

June 19, 2026

Vridhi Finserv Home Finance Limited: Ratings reaffirmed and rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term fund-based/Non-fund based bank facilities	500.00	800.00	[ICRA]A- (Stable)/[ICRA]A2+; reaffirmed and assigned for enhanced amount
Total	500.00	800.00	

*Instrument details are provided in Annexure II

Rationale

The ratings factor in Vridhi Finserv Home Finance Limited's (VFHFL) healthy capitalisation profile, supported by the sizeable equity infusions from the promoters and institutional investors. The ratings also consider 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 infused Rs. 63 crore in the company. These infusions have strengthened VFHFL's capital base, with the net worth increasing to Rs. 533.9 crore (as per Ind-AS financials) as of March 2026. This, along with additional capital infusions from the investors, is expected to support the company's assets under management (AUM) expansion, envisaged at a compound annual growth rate (CAGR) of more than 60% over 3-4 years.

The ratings are, however, constrained by the company's limited track record, low portfolio seasoning and geographically concentrated operations. VFHFL had 91 branches in six states as of April 2026 with the branch network expected to increase 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. The company's AUM is expected to cross Rs. 1,000 crore by June 2026. 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 six states over the last three years, with 91 branches as of April 2026. 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 42.3% of the total AUM (as of March 2026).

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 March 2026, housing loans and LAP constituted 65% and 35% of the portfolio, respectively, while the borrower base was dominated by self-employed customers at 66%, with salaried borrowers forming the remaining 34%. 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 March 2026 had an LTV of less than 50%; about 21% and 16% of the AUM had LTVs 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 March 2026 with FOIR of more than 60%.

VFHFL's asset quality remains adequate, with gross non-performing advances (GNPAs) of 0.29% and net NPAs (NNPAs) of 0.22% as of March 2026. 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 inception, the company has raised Rs. 515.69 crore of primary capital from the promoters and private equity investors. In October 2024, private equity investors and promoters contributed around Rs. 293 crore to the Series B equity raise, after infusing Rs. 149.7 crore during the Series A round in October 2023. As of March 2026, the net worth was Rs. 533.9 crore (Rs. 504.2 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 104.5% as of March 2026. The company is looking to increase the AUM at a CAGR of more than 60% over next 3-4 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. 857.6 crore as of March 2026. The operations are currently geographically concentrated, with 36% of the AUM focussed on a single state and the top 3 states accounting for 78%. 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 12 lenders (including 10 banks), with total sanctioned loan lines of Rs. 369.1 crore. VFHFL's ability to build a well-diversified resource profile at competitive terms would be critical for achieving the envisaged sustained scaleup of operations.

High establishment costs, considering the initial stage of operations – Given its early stage, VFHFL's operating expenses remain elevated due to the rapid network expansion to 91 branches in April 2026 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 significantly to 8.3% in 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 April 30, 2026, VFHFL had unencumbered cash and liquid investments of Rs. 121.6 crore, sufficient to cover scheduled debt obligations of Rs. 25.2 crore over the next three months. In addition, the company is expected to maintain monthly collections of Rs. 10 crore on average during this period. Further, as per the asset-liability maturity (ALM) profile as on March 31, 2026, VFHFL had positive cumulative mismatches in all buckets, reflecting its adequate liquidity profile. While ICRA notes that the company is compliant with the loan covenants from its lenders at present, 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 ratings.

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

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 April 2026, it had expanded to 92 branches across six 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 March 2026, the promoters held approximately 54% of the company's shares while private equity investors held the balance (42%).

Key financial indicators

VFHFL	FY2025 [^]	FY2026 [^]
Total income	47.9	103.4
PAT	4.6	22.3
Total managed assets	609.3	1,005.3
Return on managed assets	1.1%	2.8%
Managed gearing (times)	0.0	0.5
GNPA	0.0%	0.3%
CRAR	137.8%	104.5%

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; [^] Based on Ind-AS

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					
	Type	FY2027		FY2026		FY2025		FY2024	
		Amount rated (Rs. crore)	June 19, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based/Non-fund based bank facilities	Long term/Short term	800	[ICRA]A-(Stable)/[ICRA]A2+	February 20, 2026	[ICRA]A-(Stable)/[ICRA]A2+	-	-	-	-

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/ FIs (\$)	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, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	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.

(\$) 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
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(@) 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 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'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/Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	FY2024	NA	FY2031	316.61	[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	468.29	[ICRA]A- (Stable)/[ICRA]A2+

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Not applicable

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Branches



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