

IPO NOTE

Issue Details

Price Band: ₹ 122 to ₹ 129
Issue Opens on: February 9, 2026
Issue Closes on: February 11, 2026
Lot Size: 116 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 1,010 Cr.
Face Value: ₹ 2

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	710.00
Offer for Sale	300.00
Total	1,010.00

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	75	757.50
HNI	15	151.50
Retail	10	101.00
Total	100	1,010.00

Listing

BSE & NSE

Lead Managers

- Axis Capital Limited
- JM Financial Limited
- IIFL Capital Services Limited
- Nuvama Wealth Management Ltd.

Registrar

KFin Technologies Limited

Contact Details

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COMPANY OVERVIEW

Aye Finance ("AFL") is a non-banking financial company - middle layer ("NBFC-ML") focused on providing loans to micro, small and medium enterprises ("MSMEs") across India. They offer a range of business loans for working capital and business expansion needs, secured by hypothecation of working assets or by security of property, to customers across the manufacturing, trading, service, and allied agriculture sectors. They are among the leading NBFCs providing business loans to the largely underserved micro scale enterprises in India, with 586,825 active unique customers across 18 states and 3 union territories and with assets under management ("AUM") of ₹ 60,276.22 million, as of September 30, 2025.

They offer small-ticket business loans with an average ticket size ("ATS") at disbursement of ₹1.8 Lakh to micro enterprises. Their expertise in underwriting the business cash flows of a variety of business clusters has enabled them to maintain stable credit costs and profitably scale up their operations. They are the most geographically diversified lender among the Peer MSME-focused NBFCs.

The company operates SwitchPe, a supply chain finance platform tailored for micro and small enterprises. The platform features an intuitive user interface that allows shop owners to explore products and manage payments efficiently, with the added benefit of cashback on full repayments. As of September 30, 2025, they had 2,304 users on the SwitchPe platform.

HIGHLIGHTS

1. Leading Lender of Small-Ticket Loans to Micro Scale MSMEs with Comprehensive Product Offerings and Focus on Serving Large and Unaddressed TAM (Total Addressable Market)
2. Strong Sourcing Capabilities Supported by a Diversified Pan-India Presence and High Customer Retention
3. Effective Underwriting Methodology
4. Robust Multi-Tiered Collection Capabilities
5. Building Resilience through Technological Prowess
6. Access to Diversified Lender Base and Cost-Effective Financing

OBJECTS OF THE ISSUE

1. Augmenting their capital base to meet the company's future capital requirements arising from the growth of their business and assets
2. General corporate purposes

Offer for sale of equity shares aggregating up to ₹ 300 Cr. The company will not receive any proceeds from the Offer for Sale.

OUR VIEW

Incorporated in 1993, Aye Finance is a registered NBFC offering secured and unsecured loans primarily to micro and small and medium enterprises across India. The company focuses on providing working capital and business expansion loans to enterprises in manufacturing, trading, services, and allied agriculture sectors.

They consider low borrowing costs as essential to pricing their loan products attractively, driving business growth, increasing their margins and maintaining a competitive position in the micro scale MSME loans market. Diversifying their funding mix and liability profile is a key focus area for them.

However, risks to consider are Intense Competition, Regulatory Risks, Asset Quality Risk, High dependence on Borrowed funds, Default by borrowers, Negative cash flows from operating activities in the past, Interest Rate Risk, Subject to various covenants and obligations under their financing arrangements, Change in Credit Rating may adversely affect the business, results of operations, cash flows and financial condition

On the financial front, the Revenue grew at CAGR of 53% and PAT at 110% from FY23-FY25 and at the same time AUM grew at CAGR 42.6%. its ROE improved from 5.46% in FY23 to 15.26% in FY25 & 7.63% in H1FY26. Its NPA improved to 1.15% in FY25 from 1.28% in FY23. Capital Adequacy Ratio stood at 32.27% as at H1FY26. It has also recorded the highest growth in AUM per branch and AUM per employee between FY23-FY25 among the Peer MSME Focused NBFCs. Aye Finance Default rate grew to 38.52% in H1FY26 from 29.54% in FY23.

The issue is priced at a P/BV of 1.45 based on its NAV of Rs. 88.66 as of 1HFY26 and by annualizing FY26 earnings, asking price is at a P/E of ~20x. Industry average P/E is 19.70x. The issue is fully priced.

Aye Finance offers exposure to India's growing micro MSME sector. Considering NBFC sector volatility and risk and looking at all the factors, risks, opportunities and valuation, Investors may invest with Long term horizon to the issue.

Brief Financials

PARTICULARS	As at Sep. 30, 2025	₹ in Million		
		FY '25	FY '24	FY '23
Total Income	8,630.22	15,049.87	10,717.50	6,433.35
Total Expenditure	7,804.44	12,799.75	8,438.94	5,719.39
AUM	60,276.22	55,338.96	44,632.91	27,215.51
Profit before Tax	825.78	2,250.12	2,278.56	713.96
Profit after Tax	645.97	1,752.52	1,716.79	398.73
E.P.S. (Diluted)	3.32*	9.34	10.50	2.54
P/E (x) (Diluted)	-	14	-	-
ROE (%)	7.63*	12.12	17.28	5.46
Net Interest Margin (%)	14.12	15.31	15.56	13.54
Net NPA ratio (%)	1.78	1.40	0.91	1.28

*Not annualised

PRICE CHART (@ ₹ 129) (Retail Category)

LOT SIZE	Amount
116	14,964
232	29,928
348	44,892
464	59,856
580	74,820
696	89,784
812	104,748
928	119,712
1,044	134,676
1,160	149,640
1,276	164,604
1,392	179,568
1,508	194,532

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	1,624	209,496
Big HNI	7,772	1,002,588

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	12/2/2026
Initiation of refunds/unblocking ASBA Fund	13/2/2026
Credit of Equity Shares to demat accounts of Allottees	13/2/2026
Commencement of trading of the Equity Shares on the Stock Exchanges	16/2/2026

For more details, Please refer RHP,

https://www.sebi.gov.in/filings/public-issues/feb-2026/aye-finance-limited-rhp_99484.html

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