

## Venkateswara Financiers Hyderabad Private Limited

March 09, 2026

| Facilities/Instruments    | Amount (₹ crore) | Rating <sup>1</sup> | Rating Action |
|---------------------------|------------------|---------------------|---------------|
| Long-term bank facilities | 50.00            | CARE BBB-; Stable   | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of the rating to bank facilities of Venkateswara Financiers Hyderabad Private Limited (VFHPL) factors in long track record of operations in film financing, real estate, and infrastructure sectors, comfortable capitalisation with low gearing levels, good asset quality, and healthy profitability levels.

However the rating remains constrained by high client concentration of the loan portfolio, evolving nature of systems and processes, regional concentration of the loan portfolio primarily in the Telangana region, a concentrated funding profile, and the inherent risks associated with asset classes.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Improvement in scale of operation with decrease in client concentration and improved geographical spread.

#### Negative factors: Factors that could, individually or collectively lead to negative rating action/downgrade:

- Weakening capitalisation levels with gearing above 0.5x on a sustained basis.
- Net non-performing assets (NNPA) to net worth exceeding 25% on a sustained basis.

### Analytical approach:

Standalone

### Outlook: Stable

The stable outlook reflects the likely continuation VFHPL's stable credit profile with comfortable capitalisation levels and good profitability levels.

### Detailed description of key rating drivers:

#### Key strengths

##### Long track record of operations

VFHPL is promoted by Venkatesh Reddy Alati, who serves as the Managing Director and oversees the company's day-to-day operations. He is supported by a board of directors with extensive experience in the lending business. His father, Venkat Rama Reddy Alati, a Whole-Time Director, brings over four decades of experience in film production, exhibition, and financing within the motion picture industry.

The company obtained its non-banking financial company (NBFC) license from the Reserve Bank of India (RBI) in 2011 and has been engaged in the financing business since then. Over the years, its net worth has grown through capital infusion and profit accretion. However, due to a limited client base, the company operates with a small employee team, resulting in low management depth and exposure to key-man risk.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

In the past four years, the share of real estate loans in the overall loan portfolio has increased. However, the company's experience in the real estate sector remains relatively recent.

### **Comfortable capitalisation with low gearing levels**

The company is adequately capitalised, relying primarily on its own funds to support its lending operations rather than depending on external borrowings. Consequently, its gearing levels remain low, at 0.09x as on March 31, 2025, and 0.20x as on December 31, 2025. CARE Ratings Limited (CareEdge Ratings) expects the gearing to remain below 0.5x over the medium term.

### **Good asset quality**

As on March 31, 2025, VFHPL's gross NPA (GNPA) and NNPA stood at Nil, compared to 3.28% and 2.65%, respectively, as on March 31, 2024, mainly due to recoveries, as the company has not undertaken write-offs to date. As on December 31, 2025, both GNPA and NNPA continued to remain Nil. Given the company's high exposure to individual clients, maintaining asset quality remains critical. CareEdge Ratings expects the asset quality to remain stable, considering the company's operational model.

### **Healthy profitability levels**

The company has maintained stable profitability in the last five years. VFHPL's net interest margin (NIM) improved to 18.57% in FY25, up from 15.80% in FY24, primarily due to a higher share of real estate lending, which typically carries higher yields. Operating expenses remain low, supported by a lean employee base and centralised operations at the head office. Credit costs improved, declining to 0.45% in FY25 from 0.86% in FY24.

In FY25, the company reported a profit after tax (PAT) of ₹70 crore on a total income of ₹99 crore, compared to PAT of ₹58 crore on a total income of ₹84 crore in FY24. Correspondingly, the return on total assets (ROTA) increased to 12.94% in FY25, from 11.50% in FY24. In 9MFY26, the company recorded a PAT of ₹67 crore on a total income of ₹93 crore, with NIM and ROTA at 18.57% and 13.42%, respectively.

### **Key weaknesses**

#### **Client concentration risk**

Given its presence in film financing, real estate, and infrastructure finance, VFHPL's exposures are wholesale in nature, resulting in inherent concentration risk. As on March 31, 2024, the company's entire portfolio was concentrated across 17 clients; this declined to 14 clients as on March 31, 2025, and increased to 18 clients as on December 31, 2025. Consequently, the company remains exposed to a relatively high level of single-borrower concentration.

The top 10 clients accounted for 84% of the assets under management (AUM) as on December 31, 2025. Loans are generally structured with bullet repayment of principal at the end of the tenure—particularly in the film financing segment—while interest is serviced on a monthly or quarterly basis. Accordingly, maintaining asset quality, especially in high-ticket exposures, is critical, as any slippage in these accounts could materially impact the company's asset quality and profitability.

### **Evolving nature of systems and processes**

VFHPL primarily sources clients through referrals and long-standing relationships. The Board is involved and takes the final decision on most loan sanctions. Given the relatively small client base, the company's MIS framework is largely manual, and the loan approval process entails significant promoter involvement due to the lean employee strength.

The company undertakes related party transactions, including borrowings from and loans to directors. These transactions are approved by the Board and are primarily aimed at meeting liquidity requirements and supporting onward lending operations.

While the current structure supports operational needs, there remains scope to strengthen processes and systems, and regulatory observations in this regard remains a key point of monitoring.

### Regional concentration of loan portfolio

VFHPL's operations are primarily concentrated in the southern states, with a significant presence in Telangana. As on March 31, 2025, and December 31, 2025, 100% of the company's portfolio was concentrated in Telangana. Accordingly, geographic diversification of the portfolio remains a key monitorable.

The company's portfolio comprises real estate financing, film financing, and infrastructure financing. As on March 31, 2025, real estate financing constituted 61% of the loan portfolio, followed by film financing at 33% and infrastructure financing at 5%. The remaining 2% represented excess cash, which was extended as loans to the whole-time director, Venkat Rama Reddy Alati, for the purpose of placing deposits. The director repays the principal and the interest earned, as and when required by the company.

As on December 31, 2025, the portfolio mix witnessed a marginal shift, with real estate financing reducing to 56%, film financing increasing to 39%, and infrastructure financing accounting for 5% of the total loan portfolio. The company has discontinued the practice of extending loans to the whole-time director, as it is now able to generate comparable returns by placing surplus funds directly in fixed deposits with banks.

### Concentrated funding profile

As on December 31, 2025, VFHPL's only outstanding borrowing is from its whole-time director, amounting to ₹120 crore. The company avails these funds on demand basis to support its lending operations. Going forward, diversification of the resource profile remains a key rating monitorable.

### Liquidity: Adequate

With majority portfolio funded by own funds, asset and liability management (ALM) is adequate as on December 31, 2025. The company had unencumbered cash and cash equivalents of ₹190 crore as on December 31, 2025, against total borrowings of ₹120 crore, entirely from the whole-time director and related parties.

### Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Non Banking Financial Companies](#)

### About the company and industry

#### Industry classification

| Macroeconomic indicator | Sector             | Industry | Basic industry                       |
|-------------------------|--------------------|----------|--------------------------------------|
| Financial services      | Financial services | Finance  | Non banking financial company (NBFC) |

VFHPL is a Hyderabad, Telangana-based NBFC engaged in providing financing for films, infrastructure, and real estate projects. The company was originally incorporated on March 23, 2000, as ASP Software Solutions Limited and was subsequently renamed VFHPL on September 23, 2010. For over a decade, VFHPL has been engaged in lending to and recovering loans from film, infrastructure, and real estate projects across South India. As on December 31, 2025, AUM stood at ₹535 crore.

| Brief Financials (₹ crore) | 31-03-2024 | 31-03-2025 | 31-12-2025 |
|----------------------------|------------|------------|------------|
| Standalone                 | A          | A          | UA         |
| Total income               | 84         | 99         | 93         |
| Profit after tax (PAT)     | 58         | 70         | 67         |

|   |       |       |       |
|---|-------|-------|-------|
| Assets under management (AUM)                         | 457   | 403   | 535   |
| On-book gearing (x)                                   | 0.003 | 0.09  | 0.20  |
| AUM / tangible net-worth (TNW) (x)                    | 0.98  | 0.75  | 0.88  |
| Gross non-performing assets (NPA) / gross stage 3 (%) | 3.28  | 0.00  | 0.00  |
| Return on managed assets (ROMA) (%)                   | 11.50 | 12.94 | 13.42 |
| Capital adequacy ratio (CAR) (%)                      | 97.62 | 98.14 | 98.14 |

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN     | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|------------------------|----------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based-Long Term   | Proposed | -                             | -               | -                          | 50.00                       | CARE BBB-; Stable                  |

### Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                              |                   | Rating History                              |  |   |   |
|---------|--|-----------------|------------------------------|-------------------|---|--|---|---|
|         |  | Type            | Amount Outstanding (₹ crore) | Rating            | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025                        | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1       | Fund-based-Long Term                   | LT              | 50.00                        | CARE BBB-; Stable | -   | 1)CARE BBB-; Stable (17-Mar-25)<br>2)CARE BBB-; Stable (23-May-24) | -   | -   |

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

### Annexure-4: Complexity level of instruments rated

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|------------------------|------------------|
|---------|------------------------|------------------|

|   |                      |        |
|---|----------------------|--------|
| 1 | Fund-based-Long Term | Simple |
|---|----------------------|--------|

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

### Contact us

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