

June 13, 2025

## Vivriti Asset Management Private Limited: Rating reaffirmed

### Summary of rating action

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

\* Instrument details are provided in Annexure I

### Rationale

The rating takes into consideration the managerial and funding support received by Vivriti Asset Management Private Limited (VAM) from its parent – Vivriti Capital Limited {VCL; rated [ICRA]A+ (Stable)}. VAM, incorporated in 2019, operates as an asset management company (AMC), managing Securities and Exchange Board of India (SEBI)/International Financial Services Centres Authority (IFSCA) regulated alternative investment funds (AIFs) domiciled in India/GIFT City. The company has a modest track record of operations in the fund management business, with its first fund launched in 2020. It currently has eight live schemes with assets under management (AUM) of Rs. 3,909 crore and fund commitment from investors of ~Rs. 4,916 crore as of March 2025.

VAM's AUM grew by about 42% in FY2025. However, its financial performance remained subdued, with a loss {profit after tax (PAT)/operating income (OI)} of -1.7% in FY2025 vis-à-vis -4.1% in FY2024, as it is yet to achieve the scale to break even. Though the company had grown its scale, the dampened fund inflow in the schemes during FY2024-FY2025, following the Reserve Bank of India's (RBI) circular regarding AIF investments by regulated entities (REs), resulted in a lower-than-anticipated operating leverage during the period. As the AUM increases, better economies of scale would support the profitability metrics over the medium term. VAM had modest borrowings (gearing of 0.2 times) as of March 2025. ICRA expects the redemption from the sponsorship investments and funding support from VCL and the improvement in VAM's profitability to support its debt-servicing requirements in the near to medium term.

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 these AMCs, would remain key monitorable factors.

In Q1 FY2025, VAM's board of directors had approved a composite scheme of arrangement (proposed scheme), whereby the Vivriti Group would separate the online platform business (CredAvenue Private Limited) by demerging its non-banking financial company (NBFC) and AMC businesses. The demerged businesses would become wholly-owned subsidiaries of Vivriti Next Limited<sup>1</sup> (VNL) following the implementation of the proposed scheme, which is subject to regulatory approvals. ICRA notes that the demerged NBFC business would continue providing funding support to the demerged AMC business, in line with its previously stated funding support of up to 10% of its net worth. In addition, any capital raise at VNL would be available for infusion into the AMC without any limitations.

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

<sup>1</sup> Proposed holding company after demerger

## Key rating drivers and their description

### Credit strengths

**Support from VCL** – VAM is a critical part of VCL’s overall long-term growth strategy in the mid-market enterprises segment. VAM and VCL are expected to complement each other for access to capital as well as for providing the target segment with alternative products. They also enjoy synergies on market insights, relationships, and fund-raising strategies. VAM has built a managerial and operational team covering various key functions including credit, investments, sales, product management, fund accounting, etc. ICRA notes that two of the three members of VAM’s Investment Committee are from VCL while the third (external member) has veto rights.

ICRA also notes that VCL has provided funding and capital support to VAM in the past. The company received equity of Rs. 47 crore from VCL in FY2024. ICRA expects the parent to continue providing funding support to its Group entities (including VAM) in the form of equity and debt (total funding support from VCL to its Group entities would be restricted to 10% of its net worth; as of March 2025, this stood at 8.5%<sup>2</sup>). Given VCL’s proposed scheme as well as its own capital-raising plans, ICRA expects it to create additional buffer to support VAM’s funding requirement vis-à-vis the current position.

**Improving scale of operations** – VAM was incorporated in 2019 and commenced operations in FY2020 by launching three CAT-II funds during the year. It launched seven more schemes subsequently, of which five have returned substantial investor capital. It currently has eight live schemes with an AUM of Rs. 3,909 crore as of March 2025 (compound annual growth rate (CAGR) of 76% since March 2021). ICRA notes that fund inflow and AUM growth had slowed down during FY2024-FY2025 as investors were cautious following the issuance of the RBI’s circular regarding AIF investments by REs. Nevertheless, ICRA notes that VAM’s total investor fund commitment of ~Rs. 4,916 crore<sup>3</sup>, as of March 2025, and new fund launches are expected to support the AUM growth in the near term.

The schemes predominantly invest in operating companies with proven business models and high vintage, ranging across different yield buckets of 11-16% (gross). Investments through these funds were mainly towards entities rated investment grade and above, with the proportion of such investments at ~91% of the total investments as of March 2025. One of the funds – VFIF3<sup>4</sup> (incorporated in GIFT City) – has a leveraged strategy with a mandate to invest in senior category pass-through certificates. In FY2024, growth was largely supported by two funds, VFIF<sup>5</sup> and VFIF3, which contributed about 42% to the AUM as of March 2025. Going forward, VAM expects its AUM to be supported by the launch of innovative products and diversification of its investor base.

### Credit challenges

**Subdued financial profile** – VAM’s operating margin remained weak and stood at -4.3% in FY2025 vis-à-vis -7.0% in FY2024. Although it had significantly expanded its operating base (employees and other infrastructure) for future growth, AUM growth was slower than anticipated, given the regulatory environment in recent years. This resulted in a lower-than-anticipated operating leverage during FY2024-FY2025. Thus, the net profitability (PAT/OI) remained subdued at -1.7% in FY2025, though it improved from -4.1% in FY2024. As the company increases its AUM, ICRA expects better economies of scale, which would support an improvement in the profitability and debt coverage metrics over the medium term.

As of March 2025, the outstanding debt reduced and stood at Rs. 32 crore vis-à-vis Rs. 38 crore in March 2024. Accordingly, total debt/net worth remained minimal at 0.2 times as of March 2025 (0.2 times as of March 2024).

<sup>2</sup> VCL's standalone net worth was Rs. 2,146.9 crore as of March 2025

<sup>3</sup> Including investor funds raised already

<sup>4</sup> Vivriti Fixed Income Fund Series 3

<sup>5</sup> Vivriti Fixed Income Fund

**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 substantial fund inflow during the last 10 years, with the 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 inflow for 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

The company had liquid free cash of Rs. 30.6 crore as on March 31, 2025 (Rs. 27.6 crore including liquid investments) against debt repayment obligations (including interest) of ~Rs. 17 crore in FY2026. Furthermore, the redemptions from existing sponsorship investments are expected to be Rs. 62.4 crore in FY2026. Additionally, the expected funding support from VCL on an ongoing basis would support VAM's liquidity profile on an ongoing basis.

### Rating sensitivities

**Positive factors** – The rating could be positively impacted if VAM 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 VCL or a significant increase in VAM's debt in comparison to the funding support from VCL.

### 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 financials of VAM while factoring in the ongoing funding support available from its parent (VCL), in line with ICRA's limited consolidation approach.

### About the company

VAM was set up in February 2019 as a wholly-owned subsidiary of VCL. It seeks to develop innovative performing credit funds that take diversified exposures in the mid-market enterprises segment. VAM started its operations in FY2020 and currently manages eight AIFs with total AUM of Rs. 3,909 crore as of March 2025 (March 2024 – Rs. 2,752 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 March 2025, VCL had a 70.0% stake (fully-diluted basis) in VAM.

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

Vivriti Asset Management Private Limited (standalone)	FY2024	FY2025
Operating income	50.1	58.7
PAT	(2.1)	(1.0)
OPBDITA/OI	-7.0%	-4.3%
PAT/OI	-4.1%	-1.7%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDITA (times)	-10.8	-12.7
Interest coverage (times)	-0.7	-0.6

Source: Company, ICRA Research; 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

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Jun-13-2025	Date	Rating	Date	Rating	Date	Rating
NCD	Long term	30.00	[ICRA]A- (Stable)	Jun 14, 2024	[ICRA]A- (Stable)	Jun 16, 2023	[ICRA]A- (Stable)	-	-
				Jul 12, 2024	[ICRA]A- (Stable)	-	-	-	-
				Aug 09, 2024	[ICRA]A- (Stable)	-	-	-	-
Long-term bank facilities	Long term	30.00	[ICRA]A- (Stable)	Aug 09, 2024	[ICRA]A- (Stable)	-	-	-	-

## 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 I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (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)
NA	Long-term bank facilities	Mar 27, 2025	NA	Mar 30, 2026	7.00	[ICRA]A- (Stable)
Unallocated	Long-term bank facilities	NA	NA	NA	23.00	[ICRA]A- (Stable)

Source: Company

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

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

NA

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