

Aye Finance Ltd

IPO Note



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Empowering India's Micro-Entrepreneurs Through Data-Driven MSME Lending

Aye Finance Limited, incorporated in 1993, is a non-banking financial company (NBFC–Middle Layer) focused on providing credit solutions to micro and small enterprises (MSEs) across India. The company primarily caters to underserved and informal MSMEs by offering secured and unsecured business loans for working capital and business expansion. Its product suite includes hypothecation loans, mortgage-backed loans, and other tailored MSME credit offerings. Aye Finance leverages a data-driven underwriting framework, field-based sourcing, and technology-led credit assessment to address structural credit gaps in the micro-enterprise segment.

Operationally, Aye Finance has demonstrated consistent scale-up across assets, profitability, and customer reach. As of FY25, the company reported Assets Under Management (AUM) of INR 5,533.9 Cr, up from INR 4,463.3 Cr in FY24. On-book AUM stood at INR 5,157.3 Cr, while off-book AUM was INR 416.3 Cr. Total assets increased to INR 6,338.6 Cr in FY25. The company served a large and diversified borrower base, with 5,86,825 active customers as of September 2025, making it one of the largest MSME lenders in India by customer count

Profitability metrics remain robust for the segment. In FY25, Aye Finance reported a Net Interest Margin (NIM) of 15.31%, supported by high yields on micro-enterprise loans and disciplined funding costs. The company generated a Return on Equity (RoE) of 12.12% and a Return on Average Assets (RoAA) of 3.13%, reflecting improving operating leverage as the loan book continues to season. Profit after tax stood at INR 175.3 Cr in FY25

Asset quality indicators remain controlled despite the unsecured nature of a part of the portfolio. As of FY25, Gross NPA stood at 4.21%, while Net NPA was contained at 1.40%, supported by a Provision Coverage Ratio (PCR) of 67.56%. The company also reported a low Stage-2 portfolio of 1.8% of gross loans, among the lowest within the peer set, highlighting prudent underwriting and collection efficiency in the MSME segment.

Going forward, Aye Finance aims to deepen its presence in under-penetrated geographies, expand lending to micro-entrepreneurs, and further strengthen its proprietary credit analytics, risk management, and collection infrastructure. The company's strategy remains focused on scalable growth in MSME lending while maintaining portfolio quality and profitability discipline.

Industry	NBFC
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Scrip Details

Listing	BSE & NSE
Open Date	Feb 09, 2026
Close Date	Feb 11, 2026
Price Band	INR 122 – 129
Face Value	INR 2.0
Market Lot	116 Shares
Minimum Lot	1

Issue Structure

Issue Size (INR cr)	1,010.0
Issue Size (Shares)	5.5
QIB Share (%)	≥75
Non-Inst Share (%)	≤15
Retail Share (%)	≤10
Pre Issue sh. (cr)	19.2
Post Issue sh. (cr)	24.7
Post Issue Market Cap (cr)	3,183.5

Shareholding (%)	Pre(%)	Post (%)
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Promoter	100.0	68.3
Public	0.0	31.7
TOTAL	100.0	100.0

Key Consolidated Financial Data (INR Cr, unless specified)

	Interest Earned	NII	Net Profit	NIM (%)	EPS (INR)	BVPS (INR)	RoAE (%)	RoAA (%)	P/E (X)	P/B (X)
FY23	566.5	368.5	39.9	14.0	0.5	9.1	17.1	1.3	267.9	14.2
FY24	948.7	622.2	171.7	15.5	2.1	14.9	17.9	3.5	62.2	8.7
FY25	1326.0	858.0	175.3	17.2	2.1	20.0	13.8	2.8	60.9	6.4

Source: Ventura Research & Company update

Issue Structure and Offer Details

Aye Finance IPO is a bookbuilding of INR 1,010.0 cr. The issue is a mixture of fresh shares of 5.5 cr aggregating to INR 710.0 cr and offer for sale of 2.3 cr shares aggregating to INR 300.0 cr.

Issue Structure	
Investor Category	Allocation
QIB	Not less than 75% of the Net Offer
NII (HNI)	Not more than 15% of the Net Offer
Retail	Not more than 10% of the Net Offer

Number of shares based on a higher price band of INR 129

Source: Company Reports

Objects of the Issue:

The company proposes utilizing the Net Proceeds towards augmenting its capital base to meet the Company's future capital requirements and for General Corporate Purposes.

Financial Summary

Fig in INR Cr (unless specified)	FY23	FY24	FY25	Fig in INR Cr (unless specified)	FY23	FY24	FY25
Income Statement				Ratio Analysis			
Interest Income	566.5	948.7	1,326.0	Efficiency Ratio (%)			
Interest Expense	198.0	326.5	468.0	Int Expended / Int Earned	34.9	34.4	35.3
Net Interest Income	368.5	622.2	858.0	Int Income / Total Funds	18.1	19.5	20.9
YoY change (%)		68.8	37.9	NII / Total Income	57.3	58.1	57.0
Non Interest Income	76.9	123.1	179.0	Other Inc. / Total Income	11.9	11.5	11.9
Total Net Income	445.4	745.2	1,037.0	Ope. Exp. / Total Income	46.7	36.0	34.8
Total Operating Expenses	300.6	386.0	523.1	NIM(%)	14.0	15.5	17.2
Pre Provision profit	144.7	359.3	513.8				
YoY change (%)		148.2	43.0	Solvency			
Provisions & Exceptional Items	73.4	131.4	288.8	Gross NPA (Rs. Cr)	65.4	131.6	217.0
Profit Before Tax	71.4	227.9	225.0	Gross NPA (%)	2.5	3.2	4.2
YoY change (%)		219.1	(1.2)	Net NPA (Rs. Cr)	32.8	36.7	70.4
Tax	31.5	56.2	49.8	Net NPA (%)	1.3	0.9	1.4
Net profit	39.9	171.7	175.3	Capital Adequacy Ratio (%)	31.1	32.8	34.9
YoY change (%)		330.6	2.1	Tier I Capital (%)	31.1	32.8	34.9
Balance Sheet				Tier II Capital (%)	-	-	-
Cash & Balances with RBI	394.0	730.3	1,137.9	Per Share Data			
Investments	84.5	10.6	41.8	EPS	0.5	2.1	2.1
Loan and Advances	2,555.4	4,003.1	4,950.2	Book Value	9.1	14.9	20.0
Other Assets	92.1	125.6	208.8	Adj Book Value of Share	8.7	14.4	19.2
Total Assets	3,126.0	4,869.6	6,338.6	Valuation Ratio			
Borrowings	2,296.1	3,499.0	4,526.3	Price/Earnings (x)	267.9	62.2	60.9
Other Liability	75.4	138.0	153.4	Price/Book Value (x)	14.2	8.7	6.4
Equity	30.5	39.9	37.8	Price/Adj.Book Value (x)	14.8	8.9	6.7
Reserves	724.0	1,192.7	1,621.1	Return Ratio			
Total Liabilities	3,126.0	4,869.6	6,338.6	RoAA (%)	1.3	3.5	2.8
Dupont Analysis				RoAE (%)	17.1	17.9	13.8
% of Average Assets				Growth Ratio (%)			
Net Interest Income	11.8	12.8	13.5	Interest Income		67.5	39.8
Non Interest Income	2.5	2.5	2.8	Interest Expenses		64.9	43.3
Net Income	14.2	15.3	16.4	Other Income		60.1	45.5
Operating Expenses	9.6	7.9	8.3	Total Income		66.6	40.4
Operating Profit	4.6	7.4	8.1	Net profit		330.6	2.1
Provisions & Contingencies	2.3	2.7	4.6	Advances		56.7	23.7
Taxes	1.0	1.2	0.8				
ROAA	1.3	3.5	2.8				

Source: Company Reports

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