

Ref. No. AAVAS/SEC/2025-26/513

Date: August 12, 2025

To, The National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Mumbai – 400051	To, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001
Scrip Symbol: AAVAS	Scrip Code: 541988

Dear Sir/Madam,

Sub: Investor Release on the Financial and Operational Performance of the Company for Quarter ended June 30, 2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Investor Release on the Financial and Operational performance of the Company for the Quarter ended June 30, 2025.

This Investor Release may also be accessed on the website of the company at <https://www.aavas.in/investor-relations/investor-intimation>.

You are requested to take the same for your record.

Date and time of occurrence of event/information: August 12, 2025 and Board Meeting concluded at 03:49 P.M.

Thanking You,

FOR AAVAS FINANCIERS LIMITED

**SAURABH SHARMA
COMPANY SECRETARY AND COMPLIANCE OFFICER
(ACS: 60350)**

Enclosed: a/a

Aavas Financiers Limited

Q1FY26 Results

- **AUM of Rs. 207 bn; Growth of 16% YoY**
- **PAT at Rs. 1.4 bn; Growth of 10% YoY**
- **Spread at 5.11% and NIM at 7.48%**
- **Net Stage 3 at 0.84%; 1+ DPD at 4.15%**
- **Positive ALM & Strong Capital Base**

Investor Release: 12th Aug 2025, Mumbai

Aavas Financiers Limited has declared Audited Financial Results for the quarter and year ended 30th Jun 2025.

Key Performance Metrics for Q1FY26:

Particulars (Rs. mn)	Q1FY26	Q1FY25	Y-o-Y
Assets under Management (AuM)	2,07,397	1,78,415	16%
Net Interest Margin (Rs.)	3,543	3,064	16%
Operating Profit (PPoP) (Rs.)	1,904	1,695	12%
Net Profit (Rs.)	1,392	1,261	10%
Net worth (Rs.)	45,098	39,033	16%
Spread (%)	5.11%	5.00%	Increased by 11 bps
Net Stage 3 (Overall)	0.84%	0.72%	Increased by 12 bps
Opex to Total Assets (%)	3.46%	3.27%	Increased by 19 bps
Active Loan Accounts (No.)	2,50,694	2,23,658	12%

Performance Highlights:

- Assets under Management (AuM) of the company registered a growth of 16% to reach 207.4 bn as on 30-Jun-25.
- Disbursements during Q1FY26 stood at Rs 11.5 bn factoring one time impact of transitioning to realization basis disbursement recognition model.
- Our Net profit for Q1FY26 grew by 10% YoY to Rs 1.39 bn, led by a robust 14% YoY growth in Net Interest Income.
- Opex to Assets ratio saw a decline of 25 bps QoQ in Q1FY26 at 3.46%, whereas on YoY basis there is an increase of 19 bps on account of the increase in ESOP costs.
- Our spread during the quarter expanded by 22 bps sequentially to 5.11% as AuM yield remained stable at 13.13% and our cost of borrowing declined to 8.02%.
- Our NIM in absolute terms has increased by 16% YoY in Q1FY26, while NIM as a percentage of total assets during Q1FY26 stood at 7.48% up 17 bps YoY.
- Our asset quality continues to be pristine, within the guided range with 1+ DPD well below 5% at 4.15% in Q1FY25 and Gross Stage 3 & Net Stage 3 stood at 1.22% and 0.84% respectively. Credit cost during Q1FY26 was 24 bps impacted by seasonality.
- In terms of the borrowing mix, 49% of our borrowings are from Term Loans, 25% is from Assignment, 14% from NHB Refinancing; 11% is from debt capital market.
- Net Worth grew by 16% YoY to Rs. 45.1 bn as on 30th June 2025.
- ROA stood at 2.94% and ROE stood at 12.56% in Q1FY26.
- The total number of branches stands at 397 as on 30th June 2025

Commenting on the performance, Mr. Sachinder Bhinder, Managing Director & Chief Executive Officer, said:

“Dear All,

*Q1 FY26 was a **landmark quarter** for Aavas, marking a pivotal moment in our journey. We successfully concluded the change in promoter process and are proud to welcome **CVC Capital Partners** as our new promoter. The trust and conviction shown by CVC in Aavas is a strong testament to the strength of our franchise and the vast opportunity in the affordable housing finance sector in India. Their global perspective, institutional depth, and strategic insight position Aavas to accelerate into its next phase of growth and innovation.*

*I would like to take this opportunity to express my sincere gratitude to the visionary leadership of our former promoters, **Kedaara Capital and Partners Group**. Under their stewardship, what began as an ambitious proof of concept has grown into a scalable institution—one that has transformed lives and made affordable homeownership a reality for thousands of families.*

*This quarter also marks a significant milestone in our commitment to governance, transparency and putting the customer at the center of everything we do. We’ve taken a **historic step by transitioning to a realisation-based model for disbursement recognition** - a forward-looking and conservative approach that reflects our intent to stay one step ahead, aligning not just with regulatory expectations, but with their true spirit*

*Our strategic focus remains on **optimizing yield and credit quality**. We achieved a **35 bps** YoY improvement in yield this quarter, driven by targeted initiatives to optimize mix and pricing.*

*Further, our proactive liability management has helped reduce our cost of borrowings by 22 bps QoQ, enabling us to deliver a **healthy spread above 5%, at 5.11%**. Aavas maintains a well-diversified liability franchise supported by prudent cash flow management. As of June 2025, we remain well-capitalized with a Capital to Risk (Weighted) Assets Ratio (CRAR) of 43.2%.*

*Following the successful completion of our technological transformation, we have begun to realize measurable improvements. As of June 2025, the **turnaround time** from login to sanction has been **reduced to 6 days**, a significant enhancement from the earlier peak of 13 days. Our paper usage has been cut by 59% and have **rolled out digital agreement in 120 branches**.*

Aligned with our strategy of contiguous growth, we continue to expand our footprint in both core and emerging markets. Our branch network now spans 397 branches across 14 states.

Our strong underwriting standards and tech-enabled collection efforts have enabled us to preserve the pristine asset quality of the portfolio. As of June 2025, the 1+ days past due metric stands at 4.15%, while Gross Stage 3 remains contained at 1.22%, reflecting the portfolio’s overall health.

***Government** initiatives such as the Interest Subsidy Scheme (ISS) under **PMAY 2.0**, combined with a supportive interest rate environment, continue to bolster homebuyer sentiment and improve affordability. I’m pleased to report that over **450 Aavas customers** have benefited from these schemes, **receiving subsidies** totaling **more than Rs 15 million**.*

*We also want to acknowledge the **NHB** for its continued leadership in promoting transparency, governance, inclusion, diversity, and capability-building in the sector. We’re proud to share that **Aavas** has won the **“Product Innovation”** award at **NHB’s inaugural Housing Finance Excellence Awards 2025**.*

Our firm commitment to Governance, Asset Quality, Profitability, and Growth remains paramount. By harnessing advanced technology and delivering exceptional customer experiences, we are confident in a bright future. Our strategic initiatives are poised to drive sustainable growth and maximize shareholder value.”

About Aavas Financiers Limited

Aavas Financiers Limited, incorporated in 2011 in Jaipur is a retail, affordable housing finance company, primarily serving low- and middle-income self-employed customers in semi-urban and rural areas in India. A majority of our customers have limited access to formal banking credit. The Company's product offering consists of home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units, Loan against property and MSME loans. The Company has in-house execution model leading to superior business outcomes.

Safe Harbor Statement

This document may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company's management as the date of this press release and the companies do not assume any obligation to update their forward looking statements if those beliefs, opinions, expectations, or other circumstances should change, These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Consequently, readers should not place any undue reliance on such forward-looking statements.

For more Information, please contact:

Aavas Financiers Limited

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