

Berar Finance Limited

February 27, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non-convertible debentures	0.00 (Reduced from 30.00)	-	Withdrawn
Fixed deposit	250.00	CARE BBB; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category; Outlook revised from Positive

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

Berar Finance Limited (BFL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. CARE Ratings Limited (CareEdge Ratings) has been seeking information from BFL to monitor the rating(s) vide e-mail communications dated November 17, 2025, December 02, 2025, December 04, 2025, and December 09, 2025. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the rating based on the best available information, which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating.

In line with the extant SEBI guidelines, CareEdge Ratings' rating on BFL's Fixed Deposit will now be denoted as CARE BBB; Stable; ISSUER NOT COOPERATING*.

CareEdge Ratings has withdrawn ratings of 'CARE BBB; Positive' assigned to non-convertible debentures (NCDs) amounting to ₹30.00 crore with immediate effect. This action has been taken considering full redemption of NCDs and 'No Due Certificate' received from the debenture trustees.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Analytical approach: Standalone

CareEdge Ratings has analysed the standalone business profile of BFL.

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 24, 2025, the following were the rating strengths and weaknesses (updated for the information available from stock exchange).

Key strengths

Long track record of operations in two-wheeler space

BFL is a deposit-taking non-banking financial company (NBFC), which started lending operations in 1990. Although the company completed 35 years of operations, business has scaled up significantly since 2016. BFL's asset under management (AUM) witnessed five-year compound annual growth rate (CAGR) of 24% and stood at ₹1,124 crore as on March 31, 2024 (PY: ₹964 crore). With portfolio growth, the company has also witnessed growth in its deposits with 4-year CAGR of 23% and stood at ₹197 crore as on March 31, 2024 (PY: ₹180 crore). AUM for Q1FY26 stood at ₹1,416 crore.

CareEdge Ratings believes that promoters' experience and their connects in the market, and ability to raise capital should help BFL in scaling up its portfolio, going forward.

Experienced board and management

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

*Issuer did not cooperate; Based on best available information

The company is headed by the first-generation promoter, Maroti Gendaru Jawanjar, Executive Chairman, who has over 36 years of experience. The company's day-to-day operations are headed by Sandeep Jawanjal, the Managing Director – Promoter Director, who has been associated with the company since 2006. BFL's Board of Directors comprise 10 directors, of which, four are independent, and four are non-executive directors, among whom two are nominee directors, one each from Amicus Capital Partners and Maj Invest as on December 31, 2024. The company is expected to benefit from presence of institutional investors on its Board from the point of view of strengthening of risk management and controls, and business diversification.

Comfortable capitalisation level

As on March 31, 2025, BFL had a healthy capital adequacy ratio (CAR) of 22.28% (FY24: 24.95%), with Tier-I CAR at 22.01% (FY24: 24.25%). CAR stood at 25.38% as on December 31, 2025. Since FY20, the company has collectively raised ₹150 crore in multiple tranches from institutional investors, Amicus Capital Partners and Maj Invest. Post infusion, the institutional investors hold 34% stake in the company, the promoter family holds 33% and remaining 33% is held by others (friends and family). At gearing of 3.84x as on March 31, 2025 (FY24: 3.50x), the company is adequately geared.

Adequate resource profile

As on June 30, 2025, BFL has a diversified borrowing profile comprising term loans (75.49%, FY24: 66%), NCDs (14.33%, FY24: 8%), cash credit (1%, FY24: 5%), and Securitisation (9.18%, FY24: 2%). The company had 38 lenders as on March 31, 2024, encompassing NBFCs, public sector banks, private banks, small finance banks, and debt funds. The company's deposits have been granular with a renewal rate of 90% and top 20 depositors constituting 13% of total deposits. The company's cost of borrowings (calculated) including deposits decreased from 12.65% in FY23 to 11.47% in FY24.

Evolving-yet-improving IT systems and risk management control

In the last year, the company upgraded its IT systems and risk management controls. BFL hired new senior management for business head and digital onboarding. The company implemented software such as FinnOne Neo, Oracle Netsuite, and Autonom8. LOS implementing software improved the company's overall performance. Autonom8 system is used for onboarding and credit underwriting replacing FinnOne system, which per management, had less flexibility automation related, verification related, and API related. Through Autonom8 system, credit decision for approving cases is done through rules-based engine with deviation goes to Head office for approval. BFL has implemented new technology, FinnOne Neo, post which, branches have been configured with HO on a real-time basis, improving turnaround time (TAT) in sync with defined credit risk parameters. Oracle NetSuite has been implemented since July 2023 for generating trial balance and financial statements.

On risk controls front, the company is placing better checks, monitoring and collection systems to prevent slippages and frauds from newer geographies/locations in addition to hiring mid-level management across verticals.

Key weaknesses

Moderate profitability metrics

The company reported a return on total assets (ROTA) of 2.25% as of March 31, 2025, against 1.83% as of March 31, 2024. Increase in ROTA in FY25 was primarily considering higher fee and commission income and moderation in operating expenses and credit cost as a percentage of total assets. The fee and commission income was expected to remain in this range as the company charges the fee in the range of 1-3% to customers. As on June 30, 2025, the ROTA was 1.60% on an annualised basis.

Moderate asset quality metrics

The company's GNPA as on March 31, 2025, improved to 4.42% from 4.56% at the end of previous year, while the net NPA (NNPA) slightly increased from 2.82% in the last fiscal to 2.85% in FY25. The GNPA is anticipated to stay somewhat elevated due to the nature of the customer segment, which may struggle to clear all dues at once. This will result in some customers falling into less than 90+ days past due (DPD) bucket while still being part of the NPA. The GNPA for 9MFY26 stood at 4.12% and NNPA at 2.67%.

Geographic and product concentration and inherent risk in portfolio

BFL has high reliance on two-wheeler (2W) product segment. As on March 31, 2024, of the total portfolio of ₹1,124 crore (PY: ₹964 crore), 95% is constituted by the 2W segment and the remaining 5% comprises refinance of 2W, MSME loans, used car, and personal loans. The company recently started offering secured MSME loan against property (LAP) (small ticket property loan) only for SORP, however, the focus has remained on 2W loans, which has constituted ~95% of the loan book in the last three years. In FY24, the company disbursed ₹956 crore of loans against ₹836 crore in the previous year achieving approximately 14% growth. The AUM also reported a 17% growth in FY24 with it reaching ₹1,124 crore against ₹964 crore at the end of FY23. The MSME LAP portfolio is in its nascent stage and is expected to grow steadily, whose performance will remain a monitorable.

BFL's portfolio and presence is majorly concentrated in Maharashtra. As on March 31, 2024, of a network of 116 branches across six states, 43 branches are in Maharashtra, which constituted 40% (PY: 46%) of the total loan portfolio as on March 31, 2024, followed by Madhya Pradesh (22%) (PY: 17%), Chhattisgarh (21%) (PY: 20%), Telangana (7%) (PY: 9%), Gujarat (6%) (PY: 4%), and Karnataka (4%) (PY: 4%), exposing the company to concentration risk. The 2W loan industry faces several risks that can impact lenders and borrowers alike. Especially since BFL serves underserved geographies and vulnerable customers, where economic fluctuations and income instability can lead to higher default rates. Resale value of 2Ws can depreciate quickly, affecting the collateral value for lenders. Regulatory changes and market competition also pose risks, as they can influence interest rates and loan terms.

Liquidity: Adequate

As on June 30, 2025, the company had a total liquidity of ~₹191 crore, out of which, ₹99.48 crore was in the form of cash and equivalents, and ₹91.87 crore in unutilised CC limits and sanctions.

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Withdrawal Policy](#)

[Non Banking Financial Companies](#)

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

Founded in 1990, BFL is primarily a 2W financing NBFC operating in Central and West India. The company operates through a network of branches spread across Maharashtra, Chhattisgarh, Madhya Pradesh, Telangana, Gujarat, and Karnataka. M. G. Jawanjar, is the founder and Executive Chairman of the company. The day-to-day operations of the company are headed by Sandeep Jawanjar, MD and son of founder M. G. Jawanjar. Sandeep joined the company in 2006. Apart from 2W financing, the company also provides four-wheeler loans (used cars), personal loans, demand loans, and loan against property (LAP).

Standalone Financials of BFL

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total income	251.81	294.96	258.40
Profit after tax (PAT)	22.18	32.30	23.88
Assets under management (AUM)	1,124.11	1,386.03	NA
On-book gearing (x)	3.50	3.84	NA
AUM / tangible net worth (TNW) (x)	4.05	4.39	NA
Gross non-performing assets (NPA) / gross stage 3 (%)	4.56	4.42	4.12
Return on managed assets (ROMA) (%)	1.83	2.25	NA
Capital adequacy ratio (CAR) (%)	24.95	22.28	25.38

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-convertible debentures	INE998Y07139	16-Sep-2022	11.50%	16-Mar-2025	0.00	Withdrawn [§]
Fixed Deposit	-	-	-	Ongoing	209.35	CARE BBB; Stable; ISSUER NOT COOPERATING*
Fixed Deposit (Proposed)	-	-	-	-	40.65	CARE BBB; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

[§]Withdrawn considering complete redemption of the ISIN.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB; Positive (24-Mar-25) 2)Withdrawn (24-Mar-25) 3)CARE BBB; Positive (29-Aug-24)	1)CARE BBB; Stable (30-Aug-23)	1)CARE BBB+; Stable (01-Sep-22) 2)CARE BBB+; Stable (05-Aug-22)
2	Debentures-Non-convertible debentures	LT	-	-	-	1)CARE BBB; Positive (24-Mar-25) 2)CARE BBB; Positive (29-Aug-24)	1)CARE BBB; Stable (30-Aug-23)	1)CARE BBB+; Stable (01-Sep-22) 2)CARE BBB+; Stable

								(05-Aug-22)
3	Fixed Deposit	LT	250.00	CARE BBB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BBB; Positive (24-Mar-25) 2)CARE BBB; Positive (29-Aug-24)	1)CARE BBB; Stable (30-Aug-23)	1)CARE BBB+; Stable (05-Jan-23) 2)CARE BBB+; Stable (01-Sep-22)
4	Debentures-Market Linked Debentures	LT	-	-	-	1)Withdrawn (24-Mar-25) 2)CARE PP-MLD BBB; Positive (29-Aug-24)	1)CARE PP-MLD BBB; Stable (30-Aug-23)	1)CARE PP-MLD BBB+; Stable (01-Sep-22)
5	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (19-Mar-25) 2)CARE A-(CE); Stable (01-Apr-24)	-	1)CARE A-(CE); Stable (20-Feb-23)
6	Unsupported Rating-Unsupported Rating (Long Term)	LT	-	-	-	1)Withdrawn (19-Mar-25) 2)CARE BBB (01-Apr-24)	-	1)CARE BBB+ (20-Feb-23)

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fixed Deposit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in</p>	<p>Analytical Contacts</p> <p>Vineet Jain Senior Director CARE Ratings Limited Phone: 912267543623 E-mail: vineet.jain@careedge.in</p> <p>Jitendra Meghrajani Associate Director CARE Ratings Limited Phone: 022-67543526 E-mail: Jitendra.Meghrajani@careedge.in</p> <p>Pooja Biyani Analyst CARE Ratings Limited E-mail: Pooja.biyani@careedge.in</p>
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