

## Driving Affordable Housing Through Responsible Finance

### QUARTERLY NEWSLETTER

July - Sep 2025



## Performance Highlights Q2 FY26

VHFL's Q2 performance reflects strengthening operational stability and controlled scale-up. The company turned **cash-positive** during the quarter and, based on current momentum, is expected to move toward **full profitability over the coming quarters**. An **equity infusion of ₹20.50 Cr from the promoter group** further strengthened the balance sheet, enhancing VHFL's capacity for scale. The company also shifted to a **new corporate office in Ekkathuthangal**, Chennai's prime business district, supporting future expansion.

Particulars (₹ crs)	Q2 FY26	Q1 FY26	% Change	Trend (Q4 FY 26)
<b>Net Worth</b>	93.70*	73.16	28%	An additional infusion of ₹4.5 crores expected in Q4.
<b>Disbursement</b>	40.3	29.4	37%	Expected to double over the next two quarters.
<b>AUM</b>	331.4	305.6	8.4%	Projected to increase by over 35% from Q1.
<b>Yield</b>	20.44%	20.35%	Stable	Marginal softening anticipated due to rate normalization and competitive pricing.
<b>Incremental Borrowing ROI</b>	13%	13.5%	3.7%	Projected to further reduce by 20bps by end of FY26.
<b>Active Borrowers</b>	5252	5078	3.4%	Expected to grow by nearly 50%, via new branch penetration and group lending operations.
<b>No of field staff</b>	248	212	17%	Expected to increase in line with network expansion and entry into new lending segments.
<b>No of Branches</b>	50	45	11%	Branch expansion expected to resume in Q4, taking total network to 60+ locations.

\*as of Oct 2025

## Leadership Update

Varashakti Housing Finance is pleased to announce the appointment of **Dr. Kalpanaa Sankar as Managing Director and Chief Executive Officer**. Dr. Sankar brings over two decades of experience in financial inclusion and social impact, having **co-founded Hand in Hand India and led Belstar Microfinance** into a **top 10 NBFC-MFI, with a peak AUM of ₹10,000 crs**.

**Mr. C.V. Sankar, who served as Varashakti's MD** since inception, has assumed **the role of Chairman** of the Board of Director, continuing to guide Varashakti's next phase of growth.

Our leadership team is further strengthened with the following appointments:

- **Mr. Karthik Dharmapuri, Chief Operating Officer**
- **Ms. Sahaana Sankar, Chief Strategy Officer**
- **Mr. K.B. Balakumaran, Vice President – Portfolio Management**
- **Ms. S. Rajapriya, Head – Human Resources,**
- **Mr. Karuppusamy, Strategic Business Unit Head – Group Loans & Special Projects**

## Industry Snapshot

- Affordable housing finance growing at **~20–22% CAGR**, outpacing the broader HFC sector (~12–14%).
- **Strong demand from EWS & LIG households**, with significant under penetration in semi-urban and rural areas.
- **Mortgage-to-GDP ratio (~12%) remains low**, indicating long-term growth potential as India moves toward 14–15%.
- Margins under pressure due to **rising cost of funds and competition**, making operational efficiency critical.

## Milestone Branch Opening

We recently inaugurated our **50th branch in Palakollu, Andhra Pradesh**, marking a significant achievement in our growth journey.

During the quarter, we also expanded its footprint with **four additional branches in Andhra Pradesh, four in North Karnataka** and **five in Telangana**, supporting deeper market penetration across emerging geographies.



## Technology & Digital Update

VHFL strengthened its digital and risk infrastructure with no critical security incidents reported and fully automated antivirus and system patching processes. A Disaster Recovery drill was successfully executed with seamless switchovers and zero data loss. Key governance measures were activated, including MDM implementation, endpoint security upgrades and audit trail enablement.

Additionally, VHFL developed and deployed a suite of strategic in-house platforms, for better controls and improved customer outcomes:

1. **TAT Monitoring Platform**
2. **Retention Dashboard**
3. **Credit Bureau Agent**
4. **Group Loans Platform**
5. **Compliance Hub**

## Leadership & Capability Development

During the quarter, VHFL conducted the “Level Up Workshop,” a **focused leadership bootcamp** designed to strengthen branch-level managerial capabilities. The session aimed at improving decision-making, execution discipline and people leadership, while reinforcing alignment between branch performance and organisational goals.

The workshop covered core elements of leadership effectiveness, including **role clarity, behavioural insight tools, execution frameworks and performance-driven practices**. Participation levels were strong, reflecting the Company's ongoing emphasis on developing field leadership as it prepares for the next phase of growth.



## Securing Financial Freedom

Ms. Tamilselvi K, a 42-year-old Anganwadi worker from Pulipurakoil, lives with her family of four. Despite a stable income, she struggled to secure sufficient funds to complete her home and had been living in a temporary cottage structure.

In August 2025, she availed a ₹6,00,000 housing loan from Varashakti, enabling her to start construction of a permanent and secure home for her family.

The project is now nearing completion, giving the family the promise of safety, dignity, and long-term stability. Tamilselvi's journey is a reflection of Varashakti's commitment to supporting aspiring homeowners in underserved communities through responsible, access-driven lending.



## Equity Investor



**incofin**  
invest for impact



Incofin India  
Progress Fund

## Debt Partners



20+ institutional partners supporting our mission

## Insurance Partners

