

- ✓ *The Company is a middle-layer NBFC focused on lending to MSMEs across India, offering business loans for working capital and expansion to customers in manufacturing, trading, services and allied agriculture sectors.*
- ✓ *It provides small-ticket loans with an average disbursement size of ₹0.18 million, secured by property or hypothecation of working assets, and is among the leading NBFCs serving underserved micro enterprises.*
- ✓ *As of Sep-25, the Company had 5,86,825 active unique customers across 18 states and 3 union territories, with AUM of ₹60,276.22 million and a diversified mix of secured and unsecured MSME loans.*
- ✓ *Its AUM grew at a CAGR of 42.60% between FY23 and FY25, supported by broad geographic diversification across four zones, stable credit performance and strong cash-flow based underwriting capabilities.*

Key Strengths:

- **Strong Financial Performance** : The Company has demonstrated strong financial performance, with revenue from operations increasing from ₹623 crore in FY23 to ₹1,460 crore in FY25 and PAT rising from ₹40 crore to ₹175 crore. A diversified funding base of 82 lenders, improving credit ratings, competitive borrowing costs and prudent asset-liability management provide funding stability, liquidity access and support sustainable growth.
- **Strong Growth Trajectory** : The Company has scaled AUM from ₹27,215.51 million in FY23 to ₹60,276.22 million as of Sep-25, alongside growth in active customers from 3,05,524 to 5,86,825. Its presence spans 415 districts through 568 branches, with no state exceeding 15.77% of AUM, reflecting strong diversification and operational efficiency.
- **Differentiated Underwriting Framework** : The Company has developed a differentiated, cluster-based underwriting framework built on cash-flow assessment and deep understanding of over 70 business clusters as of Sep-25. Supported by proprietary data analytics, centralized approvals, local branch insights and field vigilance, this phygital approach enhances underwriting quality, controls risk and creates a high barrier to entry for new competitors.
- **Robust Collection Framework** : The Company has established a technology-enabled, multi-tier collection framework combining ACH mandates, digital reminders, machine learning models and a large in-house field force. With over 6,000 collection personnel and data-driven prioritisation, the Company has tightly managed delinquencies, achieving Stage 2 assets of 1.65% as of Sep-25, the lowest among peer MSME-focused NBFCs.

Issue Constitution

Fresh Issue (₹ cr)	710.00
Offer for sale (₹ cr)	300.00

Issue Details

Price Band (Rs.)	122 – 129
Face Value (Rs.)	2
Issue Size (Rs.)	1,010 crores
Post Issue Implied Market Cap (₹ cr)	3,011 – 3,184
Issue Type	Book Built Issue
Lot Size	116 shares
Issue Opens	Feb 09, 2026
Issue Closes	Feb 11, 2026

Issue Breakup	No of Shares	% of Issue
QIB	5,87,20,929	75
NIB	1,17,44,186	15
Retail	78,29,457	10
Total	7,82,94,572	100

Shareholding Pattern

	Total Shares (Pre Issue)	Total Shares (Post Issue)
	19,17,45,507	24,67,84,266
(%)	Pre Issue	Post Issue
Promoters & Promoter Group	98.81%	76.77%
Public & Others	1.19%	32.65%
Total	100%	100%

Object of Issue	% of Fresh Issue
Augmenting the Company's capital base to support future capital requirements arising from the growth of its business and asset base.	100%

Aye Finance Ltd

Key Strengths:

- **Scalable Phygital Platform** : The Company operates a scalable phygital model integrating physical reach with a cloud-based digital technology stack to efficiently originate, underwrite and service small-ticket MSME loans. End-to-end automation, advanced data science and AI/ML models enable paperless, cashless and secure operations, supporting over 70 automated business clusters, high straight-through processing and an enhanced customer experience through a dedicated mobile application.
- **Experienced Leadership Team** : The Company is led by an experienced management team with deep expertise across banking, finance, technology and risk management, supported by a seasoned senior leadership and zonal heads with proven execution capabilities. Backed by reputed global and domestic investors and guided by an experienced Board, the leadership provides strong governance, strategic direction and the ability to deliver sustained growth and profitability.

Key Risks:

- **Credit Risk Exposure** : The Company faces credit risk from borrower defaults, which may adversely impact financial performance. Its Gross NPA ratio increased from 2.49% as of Mar-23 to 4.85% as of Sep-25.
- **Unsecured Portfolio Risk** : A significant portion of the Company's portfolio comprises unsecured loans, which accounted for 37.97% of AUM as of Sep-25, exposing it to higher recovery risk that may adversely affect financial performance.
- **Interest Rate Risk** : The Company is exposed to interest rate risk, as interest income constituted 85.03% of total income for the six months ended Sep-25, and rate volatility may adversely impact margins and cash flows.
- **Securitization Performance Risk** : Deterioration in the performance of securitized receivables may adversely affect the Company's financial results. As of Sep-25, borrowings through pass-through certificates amounted to ₹10,205.77 million, representing 19.56% of total borrowings.
- **Legal and Regulatory Risk** : The Company and its Directors are involved, or may be involved, in legal and regulatory proceedings, and any adverse outcome could materially and adversely affect its business, financial condition, cash flows and results of operations.

Our Observations :

Aye Finance demonstrates strong growth potential in India's underserved MSME credit market, with rapidly expanding assets under management, diversified loan products tailored to micro enterprises, an innovative cluster-based underwriting and 'phygital' model that blends technology with physical outreach, and improving financial performance supported by rising revenues and profits. However, the company faces notable challenges including rising gross non-performing assets and elevated credit risk due to lending to first-time and informal borrowers with thin credit histories, significant unsecured loan exposure, execution and cybersecurity risks from heavy technology reliance, and intense competition in the NBFC sector, which could pressure margins and asset quality.

Key Consolidated Financial Data (INR Cr, unless specified):

	Revenue From Operations	Profit Before Tax	Net Profit	PBT Margin	PAT Margin	Basic EPS
H1FY26	844	83	65	10%	8%	3.37
FY25	1,460	225	175	15%	12%	9.51
FY24	1,040	228	172	22%	17%	10.62
FY23	623	71	40	11%	6%	2.57

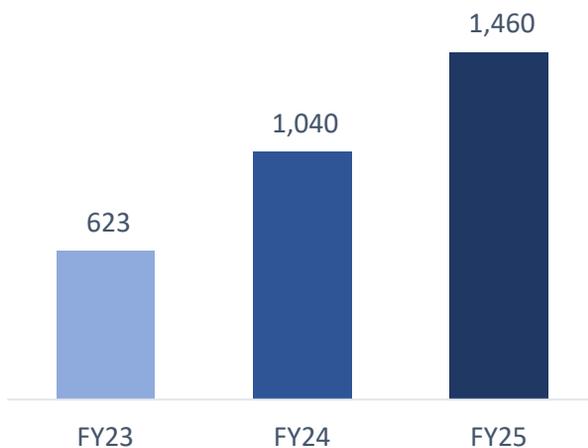
Aye Finance Ltd

Comparison with Industry Peers (As on 30th September 2025)

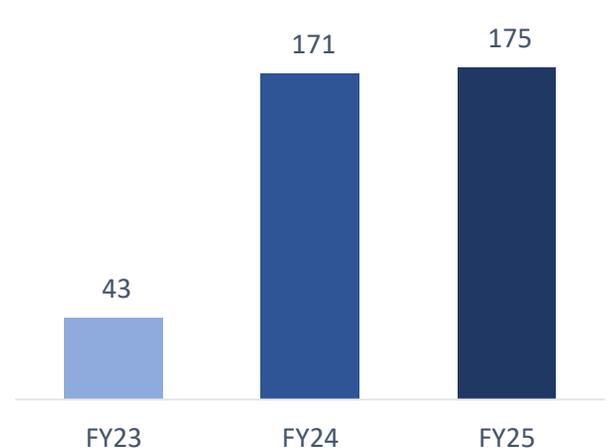
KPI	Unit	Aye Finance Ltd	SBFC Finance Ltd	Five Star Business Finance Ltd
Number of Branches	Nos	568	220	800
Presence	States/UTs	21	18	11
Assets Under Management (AUM)	₹ mn	60276.22	99,380	1,28,471
Total Disbursements	₹ mn	23167.95	16,240	24,860
Disbursement Growth (YoY)	%	15.03	34.66	-3.23
Net Interest Income (NII)	₹ mn	4749.66	4804.14	11705.39
Net Interest Margin (NIM)	%	14.12	10.43	15.68
Operating Expense / Avg Total Assets	%	9.45	4.52	5.29
Cost of Borrowings	%	11.21	8.88	9.01
Profit After Tax (PAT)	₹ mn	645.97	2100.26	5524.5
Return on Equity (RoE)	%	7.63	12.68	16.85
Return on Total Assets (RoTA)	%	1.92	4.56	7.4
Gross NPA	%	4.85	2.77	2.64
Net NPA	%	1.78	1.51	1.46
Provision Coverage Ratio (PCR)	%	64.47	46.17	45.19
Capital Adequacy (CRAR)	%	32.27	34.05	51.04
Debt to Equity	Times	3.02	1.8	1.23
P/E Ratio*	Times	13.6**	22.2	11.7

Revenue from Operations and Profit After Tax from FY23 to FY25 of the Company (In Crore)

Revenue from Operations:



Profit After Tax:



Source: RHP

*P/E Ratio taken as on 3rd Feb 2026

**EPS as on FY25 and Price @Upper Limit taken for calculation

COMPANY FINANCIALS:

Consolidated Statement of Profit And Loss

Particulars (₹ in Crores, unless otherwise stated)	H1FY26	FY 25	FY 24	FY 23
Total Income	863	1,505	1,072	643
Total expenses	780	1,280	844	572
Profit/(loss) before tax	83	225	228	71
Total tax expense	18	50	56	32
Profit after tax	65	175	172	40
Earnings per equity share (₹)				
– Basic	3.37	9.51	10.62	2.57
– Diluted	3.32	9.34	10.50	2.54

Key Operational and Financial Performance Indicators

Particulars	H1FY26	FY25	FY24	FY23
Number of Unique Customers	5,86,825	5,54,699	4,54,586	3,05,524
Repeat Retention Rate (%)	41.16	49.54	49.59	41.18
Repeat Loans Disbursed (₹ mn)	11,768.80	19,076.76	14,897.96	6,048.80
Number of Active Accounts	5,89,352	5,57,760	4,58,262	3,11,013
AUM (₹ mn)	60,276.22	55,338.96	44,632.91	27,215.51
Gross Disbursements (₹ mn)	23,167.95	42,913.39	39,389.34	23,570.93
Number of Branches	568	526	478	398
ATS on Disbursement (₹ mn)	0.18	0.16	0.15	0.13
Number of Employees	10,459	9,102	6,825	5,724
Net Interest Margin (%)	14.12	15.31	15.56	13.54
Gross NPA (%)	4.85	4.21	3.19	2.49
Net NPA (%)	1.78	1.40	0.91	1.28
Provision Coverage Ratio (%)	64.47	67.56	72.14	49.82
Credit Cost (%)	5.14	5.15	3.29	2.70
ROA (%)	1.92	3.13	4.29	1.47

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Single SEBI Regn. No.: INZ000317534

Depository Participant (DP) CDSL DP ID: 12012200

Single SEBI Regn. No.: IN-DP-788-2024

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