

February 9, 2026

Lender focused on small MSME loans....

About the Company: Aye Finance Limited is a non-banking finance company focused on bridging the credit gap for the underserved micro, small, and medium enterprise (MSME) sector. Founded in 2014, by Sanjay Sharma and Vikram Jetley, the company primarily lends to under-served borrowers across manufacturing, trading and service segments.

- As on September 2025, AUM stood at ₹6027.6 crore, catering to a wide customer base of ~5.9 lakhs.
- As of September 2025, the company has ~568 branches across 18 states and 3 UTs.

Key triggers/Highlights:

- Aye Finance targets micro-scale businesses with annual turnover of ₹20 lakh–1 crore and minimum operating history of two years, predominantly in semi-urban areas, across manufacturing, trading, services and allied agriculture.
- The company maintains a granular portfolio with an ATS on disbursement of approximately ₹ 1.8 lakh.
- Aye Finance's AUM mix comprised of ~41% secured hypothecation loans, ~38% unsecured hypothecation loans, ~2% Saral property loans and ~19% mortgage loans.
- As of September 30, 2025, ~90.9% of customers owned their residence or place of business, ~37.2% of newly sourced customers were new-to-credit, highlighting deep penetration into underbanked yet established MSMEs.
- Aye Finance follows a cluster-based underwriting framework built on deep understanding of 70+ micro-enterprise business clusters, combining field-led cash-flow assessment, proprietary data science models to reduce subjectivity, and centralised credit approvals, supported by strong on-ground vigilance and collections integration.

Our View & Rating

- Aye Finance is a well-established niche MSME lending franchise lending to under-served segment. While business growth remained robust, relatively higher credit cost remains a drag on return ratios. Stabilization in credit cost, with diversification into secured mortgage segment remains key monitorable.
- At upper price band, the company is valued at ~1.4x H1FY26 BV. We assign UNRATED rating on Aye Finance.

Key risk & concerns

- Unsecured loans at 38% of book (as of Sep 2025)
- Company typically serves micro scale MSMEs in Tier II, Tier III and Tier IV cities, with relatively higher risk of default



IPO Details

Issue opens	9th Feb 2026
Issue closes	11th Feb 2026
Issue size	₹1010 crore
QIB (Institutional) shares	75% of issue
Non-institutional shares	15% of issue
Retail share	10% of issue
Issue type	OFS + Fresh issue
Price band (₹/share)	₹122 - ₹129
Market lot	116 shares
Face value (₹/share)	₹2
Listing market cap @ upper price band	₹3184 crore

Shareholding pattern

	Pre issue	Post issue
Promoter	0.0	0.0
Public	100.0	100.0
Total	100.0	100.0

Objects of the issue

Net proceeds of the fresh issue will be utilised towards augmenting capital base to meet future capital requirements arising out of growth of business and assets

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Key Financial Summary

₹ crore	FY23	FY24	FY25	Q2FY26	2 year CAGR (FY23-FY25)
NII	369	622	858	475	53%
PPP	145	359	514	255	88%
PAT	40	172	175	65	110%
BV (₹)*	41.7	68.1	87.8	99.9	45%
P/E	50.2	12.1	13.6	48.7	
P/BV	3.1	1.9	1.5	1.3	
RoA	1.5	4.3	3.1	1.9	
RoE	5.5	17.3	12.1	7.6	

Source: RHP, ICICI Direct Research; Valuation at upper limit of price band including fresh issue; *No. of shares adjusted for CCPS conversion in FY25; Numbers for Q2FY26 are non-annualised

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, subscribe for the long term, Unrated and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Unrated: No View on applying for the IPO

Subscribe only for long term: Apply for the IPO only from a long-term investment perspective (>two years)

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