February 20, 2026

VRIDHI FINSERV HOME FINANCE LIMITED: [ICRA]A- (Stable)/ [ICRA]A2+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term Fund-based/non-fund based bank facilities	500.00	[ICRA]A-(Stable) /[ICRA]A2+; Assigned
Total	**500.00**	

**Instrument details are provided in Annexure-I*

Rationale

The assigned rating factors in Vridhi Finserv Home Finance Limited's (VFHFL) healthy capitalisation profile, supported by the sizeable equity infusions from promoters and institutional investors. The rating also considers the company's focus on the secured mortgage finance segment, backed by its experienced founding team.

VFHFL has raised capital through two successive institutional rounds – a Rs. 149.7-crore Series A round in October 2023 and a Rs. 293.3-crore Series B round in October 2024, with participation from private equity investors and promoters. Till date, the promoters have cumulatively infused Rs. 63 crore in the company. These infusions have strengthened VFHFL's capital base, with the net worth increasing to Rs. 522.5 crore (provisional; as per Ind-AS financials) as on December 31, 2025. Going forward, this is expected to support VFHFL's assets under management (AUM) expansion, envisaged at a compound annual growth rate (CAGR) of above 60% over 3-4 years, along with additional capital infusions from the investors.

The rating is, however, constrained by the company's limited track record, low portfolio seasoning and geographically concentrated operations. VFHFL had 81 branches in 5 states as of December 2025 and is expected to increase the branch network to 125 by March 2027. Additionally, it has invested in the in-house development of its loan origination and management systems. As VFHFL is in a nascent stage of operations, setting up branches and teams and building the required information technology (IT) systems and processes have led to high operating expenses. Going forward, a sustained increase in the profitability levels is contingent on an improvement in the operating efficiency.

The Stable outlook reflects ICRA's expectation that the company will maintain adequate capital buffers and improve its earnings profile while sustaining its portfolio growth.

Key rating drivers and their description

Credit strengths

Focus on affordable mortgage loans – VFHFL was incorporated in January 2022 and commenced operations in January 2023; it expanded its operations across 5 states over the last three years, with 81 branches as of December 2025. It focusses on providing housing loans and loan against property (LAP), with an average ticket size of about Rs. 11 lakh. Currently, its entire loan portfolio comprises loans backed by mortgages on self-occupied residential properties (SORP). Housing loans extended for self-construction account for 45% of the total AUM (in December 2025).

VFHFL uses a technology-supported credit framework, integrating system-based processes and cash flow assessment tools to support and streamline its loan origination. The underwriting process includes detailed cash flow assessments and personal discussions, with loan eligibility determined on the basis of income, property valuation, loan-to-value (LTV) norms and the loan-to-cost (LCR) grid.

As of December 2025, housing loans and LAP constituted 67% and 33% of the portfolio, respectively, while the borrower base was dominated by self-employed customers at 67%, with salaried borrowers forming the remaining 33%. Over the medium term, the share of self-employed borrowers and housing loans in the overall AUM is expected to remain in the range of 65-70% each. The majority of the AUM outstanding as of December 2025 had LTV below 50%; about 21% and 17% of the AUM had LTVs in the range of 50-60% and above 60%, respectively. Borrower affordability is evaluated using a fixed obligation to income ratio (FOIR) grid, typically ranging between 40% and 60%. ICRA notes that the company had underwritten about 6% of the AUM outstanding as of December 2025 with FOIR of more than 60%.

VFHFL's asset quality remains adequate, with gross non-performing advances (GNPAs) of 0.14% and net NPAs (NNPAs) of 0.10% as of December 2025. The portfolio is, however, still in a nascent stage and performance across credit cycles remains to be seen.

Healthy capitalisation to support medium-term growth – Since its inception, the company has successfully raised Rs. 509.52 crore of primary capital from the promoters and private equity investors. In October 2024, private equity investors and promoters contributed around Rs. 293 crore in the Series B equity raise, after infusing about Rs. 149.7 crore during Series A round in October 2023. As of December 2025, the net worth was Rs. 522.65 crore (Rs. 506.71 crore as of March 2025). The company has been able to build robust capital buffers supported by these infusions, providing headroom for growth over the near-to-medium term. VFHFL's capital-to-risk weighted assets ratio (CRAR) was 114.9% as of December 2025. The company is looking to increase the AUM at a CAGR of above 60% over the next four years. It expects to maintain its managed gearing below 3.5 times over the medium term. Thus, VFHFL envisages raising capital during the above-mentioned period to keep its leverage under control.

Credit challenges

Limited track record – VFHFL has a limited track record as it commenced operations in January 2023. It expanded its AUM to Rs. 681 crore as of December 2025. The operations are currently geographically concentrated, with 37% of the AUM focussed on a single state and the top 3 states accounting for 80%. Further, a predominant share of the AUM was originated over the past 18 months, indicating low portfolio seasoning. Going forward, as the portfolio matures, the company's ability to maintain healthy asset quality would be monitorable, particularly given its customer base, which comprises informal income/self-employed borrowers with modest credit profiles. Nonetheless, the longstanding experience of the founding team in the affordable housing finance segment provides some comfort.

The company has an evolving borrower profile as on date, consisting of nine lenders (including eight banks), with total sanctioned loan lines of Rs. 255 crore. VFHFL's ability to build a well-diversified resource profile at competitive terms would be critical for achieving a sustained scaleup of operations as envisaged.

High establishment costs, considering the initial stage of operations – Given its early stage, VFHFL continues to operate with elevated operating expenses due to the rapid network expansion to 81 branches in December 2025 from 10 branches in March 2023 and ongoing investments in loan origination, technology, senior leadership, and collections infrastructure. Although operating expenses (as percentage of average managed assets) moderated meaningfully to ~10% (provisional) by 9M FY2026 from 35% in FY2023 (13% in FY2024), the cost base is expected to remain high in the near term relative to the scale of operations. Achieving meaningful operating leverage as the business scale improves would be critical for reaching adequate profitability levels.

Liquidity position: Adequate

As on December 31, 2025, VFHFL had unencumbered cash and liquid investments of ~Rs. 140 crore, sufficient to cover scheduled debt obligations of Rs. 13.2 crore over the next three months. In addition, the company is expected to maintain monthly collections of Rs. 10 crore on average during this time period. Further, as per the asset-liability maturity (ALM) profile as on December 31, 2025, VFHFL had positive cumulative mismatches in the up to 1 year buckets, reflecting its adequate liquidity profile. While ICRA notes that the company is compliant with the loan covenants from its lenders currently, however certain financial/ performance covenants from some lenders are stringent. Its ability to manage the same and steadily improve its borrowing diversification shall be key from a liquidity perspective, considering its growth plans.

Rating sensitivities

Positive factors – A significant increase in the scale of operations, while maintaining comfortable asset quality and improving the earnings profile (return on managed assets (RoMA) above 3% on a sustained basis), could positively impact the rating.

Negative factors – Sustained weakening in the asset quality profile or earnings performance could negatively impact the rating. Continued increase in the managed gearing above 4.0 times could also exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-Banking Finance Companies (NBFCs)
Parent/group Support	Not Applicable
Consolidation/standalone	Standalone

About the company

Vridhi Finserv Home Finance Limited (VFHFL) is a housing finance company focussed on affordable housing. Incorporated in January 2022, it received its licence and commenced operations in January 2023. As of December 2025, it had expanded to 81 branches across five states and offers home loans for purchase, construction, extension and renovation, along with micro, small and medium enterprise (MSME) loans and LAP. It was founded by Mr. Ram Naresh Sunku, Mr. Sunil Mehta and Mr. Sandeep Arora and is backed by private equity investors, viz., Elevation Capital and Norwest Venture Partners. As of December 2025, the promoters held approximately 54% of the company's shares while private equity investors held the balance 42% shares.

Key financial indicators (audited)

VFHFL	FY2024*	FY2025*	9M FY2026 (P)^
Total income	11.4	54.6	72.0
PAT	-6.3	8.2	17.4
Total managed assets	242.1	608.7	828.9
Return on managed assets	-4.8%	1.9%	3.2%
Managed gearing (times)	0.2	0.2	0.6
GNPA	0.0%	0.0%	0.1%
CRAR	146.7%	137.8%	114.9%

*Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; * Based on IGAAP; ^ Based on Ind-AS; P – Provisional*

Status of non-cooperation with previous CRA: Not Applicable

Any other information

None

Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	February 20, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based/non-fund based bank facilities	Long-term/Short-term	500.00	[ICRA]A-(Stable) /[ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term - Fund-based/Non-fund based - 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'scredit 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
NA	**Term Loan**	FY2024	NA	FY2029	16.27	[ICRA]A- (Stable)
NA	**Term Loan II**	FY2026	NA	FY2031	208.15	[ICRA]A- (Stable)
NA	**Term Long Term-Fund based-Cash credit**	NA	NA	NA	15.00	[ICRA]A- (Stable)
NA	**Short Term-Fund based-others**	NA	NA	NA	0.10	[ICRA] A2+
NA	**Unallocated**	NA	NA	NA	260.48	[ICRA]A- (Stable)/ [ICRA] A2+

Source: Company

Please Click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Not applicable

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