

April 14, 2026

## Vivriti Funds Private Limited<sup>^</sup>: [ICRA]A- (Stable) assigned

### Summary of rating action

| Instrument*                                    | Current rated amount (Rs. crore) | Rating action               |
|--|----------------------------------|-----------------------------|
| Non-convertible debentures (NCDs) <sup>^</sup> | 30.00                            | [ICRA]A- (Stable); assigned |
| Long-term bank facilities <sup>^</sup>         | 30.00                            | [ICRA]A- (Stable); assigned |
| <b>Total</b>                                   | <b>60.00</b>                     |                             |

\* Instrument details are provided in Annexure II; <sup>^</sup>Rated instruments are transferred from Vivriti Asset Management Private Limited

### Rationale

ICRA takes note of the composite scheme of arrangement between Vivriti Asset Management Private Limited (VAM), Hari & Company Investments Madras Private Limited (HCIMPL), Vivriti Capital Limited (VCL), Vivriti Next Limited (VNL), and Vivriti Funds Private Limited (VFPL), which became effective from April 1, 2026. VNL holds a 100% stake in HCIMPL and VFPL at present (together referred to as the Vivriti Group). As per the scheme of arrangement, VCL's non-banking financial company (NBFC) operations, along with the corresponding assets and liabilities and other undertakings, have been transferred to HCIMPL while VAM's asset management business was transferred to VFPL. ICRA takes note of the equity infusion of Rs. 200 crore in VNL by the promoter, which can be downstreamed to subsidiaries. ICRA, therefore, notes that the above restructuring is not expected to have a significant impact on VFPL's risk profile.

The rating considers the expected managerial and funding support from HCIMPL {rated [ICRA]A+ (Stable)} and VNL. VFPL's assets under management (AUM) grew by about 49% in FY2025 to Rs. 4,101 crore and stood at Rs. 4,550 crore as of December 2025. Despite AUM growth, the dampened fund inflow in the schemes during FY2024-FY2025, following the Reserve Bank of India's (RBI) circular regarding alternative investment fund (AIF) investments by regulated entities (REs), resulted in a lower-than-anticipated operating leverage during this period. However, the AUM expanded by 15% (annualised) in 9M FY2026 and VAM reported net earnings {profit after tax (PAT)/operating income (OI)} of 7.9% in 9M FY2026 compared to a loss of 1.7% & 4.1% in FY2025 and FY2024 respectively. As the AUM increases, better economies of scale would support the profitability metrics over the medium term.

VFPL's borrowings are expected to remain modest, going forward, in line with past trends. Overall borrowings stood at ~Rs. 22 crore as of December 2025 compared to the net worth of Rs. 181 crore. ICRA expects redemptions from sponsorship investments, funding support from HCIMPL and improved profitability to support the company's liquidity and credit profile, going forward. ICRA notes that AIFs represent an evolving segment in the overall fund management business and regulations for this segment are expected to change over time. Adverse developments, which could affect the scale-up or profitability of asset management companies (AMCs), would remain key monitorable factors.

The Stable outlook reflects the timely financial and operational support from HCIMPL and VNL as well as ICRA's expectation regarding AUM growth, which would drive profitability, going forward.

### Key rating drivers and their description

#### Credit strengths

**Support from HCIMPL** – VFPL is a critical part of the Vivriti Group's overall long-term growth strategy in the mid-market enterprises segment. HCIMPL and VFPL are expected to complement each other in providing the target segments with

alternative products. They also enjoy synergies on market insights, relationships, and fund-raising strategies. The fund management team has been built over the years covering various key functions including credit, investments, sales, product management, fund accounting, etc.

ICRA expects HCIMPL to provide funding/liquidity support to VFPL, if required, to the extent of 10% of its own net worth. Following the implementation of the scheme of arrangement, ICRA expects HCIMPL to have adequate buffer to provide support to VFPL while VNL can also raise external equity if needed.

**Improving scale of operations** – The AMC commenced operations in FY2020 by launching three CAT-II funds. As of December 2025, the AUM increased to Rs. 4,550 crore with nine live schemes compared to Rs. 4,101 crore as of March 2025 (compound annual growth rate (CAGR) of 79% over FY2022-FY2025). ICRA notes that fund inflow and AUM growth witnessed a slowdown during FY2024-FY2025 as investors were cautious following the issuance of the RBI's circular regarding AIF investments by REs. Nevertheless, ICRA notes that total investor fund commitments are healthy at present. This, along with new fund launches, is expected to support AUM growth in the near term.

The AIF schemes predominantly invest in operating companies with proven business models and high vintage, ranging across different yield buckets from 11-16% (gross). Investments through these funds were mainly towards investment grade entities and above, with the proportion of such investments at ~91% of the total investments as of March 2025. One of the funds – VFIF3 (incorporated in GIFT City) – has a leveraged strategy with a mandate to invest in senior category pass-through certificates. In FY2025, growth was largely supported by two funds, VFIF and VFIF3, which together contributed about 42% to the AUM as of March 2025. Going forward, the AUM is expected to be supported by the launch of innovative products and diversification of the investor base.

### Credit challenges

**Subdued financial profile; however, improved in 9M FY2026** – The business' operating margin remained weak and stood at (4.3%) in FY2025 vis-à-vis (7.0%) in FY2024. The company significantly expanded its operating base (employees and other infrastructure) for future growth while slower-than-expected AUM expansion, given the regulatory environment at that time, affected earnings. Thus, net earnings (PAT/OI) remained subdued at (1.7%) in FY2025, though it improved from (4.1%) in FY2024. The company's earnings increased in 9M FY2026, supported by the enhanced scale of operations. As the AUM rises, ICRA expects better economies of scale, which would support an improvement in the profitability and debt coverage metrics over the medium term. The outstanding debt also reduced and stood at Rs. 22 crore as of December 2025 vis-à-vis Rs. 32 crore in March 2025 (Rs. 38 crore in March 2024). Accordingly, total debt/net worth remained modest at 0.1 times as of December 2025 (0.2 times as of March 2025 and March 2024).

**Risk of adverse regulatory developments** – The AIF industry is a relatively new segment in the overall fund management business in India. The permitting regulations were notified in 2012. While this segment witnessed significant fund inflow during the last 10 years, with total funds raised in Category I-III AIFs at Rs. 5.6 lakh crore as of March 2025, it remains significantly smaller than the traditional fund management business (including debt and equity mutual funds). Further, the target asset segment and investee companies in the AIF industry are significantly different from traditional funds. As such, the AIF industry is yet to establish a track record over multiple market cycles; accordingly, the regulations for this segment are also expected to evolve over time. In December 2023, the RBI released a circular regarding investments in AIFs by REs. This restricted the ability of REs to make investments in AIFs, which would have downstream investments in a debtor company of the RE. This impacted fund inflows of AIFs as various investors (who are also REs) turned cautious. In May 2025, the RBI issued a draft direction allowing REs to invest up to 5% in an AIF scheme with downstream investments in a debtor company of the RE. However, it limits the overall investment an RE/REs can have in an AIF. Any other adverse regulatory developments, which could affect the scale-up or profitability of such AIFs, would remain key monitorable factors.

## Liquidity position: Adequate

VAM had liquid free cash and liquid investments of Rs. 48 crore as of December 2025 against debt repayment obligations (including interest) of ~Rs. 9 crore during January-June 2026. Additionally, the expected funding support from HCIMPL and VNL, on an ongoing basis, would aid VFPL's liquidity profile.

## Rating sensitivities

**Positive factors** – The rating could be positively impacted if VFPL is able to demonstrate a steady scale-up in its AUM and a sustained improvement in its earnings profile while maintaining an adequate liquidity profile.

**Negative factors** – The rating could be negatively impacted in case of lower-than-expected support from HCIMPL or a significant increase in VFPL's debt in comparison to the funding support from HCIMPL.

## Analytical approach

| Analytical approach             | Comments  |
|---------------------------------|---|
| Applicable rating methodologies | <a href="#">ICRA's Corporate Credit Rating Methodology</a>  |
| Parent/Group support            | Not applicable  |
| Consolidation/Standalone        | To arrive at the rating, ICRA has considered the standalone profile while factoring in the ongoing funding support available from HCIMPL, in line with ICRA's limited consolidation approach. |

## About the company

Pursuant to the composite scheme of arrangement, which became effective from April 1, 2026, Vivriti Asset Management Private Limited's (VAM) business was transferred to Vivriti Funds Private Limited (VFPL), which is a 100% subsidiary of Vivriti Next Limited (VNL). VAM was set up in February 2019 as a wholly-owned subsidiary of Vivriti Capital Limited (VCL). It seeks to develop innovative performing credit funds that take diversified exposures in the mid-market enterprises segment. VAM commenced operations in FY2020 and had nine AIFs with total AUM of Rs. 4,550 crore as of December 2025 (March 2025 – Rs. 4,101 crore). The funds invest in operating companies with proven business models and high vintage and have funds in different yield buckets ranging from 11-16% (gross). As of December 2025, VCL had a 70.0% stake (fully-diluted basis) in VAM.

## Key financial indicators (audited) – Ind-AS\*

|  | FY2024 | FY2025 | 9M FY2026 (P) |
|--|--------|--------|---------------|
| Operating income                                     | 50.1   | 58.7   | 57.5          |
| PAT  | (2.1)  | (1.0)  | 4.5           |
| OPBDITA/OI   | -7.0%  | -4.3%  | 11.1%         |
| PAT/OI   | -4.1%  | -1.7%  | 7.9%          |
| Total outside liabilities/Tangible net worth (times) | 0.5    | 0.4    | 0.3           |
| Total debt/OPBDITA (times)                           | -10.8  | -12.7  | 2.8           |
| Interest coverage (times)                            | -0.7   | -0.6   | 2.5           |

Source: Company, ICRA Research; Amount in Rs. crore; Operating income excludes gain on fair valuation of investments; \*Pertains to VAM; P – Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

## Rating history for past three years

| Instrument                | Current (FY2027) |                          |                   | Chronology of rating history for the past 3 years |        |        |        |        |        |
|---------------------------|------------------|--------------------------|-------------------|---|--------|--------|--------|--------|--------|
|                           | FY2027           |                          |                   | FY2026  |        | FY2025 |        | FY2024 |        |
|                           | Type             | Amount rated (Rs. crore) | Apr-14-2026       | Date  | Rating | Date   | Rating | Date   | Rating |
| NCD                       | Long term        | 30.00                    | [ICRA]A- (Stable) | -   | -      | -      | -      | -      | -      |
| Long-term bank facilities | Long term        | 30.00                    | [ICRA]A- (Stable) | -   | -      | -      | -      | -      | -      |

## 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.

(S) 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 |
|---------------------------|----------------------|
| NCD                       | Simple               |
| Long-term bank facilities | Simple               |

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

| ISIN          | Instrument name           | Date of issuance/<br>Sanction | Coupon rate | Maturity date | Amount rated<br>(Rs. crore) | Current rating and outlook |
|---------------|---------------------------|-------------------------------|-------------|---------------|-----------------------------|----------------------------|
| INE0BXI07010* | NCD                       | Sep 20, 2023                  | 11.00%      | Jan 15, 2027  | 24.80                       | [ICRA]A- (Stable)          |
| Unallocated   | NCD                       | NA                            | NA          | NA            | 5.20                        | [ICRA]A- (Stable)          |
| Unallocated   | Long-term bank facilities | NA                            | NA          | NA            | 30.00                       | [ICRA]A- (Stable)          |

Source: Company; \*listing of the NCDs under the name of Hari & Company Investments Madras Private Limited is underway

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure III: List of entities considered for limited consolidated analysis

NA

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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](http://www.icra.in)

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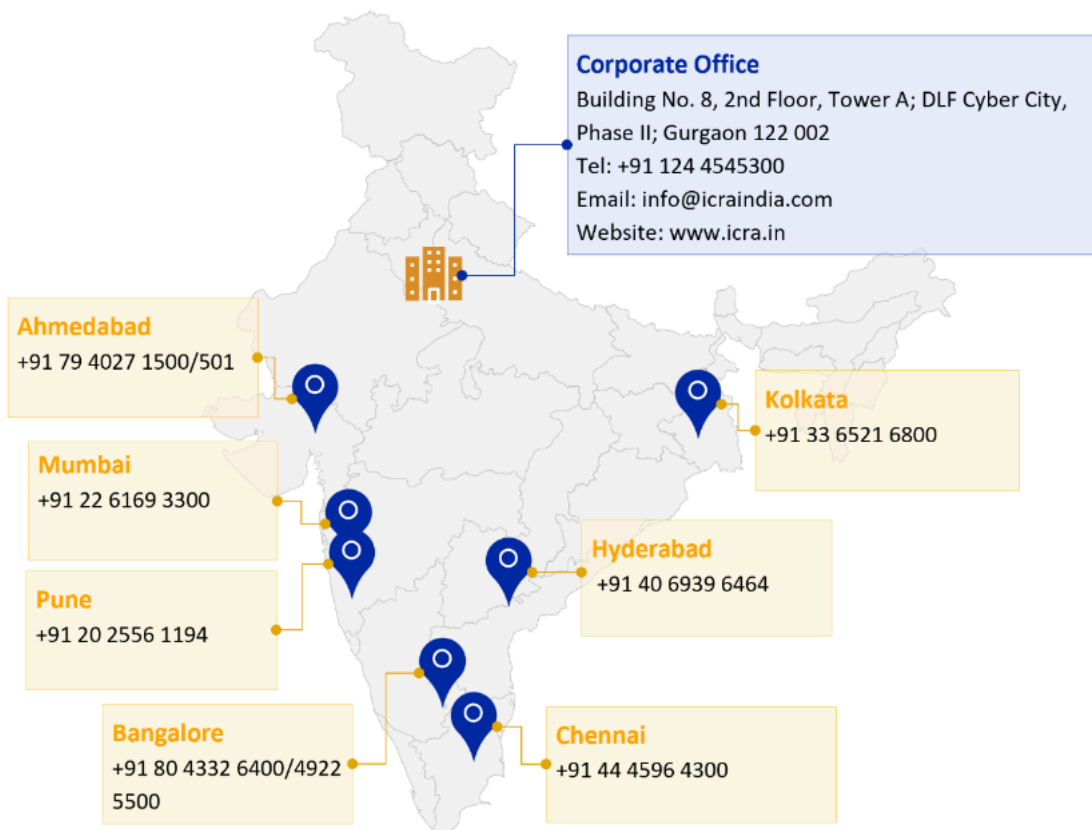
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