

Press Release
VARASHAKTI HOUSING FINANCE PRIVATE LIMITED
September 04, 2025
Rating Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	150.00	ACUITE BBB- Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	150.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating of ‘ACUITE BB+’ (read as ACUITE double B plus) to ‘ACUITE BBB-’ (read as ACUITE triple B minus) on the Rs. 150.00 Cr. bank facilities of Varashakti Housing Finance Private Limited (VHFPL). The outlook is ‘Stable’.

Rationale for the rating

The rating factors in extensive experience of VHFPL’s management in lending segment and the institutional support. The promoters have supported VHFPL through funding via equity and debt which has enabled the company to maintain healthy capital structure while scaling up its operations. The company raised Series A equity from Incofin of Rs.35 Cr. and Rs.5Cr. from promoter in FY24. VHFPL has maintained moderate capital structure with Capital Adequacy Ratio (CAR) of ~ 42.43 percent and gearing of 2.73 times as on March 31, 2025. Acuite believes that the company is well positioned to benefit from the demand for housing finance and centralized in-house credit appraisal/ monitoring processes. The rating also factors in growth in AUM and Disbursements. The company’s AUM stood at Rs. 284.66 Cr. as on March 31, 2025, Rs. 182.13 Cr. as on March 31, 2024 and Rs 110.17 Cr. as on March 31, 2023. VHFPL disbursed loans amounting to Rs. 150.03 Cr till March-2025, Rs 99.79 Cr. during FY24 and Rs 64.50 Cr. during FY23. As on March 31, 2025 VHFPL had healthy asset quality marked by on-time portfolio of ~93 percent and GNPA and NNPA at 2.25 percent and 1.76 percent respectively. Given the nascent stage of company’s operations, the rating is constrained by the modest scale of operations and relatively low seasoning of the loan portfolio. The company operates in Tamil Nadu, Kerala and Karnataka having AUM concentration of 68.09% in Tamil Nadu, 8.24 % in AP, 23.67% in Karnataka. The rating is also constrained by inherent risks associated with lending in this segment.

Going forward, the company’s ability to raise additional capital and profitably scale up its business operations shall remain key monitorable.

About the company

Tamil Nadu based VHFPL operates in the affordable housing segment essentially catering to the housing finance needs of Economically Weaker Section (EWS) and Low Income Group (LIG). It also offers unsecured Home improvement loans. VHFPL commenced its lending operations in June 2019 and is promoted by Mr. C.V. Sankar and his family members through their trust and companies having a total promoter shareholding of 53.78 percent as on March 31, 2025. VHFPL is led by Mr. CV Sankar and is supported by seasoned professionals. VHFPL operates in Tamil Nadu through a network of 29 branches in Tamil Nadu, 11 branches in Karnataka and 5 branches in AndhraPradesh.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered standalone business and financial risk profile of VHFPL to arrive at the rating.

Key Rating Drivers

Strength

Experienced management and comfortable capitalization levels

Varashakti Housing Finance Private Limited (VHFPL) operates in the affordable housing segment essentially

catering to the housing finance needs of Economically Weaker Section (EWS) - household income less than Rs. 3 lakhs per annum and Low-Income Group (LIG) – household income between Rs. 3 lakhs per annum and Rs. 6 lakhs per annum. It also offers unsecured Home improvement loans (Ticket size upto Rs.2 Lakh). VHFPL is promoted by Mr. C.V. Sankar and his family through their trust and other companies having total promoter shareholding of 53.78 percent as on March 31, 2025. VHFPL is led by Mr. C.V. Sankar (ex-IAS officer) who has held several positions such as Secretary, Principal Secretary and Additional Chief Secretary for Government of Tamil Nadu and is supported by seasoned professionals like Mr. Ramanath Dash as Independent Director who has over two decades of experience having served Reverse Bank of India as a Regional Director for the states of Andhra Pradesh and Telangana. The company operates in Tamil Nadu and has presence in Andhra Pradesh & Karnataka. The company's capital structure is supported by a networth which stood at Rs 73.08 Cr. as on March 31, 2025, and Rs 71.79 Cr. as on March 31, 2024. Growth in networth is due to improvement in profitability metrics and infusion from promoters. The company raised Series A equity of Rs.35 Cr. from Incofin and Rs.5 Cr. from promoter in FY-24. The company's Capital Adequacy Ratio (CAR) stood at 42.43 percent as on March 31, 2025 and 61.93 percent as on March 31, 2024. The company's Capital Adequacy Ratio have reduced due to increase in risk weighted assets. The company's AUM stood at Rs 284.66 Cr. as on March 31, 2025 and Rs 182.13 Cr. as on March 31, 2024.

Acuité believes that the company will benefit from its experienced promoters and established presence in the financial services industry also, the comfortable capitalization levels will support its growth plans over the medium term.

Steady growth in business operations and healthy asset quality:

VHFPL commenced its lending operations in June 2019. The company's operations have grown with the company reporting an AUM of Rs 284.66 Cr. as on March 31, 2025 and Rs 182.13 Cr. as on March 31, 2024. This growth in AUM in recent period is driven by management's decision to increase its scale of operations. The company's asset quality is marked with an on-time portfolio of ~93 percent as on March 31, 2025 and supported with an average Overall collection efficiency of 96 percent for 12 months ended March 31, 2025. The GNPA & NNPA levels stood at 2.25 percent and 1.76 percent respectively as on March 31, 2025. The company has maintained healthy asset quality due to prudent underwriting policies.

Acuité believes that the company's ability to scale up its operations while maintaining asset quality given low seasoning will remain a key rating monitorable.

Weakness

Susceptible to inherent risks amidst relatively low seasoned portfolio and geographic concentration

VHFPL's product portfolio comprises housing loans and loan against property having an average tenure of 10 years and home improvement loans having an average tenure of 2-5 years. The product portfolio consists of the company consists of Home improvement loan (1.78%), Home Loan (63.32%), Loan against Property (33.93%) and short term business loan (0.97%). VHFPL operates in the state of Tamil Nadu with a network of 29 branches, 11 branches in Karnataka and 5 branches in Andhra Pradesh. Occurrence of events such as slowdown in economic activity or shifting of activity to other geographies could impact the cash flows of the borrowers, thereby impacting the credit profile of VHFPL.

Acuité believes that the company's modest scale of operations coupled with geographic concentration will continue to weigh on the company's credit profile over the near to medium term.

Moderate financial risk profile

VHFPL's financial risk profile remains moderate however, the company reported growth in net interest income. Improvement in Profitability metrics is due to growth in AUM & disbursements. The company witnessed an increase in its net interest income to Rs. 20.58 Cr. during FY 25 from Rs. 18.16 Cr. during FY24. VHFPL reported PAT amounting to Rs.1.90 Cr. till March 31st, 2025 and Rs 3.18 Cr. during FY 2024.

**The company's PAT is Rs.1.90 Cr. before prior period items. Prior period items is due to change of accounting policy in current financial year.*

Acuité believes, going forward, the ability of the company to mobilize additional funding through debt /equity and its ability to deploy the funds profitably while maintaining its asset quality will be key rating sensitivity.

Rating Sensitivity

- Promoter support and ability to raise capital
- Movement in collection efficiency and asset quality
- Movement in liquidity buffers
- Movement in profitability metric
- Changes in regulatory environment

Liquidity Position

Adequate

VHFPL overall liquidity profile remains adequate. The company has maintained unencumbered Rs. 7.81 Cr. cash

balance and Rs. 8.17 Cr. Deposit as on March 31, 2025. The borrowing profile of VHFPL of Rs. 199.47 Cr. as on March 31, 2025 comprised Term loans from NBFC/FI's and loans from promoters & promoter group. VHFPL has reported an on-time portfolio of ~93 percent as on March 31, 2025 and supported with an average Overall collection efficiency of 96 percent for 12 months ended March 31, 2025.

Outlook:

Stable

Other Factors affecting Rating

None.

Key Financials - Standalone / Originator

Particulars	Unit	FY25(Actual)	FY24(Actual)
Total Assets	Rs. Cr.	280.50	184.89
Total Income*	Rs. Cr.	28.99	23.01
PAT**	Rs. Cr.	1.90	3.18
Net Worth	Rs. Cr.	73.08	71.79
Return on Average Assets (RoAA)	(%)	0.82	2.15
Return on Average Net Worth (RoNW)	(%)	2.62	6.11
Debt/Equity	Times	2.73	1.47
Gross NPA	(%)	2.25	2.64
Net NPA	(%)	1.76	1.79

*Total income equals to Net Interest Income plus other income

**The company's PAT is Rs.1.90 Cr before prior period items. Prior period items is due to change of accounting policy in current financial year.

Status of non-cooperation with previous CRA (if applicable):

Not Applicable

Any other information

None.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Jul 2024	Term Loan	Long Term	3.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	2.57	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	1.82	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	1.72	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	2.68	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	2.59	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	3.13	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	0.83	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	2.25	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	2.20	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	4.08	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	1.08	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	0.79	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	1.23	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	1.83	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	1.13	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	3.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	0.41	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	0.25	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	4.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	0.65	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	1.34	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	0.78	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	0.31	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	1.11	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
Term Loan	Long Term	0.73	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)	
Term Loan	Long Term	0.16	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)	
Term Loan	Long Term	0.93	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)	
Term Loan	Long Term	4.45	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)	

	Term Loan	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	5.86	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	48.09	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	40.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
10 Apr 2023	Term Loan	Long Term	0.16	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.73	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.11	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.31	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.78	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.34	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.65	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.25	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.41	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.13	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.83	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.23	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.79	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.08	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.08	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.20	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.25	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.83	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.13	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.59	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.68	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.72	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.82	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.57	ACUITE BBB- Stable (Reaffirmed)
Term Loan	Long Term	3.00	ACUITE BBB- Stable (Reaffirmed)	
		Long		

	Term Loan	Term	0.93	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.45	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	5.86	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	48.09	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	40.00	ACUITE BBB- Stable (Assigned)
18 Jan 2022	Proposed Long Term Bank Facility	Long Term	60.00	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	28.55	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.08	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.96	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.92	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.82	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.76	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.91	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.78	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.05	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.74	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.62	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.62	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.66	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.53	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	48.09	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	68.57	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2029	5.86	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Hinduja Leyland Finance Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Dec 2025	4.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Incred Capital Finacial Services Private Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Aug 2025	3.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Rar Fincare Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Feb 2026	0.79	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Hinduja Housing Finance Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Dec 2027	4.08	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Rar Fincare Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Apr 2026	0.83	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Netafim Agricultural Financing Agency Pvt. Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Aug 2025	2.68	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Sundaram Home Finance Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Sep 2025	1.72	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Rar Fincare Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	19 Oct 2026	0.93	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Caspian Impact Investment Private	Not avl. / Not	Term Loan	Not avl. / Not appl.	Not avl. / Not	30 Dec 2025	4.45	Simple	ACUITE BBB- Stable Upgraded (

Ltd.	appl.			appl.				from ACUITE BB+)
Manaveeya Financial Services Ltd. (OIKO)	Not avl. /Not appl.	Term Loan	Not avl. /Not appl.	Not avl. /Not appl.	08 Dec 2025	5.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)

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