

Aye Finance Ltd.

'HIGH RISK SUBSCRIBE'

09-02-2026 TO 11-02-2026

Industry: Financial services / NBFC

Price Band: ₹122 to ₹129

Recommendation: Subscribe for long term

Post Implied Market Cap: ₹3,011 Cr - ₹3,184 Cr

Key Data

Issue Size (₹ Cr)	₹1,010.00
Fresh (₹ Cr)	₹710.00
OFS (₹ Cr)	₹300.00
No of shares offered (total issue)	7,82,94,572
Face Value (₹ /share)	2
Bid Lot	116 Shares

About the company

Aye Finance Ltd. is a prominent Gurugram-based Non-Banking Financial Company (NBFC) dedicated to bridging the credit gap for India's micro-enterprises. Founded in 2014 by Sanjay Sharma, it has pioneered a unique "cluster-based" lending approach to provide credit to small businesses that often lack the formal documentation required by traditional banks.

Investment Rationales

Niche Market Leadership: Dominates the "Missing Middle" micro-enterprises that are too large for microfinance but ignored by traditional banks.

Data-Driven Underwriting: Uses a proprietary "cluster-based" AI model to assess informal cash flows, creating a competitive edge against traditional lenders.

High Growth Momentum: Achieved a robust AUM CAGR of ~43% (FY23–FY25), reaching over ₹6,000 crore with a presence in 18+ states.

Strong Backing: Backed by high-tier investors like CapitalG (Google) and Elevation Capital, ensuring strong corporate governance and tech support.

Geographic Diversification: Operates 560+ branches with low state-wise concentration, significantly reducing regional economic and political risks.

Indicative Timetable

IPO Open Date	Mon, Feb 9, 2026
IPO Close Date	Wed, Feb 11, 2026
Allotment	Thu, Feb 12, 2026
Refunds	Fri, Feb 13, 2026
Credit of Shares	Fri, Feb 13, 2026
Listing Date	Mon, Feb 16, 2026

Shareholding (No. of shares)

Pre-Issue	19,17,45,507
Post-Issue	24,67,84,266

Issue Breakup

QIB	75%
NII	15%
Retail	10%

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoter and Promoter Group	-	-
Public	98.80%	99.10%
Others	1.20%	0.90%
Total	100%	100%

Other Details

BRLM: Axis Capital Limited, IIFL Capital Services Limited (formerly known as IIFL Securities Limited), JM Financial Limited, Nuvama Wealth Management Limited

Registrar: KFin Technologies Limited

Listing: BSE & NSE

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Risk

Default or non-payment risk by borrowers: Gross NPA increased from 2.49% in FY23 to 4.85% in H1 FY26.

Interest rate risk: Interest income accounts for 85-89% of total income on average and volatility in interest rates can affect margins.

Our views

Aye Finance Ltd. has established a dominant position in India's MSME lending sector, achieving a 42.6% AUM CAGR over the last three years to reach ₹6,028 Cr by September 2025. This scaling is underpinned by a unique "phygital" cluster-based underwriting model that allows the company to profitably bridge the credit gap for over 580,000 underserved micro-enterprises.

The company's financial trajectory shows strong revenue momentum, growing 40.4% to ₹1,505 Cr in FY 2025 with a healthy Net Interest Margin of 15.3%. While profit growth moderated in H1 FY 2026 due to rising credit costs, Aye maintains robust operational leverage and a high capital adequacy ratio of ~35%. This resilience is supported by a strategic pivot toward secured lending, with mortgage and hypothecation loans now constituting over 57% of the portfolio.

Despite a recent uptick in Gross NPAs to 4.85%, Aye Finance's backing from marquee investors like Alphabet's CapitalG provide a competitive edge in the high-growth "missing middle" segment. We recommend a 'Subscribe' rating for high risk takers only.

CONSOLIDATED FINANCIALS – BASIC FINANCIAL DETAILS

Financial Performance Indicators	Unit	Fiscal 2023	Fiscal 2024	Fiscal 2025
Total Interest Income	₹ Cr	566.49	948.69	1325.96
Total Income	₹ Cr	643.34	1071.75	1504.99
Finance cost	₹ Cr	197.96	326.53	468.00
Net Interest Income (NII)	₹ Cr	368.53	622.16	857.96
Operating expense	₹ Cr	294.06	379.78	519.53
Profit After Tax (PAT)	₹ Cr	39.87	171.68	175.25
Return On Equity (RoE)	%	5.46%	17.28%	12.12%
Net Interest Margin (NIM)	%	13.54%	15.56%	15.31%
Yield on Gross Advances	%	25.54%	27.65%	28.02%
Yield on Net Advances	%	26.19%	28.43%	29.10%
Operating Performance Indicators	Unit	Fiscal 2023	Fiscal 2024	Fiscal 2025
Number of Branches	Nos	398	478	526
Number of States/UTs	Nos	21	21	21
Assets Under Management (AUM)	₹ Cr	2721.55	4463.29	5533.90
AUM Growth YoY	%	57.45%	64.00%	23.99%
AUM per Branch	₹ Cr	6.84	9.34	10.52
AUM Mix by Product				
Hypothecation secured	%	63.60%	51.94%	43.62%
Hypothecation unsecured	%	30.26%	37.91%	39.68%
Saral Property Loans	%	4.27%	2.65%	1.98%
Mortgage loans	%	1.86%	7.50%	14.72%
Disbursement Overview				
Disbursements Total	₹ Cr	2357.09	3938.93	4291.34
Disbursement Growth YoY	%	80.72%	67.11%	8.95%
Avg. ticket size (Overall)	₹ Cr	0.013	0.015	0.016

Source: Company RHP

Aye Finance Ltd. IPO Peer Comparison

(As on March 31, 2025)

Company Name	EPS (Basic)	EPS (Diluted)	NAV (₹ per share)	P/E (x)	RoNW (%)	P/BV Ratio
Aye Finance Limited	9.51	9.34	90.00	13.56	12.12	
Sbfc Finance Limited	3.21	3.15	29.61	27.32	11.57	2.97
Five-star Business Finance Limited	36.61	36.5	215.22	12.07	18.65	2.05

Notes:

All the financial information for the Company mentioned above is based on the Restated Financial Statements for the year ended March 31, 2025.

P/ E ratio for Aye Finance Ltd. is implied and not actual (calculated based on upper price band and Diluted EPS).

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