

May 30, 2025

Vivriti Asset Management Private Limited: Rating upgraded

Summary of rating action

Trust name	Instrument*	Previous rated amount (Rs. Crore)	Current rated amount (Rs. Crore)	Rating action
Vivriti Alpha Debt Fund- Enhanced	Class A ¹	231.25	231.25	[ICRA]AA-(SO); Upgraded from A+(SO)

*Instrument details are provided in Annexure I; Rating is indicative of the capital protection available to the investors and should not be construed as an indication of the expected returns

¹ Class A represents Class A1 and Class XA1 units

Rationale

Vivriti Alpha Debt Fund – Enhanced (Fund) is a scheme of Vivriti Vihaan Trust, a trust organised in India and registered with SEBI as a category II – Alternative Investment Fund (AIF). The size of the fund is Rs. 250 crore, with a green shoe option of Rs. 250 crore. It is a closed ended fund with a total tenure of 3.5 years post the final closure. The fund comprises of Class A units attributing to 92.5% of the fund size, and class B units aggerating to 7.5% of the fund.

The rating upgrade factors in the improvement in the support available to the class A unitholders for capital redemption in the form of their share in the distribution proceeds, the expected moderate credit risk profile of the investments and the limited asset-liability mismatch risk supported by the scheme’s investment criterion. At the same time, adherence to this criterion over the life of the fund would remain critical.

The fund is not expected to invest in instruments with a maturity date later than its own maturity date. The proposed maturity of the fund is September 30, 2026. As of March 31, 2025, the scheme had raised a commitment of Rs. 259 crore (from Class A and Class B investors) and had drawdowns Rs. 251 crore, distributed across NCDs/market linked debentures (MLDs)/commercial papers (CPs).

Redemption Distribution to Class B unit holders (7.50%) are subordinated to Class A unit holders and provide support to Class A unit holders in case of principal shortfall. Thus, the redemption distribution proceeds(RDP) would be first utilised to redeem entire class A unitholders, and the balance would then be used to redeem class B unitholders.

The distribution proceeds (viz returns like interest, cash dividend, premium, capital gains, prepayment penalty or other forms of cash receivables) from investments as reduced by fund expenses, management fees and reserves for expenses and liabilities shall be simultaneously allocated and distributed to Class A and Class B unit holders.

The rating represents the credit risk associated with the underlying debt instruments and the adequacy of the cash flows from the debt instruments to repay the principal to the investors while covering the operating expenses for managing the scheme. It is thus indicative of the capital protection available to the investors. For this analysis, the cash flows available to the investors from the fund, which could be in the form of distribution proceeds (including interest, cash dividends, premium, capital gains, prepayment penalties or other forms of cash receivable as permitted), gross of taxes and redemption proceeds (RP) (principal repayments, capital repayments, prepayments and redemption from one or more portfolio investments), are considered to be available for principal or capital redemption for investors.

The rating does not factor in market risks and hence should not be construed as an indication of the expected returns or the prospective performance of the scheme. The rating is also not a reflection of the quality of the fund’s management or its financial performance, reputation and other business practices including investment strategies, pricing, marketing and distribution activities. Furthermore, the rating is not a reflection of the adherence of the fund to the regulatory requirements.

Key rating drivers and their descriptions

Credit strengths

Availability of principal subordination to support servicing of the rated facility –The redemption distribution to Class B unitholders (7.5%) are subordinated to Class A unitholders and provides support to Class A unitholders in case of principal shortfall. Thus, the RDP would be first utilised to redeem Class A unitholders' cumulative dues as of the date of distribution on a pro-rata basis and the balance would then be used to redeem the Class B unitholders. The distribution proceeds (viz. returns like interest, cash dividend, premium, capital gains, prepayment penalty or other forms of cash receivables) from investments, as reduced by fund expenses, management fees and reserves for expenses and liabilities, shall be simultaneously allocated and distributed to the Class A and Class B unitholders.

Credit quality of underlying instruments – The scheme adheres to investment criteria such as at least 40% of the investments should be in instruments rated BBB and above and at least 10% of the investments should be in instruments rated BBB+ and above. The fund has Rs. 226.3 crore as amount outstanding in portfolio entities as of March 2025. ICRA notes that for one investment which accounts for 0.6% of the AUM, the rating for the instrument was downgraded from investment grade to non-investment grade. While the fund envisages to invest in instruments rated investment grade, the non-adherence is partially mitigated by the low proportion of the instrument in the overall portfolio along with the other investments being rated higher than the boundary conditions as stated above. Adherence to the investment criteria over the life of the fund would remain critical. As of March 2025, the fund has distributed Rs 43.50 crore to the unitholders, reflecting a reliable distribution history.

No cash flow mismatches – The scheme does not invest in instruments with a maturity date later than its own maturity date. This alleviates the risk of timing mismatch between the redemption of investments and payout to the unitholders.

Credit challenges

Exposure to concentration risk – As per the investment criterion, the scheme would have a maximum exposure of 10% in any entity and 30% in any sector. Furthermore, each sub-sector of financial services (for instance, asset-class-wise segments for non-banks) would be treated as a sector for this criterion. ICRA takes note that the financial sector constitutes 54% of the AUM as of March 31, 2025, it is further diversified into consumer finance (16%), two-wheeler finance (10%), Edu Finance (7%), unsecured SME (4%) and NBFC (8%). However, it is expected that the proceeds from the maturity of instruments will be used for investment into other asset classes which will bring the sector level concentration to below 50%. Further, the investment in the fund are in adherence to the entity level concentration.

Reinvestment risk – Tenure mismatches in the invested instruments and maturity of the fund in addition to any prepayment could lead to reinvestment risk. The scheme has so far invested in market linked debentures (MLDs) and non-convertible debentures (NCDs), which have a maturity date prior to the final maturity of the scheme and the investment manager could reinvest the cashflows till the final maturity of the scheme. The reinvestment rate could be negatively affected if the reinvestments made by the scheme are below the minimum headline yield.

Liquidity position: Not applicable

Rating sensitivities

Positive Factors – Rating would be upgraded based on the credit quality and performance of the underlying investments along with further distribution.

Negative Factors – Pressure on the rating could emerge due to deterioration in the credit quality of the underlying investments or non-adherence to the proposed investment criteria and fund structure.

Waterfall mechanism

Distribution proceeds

The fund will receive proceeds by way of interest, cash dividends, premium, capital gains, prepayment penalties or other forms of cash receivables from the portfolio's investments and returns/yield on temporary investments referred to as proceeds from gains, but excluding RP. The available proceeds from gains, reduced by the amounts attributable to fund expenses, management fees, taxes and reserve for expenses and other liabilities, will determine the distribution proceeds. The distribution proceeds will be dispersed in the following manner:

- 1. Return to Class A and Class B unitholders:** The entire distribution proceeds will be simultaneously allocated and given to each Class A and Class B unitholder till the yield calculated on a cumulative basis is passed on to the respective unitholders based on the respective hurdle rate on their respective outstanding capital contribution.
- 2. Residual distribution proceeds:** The balance, after Class A and Class B distribution proceeds are given, would then be allocated and distributed to each B2 unitholder, at the instance of the investment manager, in proportion to their respective capital commitment.

Redemption distribution proceeds

The fund will receive proceeds by way of principal repayments, capital repayments, prepayments and redemption from one or more portfolio investments and/or temporary investments referred to as RP. The RP, as reduced by the amounts attributable to fund expenses, management fees, taxes and reserve for expenses and other liabilities, will determine the RDP. This will be distributed in the following manner:

1. Return of capital contribution to Class A unitholders:

The entire RDP will be allocated and given to each Class A unitholder in proportion to their respective pro-rata share in the anticipated RDP¹.

The balance will be distributed towards any balance outstanding anticipated RDP² of the Class A unitholders until it becomes nil.

2. Return of capital contribution to Class B unitholders:

The balance RDP will be simultaneously given to each Class B unitholder in proportion to their respective pro-rata share in the anticipated RDP.

Any remaining RDP will be distributed simultaneously towards any balance outstanding anticipated RDP of each Class B unitholder until it becomes nil.

¹ Anticipated RDP means the aggregate of anticipated RP³, as reduced by reinvestment and by amounts attributable to fund expenses, management fees, taxes and reserve for expenses and other liabilities

² Outstanding anticipated RDP means the difference between the pro-rata share in anticipated RDP of any class of unitholder and cumulative distribution made by the fund to that respective class of unitholder

³ Anticipated RP for a particular portfolio investment or temporary investment shall be equal to the RP (i.e. the principal utilised for the portfolio investment or temporary investment) that the fund is expected to receive (pre-tax) from a portfolio investment or temporary investment as per the relevant funding/investment document

Analytical approach

The rating action is based on the adequacy of cash flows from the debt instruments to repay the principal to the investors while covering the operating expenses for managing the scheme.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Alternative Investment Funds (AIFs)
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the scheme

Vivriti Alpha Debt Fund – Enhanced (Fund) is a scheme of Vivriti Vihaan Trust, a trust organised in India and registered with SEBI as a category II – Alternative Investment Fund (AIF). The size of the fund is Rs. 250 crore, with a green shoe option of Rs. 250 crore. It is a closed ended fund with a total tenure of 3.5 years post the final closure. The fund comprises of Class A units attributing to 92.5% of the fund size, and class B units aggerating to 7.5% of the fund. The scheme would invest up to 60% in MLDs and the balance in NCDs. All investments made by the scheme would be in the investment grade category or above. At least 10% of the investments would be in instruments rated BBB+ or above while at least 40% will be in instruments rated BBB or above. The scheme shall not invest more than 10% in any entity. It shall not have an investment of more than 30% in any sector.

The fund is not expected to invest in instruments with a maturity date later than its own maturity date. The proposed maturity of the fund is September 30, 2026.

As of March 31, 2025, the scheme had raised a commitment of Rs. 259 crore (from Class A and Class B investors) and had drawdowns Rs. 251 crore, distributed across NCDs/market linked debentures (MLDs)/commercial papers (CPs). The fund has distributed Rs 43.50 crore to the unitholders as of March 31, 2025.

About the AMC

Incorporated in February 2019, Vivriti Asset Management Private Limited (VAMPL), a subsidiary of Vivriti Capital Limited (VCL), manages fixed income funds. The company has launched eleven funds till date in India and GIFT city. The firm has a team of 100 professionals spanning sales, fund management, credit, product development, operations, legal, compliance, and other support functions.

VAMPL has deployed over Rs. 7,000 crore in investments and has raised total investor commitments of approximately Rs. 5,700 crore from a base of 1,000+ investors.

Key financial indicators (audited)

VAMPL (standalone)	FY2022	FY2023	FY2024
Operating income	10.16	32.05	48.19
PAT	(25.82)	0.24	(2.06)
OPBDITA /OI	-50.9%	-3.1%	8.8%
PAT/OI	-254.2%	0.7%	-4.3%
Total outside liabilities/Tangible net worth (times)	0.17	0.36	0.32
Total debt/OPBDITA (times)	-	(14.08)	8.84
Interest coverage ratio (times)	(13.84)	(0.90)	1.03

Source: Company; Amount in Rs. crore; Operating income excludes gain on fair valuation of investments

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. no.	Trust name	Current rating (FY2026)				Chronology of rating history For the past 3 years			
		Instrument	Amount rated (Rs. Crore)	Amount outstanding (Rs. Crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
					May 30, 2025	May 31, 2024	May 30, 2023	May 26, 2022	
1	Vivriti Alpha Debt Fund- Enhanced	Class A	231.25	NA	[ICRA]AA-(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	

Complexity level of the rated instrument

Instrument	Complexity Indicator
Class A	Moderately 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	Maturity date	Amount rated (rs. Crore)	Current rating
Vivriti Alpha Debt Fund- Enhanced	Class A	NA	NA	Sep-26	231.25	[ICRA]AA-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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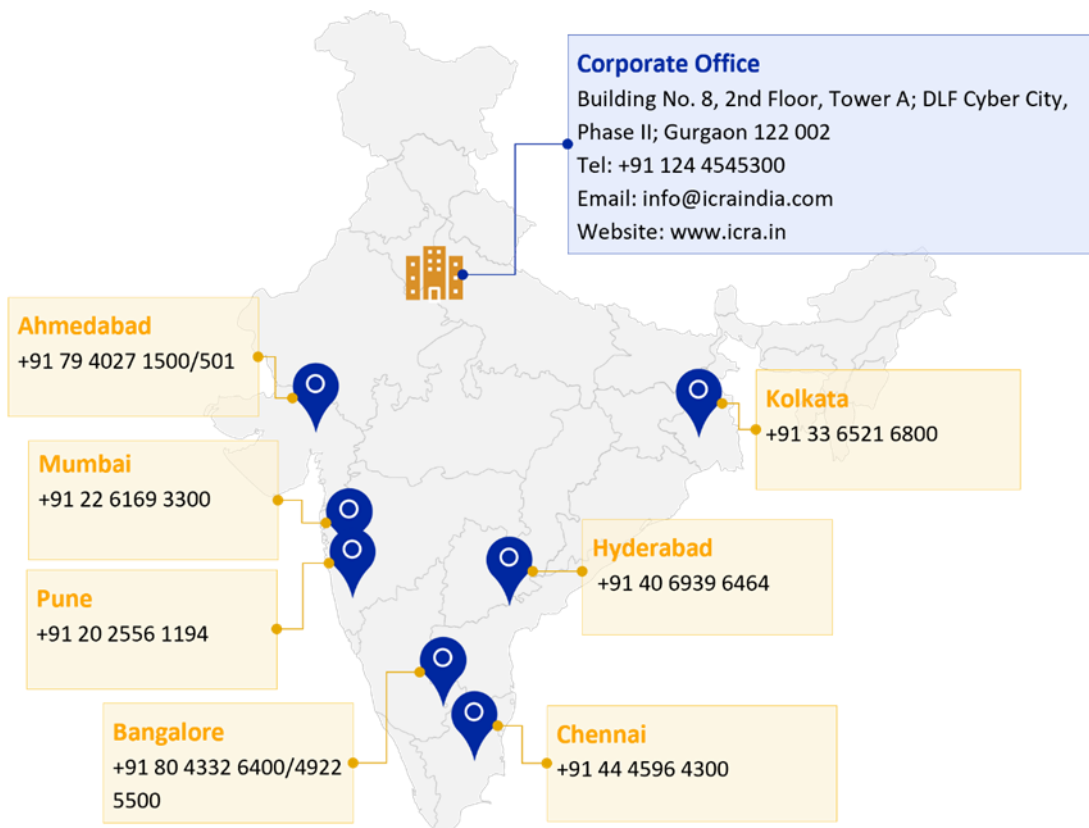
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