

June 02, 2022

## Berar Finance Limited: Migration of the rating outstanding on the medium-term rating scale to the long-term rating scale

### 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); Migrated from MA- (Stable)
Long Term – Fund-based Term Loan (TL)	14.50	14.50	[ICRA]A-(CE) (Stable); Outstanding
Long Term – Fund-based TL	467.92	467.92	[ICRA]BBB (Stable); Outstanding
Principal Protected Non-convertible Market Linked Debentures	25.00	25.00	PP-MLD[ICRA]BBB (Stable); Outstanding
Non-convertible Debentures	112.00	112.00	[ICRA]BBB (Stable); Outstanding
<b>Total</b>	<b>789.42</b>	<b>789.42</b>	
<i>*Instrument details are provided in Annexure-1</i>			
<b>Rating without explicit credit enhancement</b>			<b>[ICRA]BBB</b>

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

In compliance with the circular [SEBI/HO/MIRSD/MIRSD\_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular (SEBI/HO/MIRSD/MIRSD\_CRADT/P/CIR/2022/43) of April 1, 2022, for standardising the rating scales used by credit rating agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposit programme of Berar Finance Limited (BFL) from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another and not as a reflection of a change in the credit risk of the fixed deposit programme.

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

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA's Credit Rating Methodology for Non-Banking Finance Companies</a> <a href="#">Rating Methodology for Partially Guaranteed Debt</a>
Parent/Group Support	Not applicable
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 December 30, 2021, the company's loan book was Rs. 832 crore. In 9M FY2022 (provisional), BFL reported a profit after tax (PAT) of Rs. 14.5 crore on operating income of Rs. 60 crore vis-à-vis a PAT of Rs. 15.3 crore on operating income of Rs. 67 crore in FY2021. As on December 31, 2021, the company's total asset base was Rs. 955 crore and its gearing was 4.83 times.

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

**Any other information: None**

## Rating history for past three years

Instrument	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years										
	Type	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	
				June 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	Long Term	14.50	13.10	[ICRA]A-(CE) (Stable)	[ICRA]A-(CE) (Stable)	Provisional [ICRA]A-(CE) (Stable)	-	-	-	-	-	-	-	-	-
2 Fixed Deposits Programme	Long Term	170.00	155.33	[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	Long Term	25.00	27.61 <sup>^</sup>	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	Long Term	467.92	406.39	[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	Long Term	112.00	95.00	[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)	-	-

<sup>^</sup>Including accrued interest

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Long Term – Fund-based TL <sup>^</sup>	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

<sup>^</sup> 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](http://www.icra.in)

**Annexure-1: 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)
INE998Y07055	Non-convertible Debentures Programme	Nov 18, 2020	13.75%	Mar 30, 2023	15.00	[ICRA]BBB (Stable)
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)
INE998Y07048	Non-convertible Debentures Programme	Sep 11, 2020	14.00%	Sep 11, 2023	10.00	[ICRA]BBB (Stable)
INE998Y07014	Non-convertible Debentures Programme	Jun 22, 2020	12.50%	Jun 21, 2023	10.00	[ICRA]BBB (Stable)
INE998Y07071	Non-convertible Debentures Programme	Feb 24, 2021	13.18%	Feb 24, 2024	18.00	[ICRA]BBB (Stable)
Not Placed	Non-convertible Debentures Programme	Not Applicable	Not Applicable	Not Applicable	10.00	[ICRA]BBB (Stable)
INE998Y07097	Principal Protected Non-convertible Market Linked Debentures	Sep 17, 2021	BSE Sensex Linked	Oct 13, 2024	13.00	PP-MLD[ICRA]BBB (Stable)
INE998Y07105	Principal Protected Non-convertible Market Linked Debentures	Sep 17, 2021	BSE Sensex Linked	Nov 30, 2024	12.00	PP-MLD[ICRA]BBB (Stable)
Not Applicable	Long Term – Fund-based TL	Not Available	Not Available	Not Available	467.92	[ICRA]BBB (Stable)
Not Applicable	Term Loan	Nov-21	10.30%	Oct-24	14.50	[ICRA]A-(CE) (Stable)
Not Applicable	Fixed Deposits Programme	Not Available	Not Available	Not Available	155.33	[ICRA]BBB (Stable)
Not Applicable	Fixed Deposits Programme^	Not Applicable	Not Applicable	Not Applicable	14.67	[ICRA]BBB (Stable)

Source: Company

^Unutilised

**Annexure-2: List of entities considered for consolidated analysis: Not Applicable**

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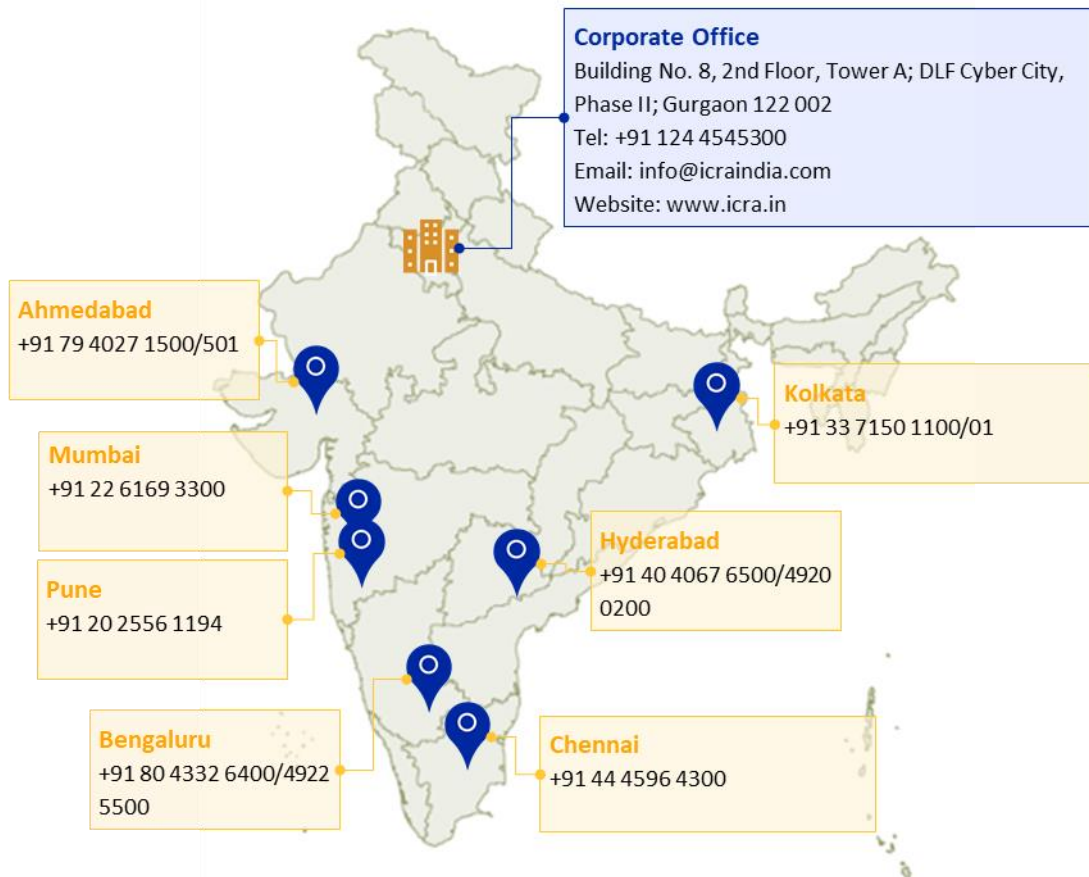
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