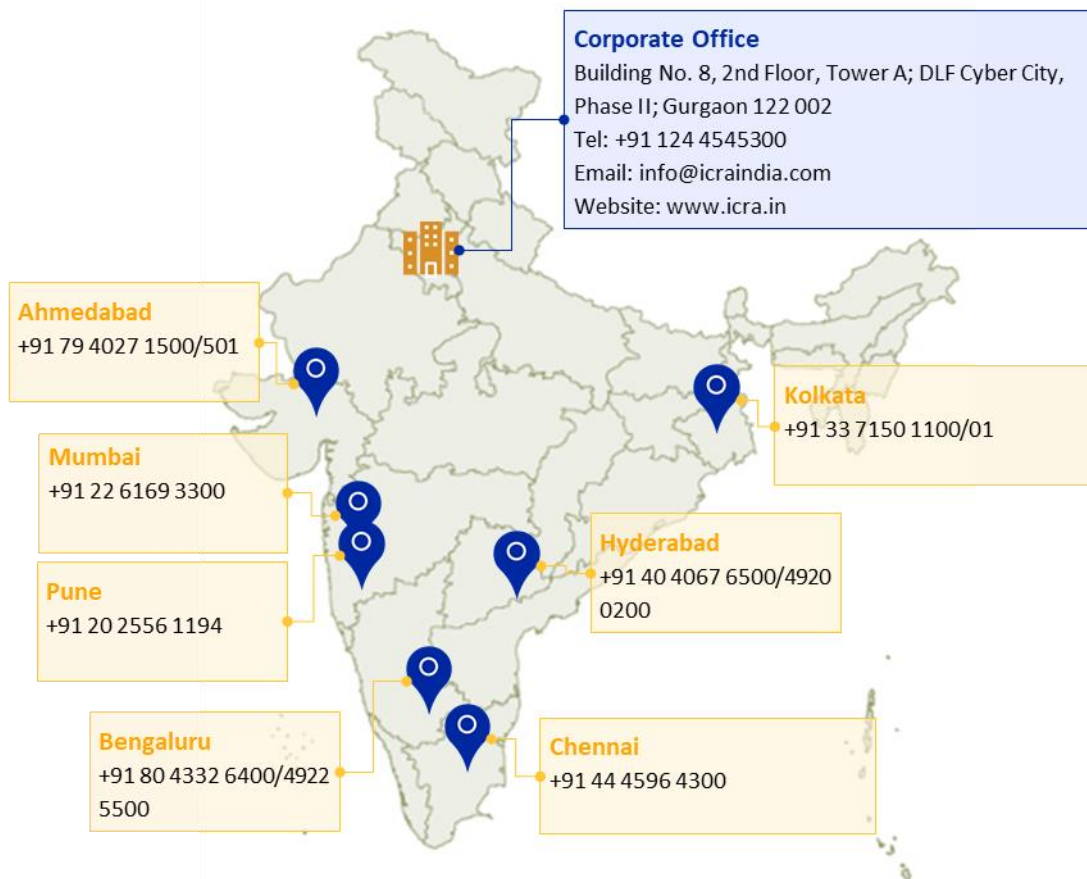
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