



**AYE [आय]**



# AYE FINANCE LTD

## Price Band

₹122 to ₹129

## Issue Opens

9 Feb to 11 Feb, 2026

### Face Value

₹2

### Issue Size

₹1,010 Cr

### Lot Size

116 Shares

### Listing At

NSE, BSE

## Aye Finance Ltd Info

<b>Issue Size</b>	7,82,94,572 shares / ₹1,010 Cr
<b>Fresh Issue</b>	5,50,38,759 shares / ₹710 Cr)
<b>Offer for Sale</b>	2,32,55,813 shares of ₹2 / ₹300 Cr
<b>Retail Quota</b>	Not more than 10% of the Net Issue
<b>Retail Min/Max</b>	₹14,964 / ₹1,94,532

## Aye Finance Ltd Timeline

<b>Tentative Allotment</b>	Thu, Feb 12, 2026
<b>Initiation of Refunds</b>	Fri, Feb 13, 2026
<b>Credit of Shares to Demat</b>	Fri, Feb 13, 2026
<b>"Aye Finance Ltd" Listing Day</b>	Mon, Feb 16, 2026



## Objects of The Offer

The Offer comprises a Fresh Issue of Equity Shares by the Company and an Offer for Sale by the Selling Shareholders. The objectives of the Offer are as follows:

**Utilisation of Net Proceeds from the Fresh Issue:** The Company proposes to utilise the Net Proceeds from the Fresh Issue towards the following purposes:

- Augmenting our capital base to meet our Company's future capital requirements arising out of growth of our business and assets.
- Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, including enhancement of our Company's brand name and creation of a public market for our Equity Shares in India.

## About The Company and Business Overview

**Aye Finance Ltd** is a non-banking financial company middle layer ("NBFC-ML") focused on providing loans to micro scale micro, small and medium enterprises ("MSMEs") across India. The Company offers a range of business loans for working capital and business expansion needs, against hypothecation of working assets or against security of property to customers across manufacturing, trading, service and allied agriculture sectors. The Company is among the leading nonbanking financial companies ("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. (Source: CRISIL Report) The Company offers small-ticket business loans with an average ticket size ("ATS") on disbursement of ₹ 0.18 million to micro enterprises. The Company's expertise in underwriting business cash flows of a variety of business clusters has enabled it to maintain stable credit costs and allowed it to profitably scale up its operations.

Salient aspects of the Company's business are - Diversified Growth, Right Product Market Fit, Unique Underwriting Capabilities and Field Collections, Technology-Driven Operational Efficiency, Financial Performance



In India, 98% of MSMEs are classified as micro enterprises, highlighting a substantial TAM for financial services. The emerging self-employed individuals and MSME segment is largely unaddressed by lending institutions in India. (Source: CRISIL Report) As of Fiscal 2025, MSME credit demand is estimated to be around ₹ 159 trillion, of which 27% to 28% of demand is met through formal financing. (Source: CRISIL Report) As of Fiscal 2025, total addressable credit demand is estimated at approximately ₹ 76 trillion, out of which current formal financing stands at approximately ₹ 42 trillion, taking the total addressable MSME credit gap to around ₹ 34 trillion, which needs to be met by financial institutions. (Source: CRISIL Report) Despite the significant demand, only a very limited number of organized NBFCs or banks serve these customers. Barriers to entry in this market include high operational costs for servicing small-ticket loans, nuanced underwriting owing to limited or no available credit histories of borrowers, limited availability of data for underwriting and stringent regulatory requirements, which make it challenging for new entrants to effectively cater to this underserved segment. These discrepancies present a significant opportunity for financial institutions to address the unmet needs of this sector.

The Company's target customers are micro scale businesses with annual turnovers ranging from ₹ 2.00 million to ₹ 10.00 million, predominantly located in semi-urban areas. The industries served include manufacturing, trading, service and allied agriculture. Customers operate with a permanent business setup and have been in the same line of business for at least two years. The Company aims to ensure that its customers are business owners that have established businesses. As of September 30, 2025, over 90.86% of the Company's customers owned their residence or place of business or both, and 94.04% employed five or less employees (excluding direct assignment purchases). Further, as of September 30, 2025, 37.17% of newly sourced customers were new to credit. In the absence of availability of loans from formal lenders, such customers' need for credit is met through informal sources such as money lenders, chit funds and personal sources such as friends and relatives, and the interest rates for loans from such sources generally range between 36% to 60% per annum

## FINANCIAL RATIOS:

Name Of The Company	ROCE	ROE	P/E	INDUSTRY PE	EV/EBITDA
SBFC Finance Limited	11.6%	11.6%	27.32	19.7	14.3
Five-Star Business Finance Limited	16.3%	18.6%	12.07	19.7	8.63
Aye Finance	12.12%	12.12%	13.56	19.7	N/A



# Brief profile of the Directors

- **Dr. Govinda Rajulu Chintala** is an Independent Director and the Chairperson of the Board of Directors of our Company. He has been associated with our Company since September 2023. He holds a bachelors of science degree in agriculture from the Andra Pradesh Agriculture University and a masters of science degree from Indian Agricultural Research Institute, New Delhi. He has over 36 years of experience across development of financial institutions and rural infrastructure development.
- **Sanjay Sharma** is the founder and Managing Director of our Company. He holds bachelor of technology degree in mechanical engineering from Indian Institute of Technology Bombay and a post graduate diploma from the Indian Institute of Management, Bangalore. He served as a vice president in HDFC Bank where he headed the direct banking business. He was part of the leadership team in the personal financial services division of ICICI Limited, which was responsible for launching all its retail asset products including automobile finance, home finance, consumer durables finance, and personal loans. He has over 29 years of experience in banking, finance and insurance sector in India and abroad.
- **Sanjaya Gupta** is an Independent Director of our Company. He has been associated with our Company since September 1, 2023. He holds a bachelors of commerce degree from the University of Lucknow and a master of business administration degree from University of Lucknow. Previously, he was associated with HDFC Bank, ABN AMRO Bank (including ABN AMRO Central Enterprise Services Private Limited Bank), American International Group Inc., PNB Housing Finance Limited as the managing director and as a director on the board of directors of India Shelter Finance Corporation Limited. He has over 31 years of experience across the banking and financial services
- **Kanika Tandon Bhal** is an Independent Director of our Company. She has been associated with our Company since September 1, 2023. She holds a bachelors of arts degree from the University of Lucknow, a master of arts degree from Kanpur University and a PhD from the Indian Institute of Technology, Kanpur. She is a professor in the department of management studies with the Indian Institute of Technology, Delhi. She has been a part of the academic sector for the past 32 year.
- **Vinay Baijal** is an Independent Director of our Company. He has been associated with our Company since August 16, 2024. He holds a bachelors of science degree from the University of Allahabad and a masters of science degree from University of Allahabad. Previously, he served as the chief general manager with the RBI and was also associated with Microfinance Institutions Network. He has over 42 years of experience across the banking and finance sector
- **Padmaja Nair** is an Independent Director of our Company. She has been associated with our Company since October 17, 2024. She holds a bachelor of arts degree from Lady Shri Ram, University of Delhi and a master of arts (history) degree from University of Delhi. She currently serves on the board of UC Inclusive Credit Private Limited and has previously held several leadership positions including the designation of general manager in the State Bank of India and senior vice president of SBI Capital Markets Limited. She has over 35 years of experience in the banking and finance sector.
- **Aditya Misra** is a Non-Executive Non- Independent Director of our Company. He has been associated with our Company since September 28, 2024. He holds a bachelors of technology degree from Indian Institute of Technology, Bombay. He is currently a director of investments at ABC Impact (a member of Temasek Trust Asset Management Pte. Ltd.). Previously, he was also associated with Omidyar Network India Advisors Private Limited and A.T. Kearney Limited. He has over 11 years of experience in the investment sector.

# Strengths



- **Unique Cluster-Based Underwriting:** The company pioneered a "business cluster" based underwriting methodology, which is considered a key competitive advantage for targeting segments with limited business documentation or credit history.
- **Leading Position in an Untapped Market:** Aye Finance is a leading small-ticket lender specifically focused on the micro-enterprise segment, which comprises 98% of MSMEs in India but remains largely unaddressed by traditional formal financial institutions.
- **Most Geographically Diversified Peer:** The company is the most geographically diversified lender among its Peer MSME Focused NBFCs. Its AUM is well-balanced across the North, South, East, and West zones of India, with no single state accounting for more than 15.77% of the total AUM as of September 30, 2025.
- **Advanced "Phygital" Model:** By combining a "high touch" field presence with "high tech" digital capabilities, the company maintains high operational efficiency while serving micro-scale enterprises.
- **Robust In-House Collections:** The company utilizes a three-tiered in-house collection infrastructure that integrates tele-calling, field collection, and legal recovery team. Diversified and Cost-Effective Financing: As of September 30, 2025, the company maintained relationships with 82 different lenders, including public and private sector bank.

# Key Risk Factors

- **Risk of Borrower Default and Rising NPAs:** The company serves micro-scale businesses that often have limited financial records and credit histories, posing a higher risk of default compared to borrowers with more established backgrounds. Notably, the Gross NPA ratio has increased from 2.49% as of March 31, 2023, to 4.21% as of March 31, 2025, reaching 4.85% as of September 30, 2025.
- **High Exposure to Unsecured Loans:** A significant portion of the company's portfolio consists of unsecured loans, which lack realisable collateral. As of September 30, 2025, unsecured loans comprised 37.97% of the total AUM.
- **Negative Cash Flows from Operating Activities:** The company has experienced negative cash flows from operating activities since Fiscal 2022.
- **Vulnerability to Interest Rate Risk:** Interest income is the company's primary revenue source, accounting for 85.03% of total income in the six months ended September 30, 2025.
- **Asset-Liability Mismatches:** The company faces potential liquidity risks due to the difference in maturity profiles between its assets and liabilities. As of September 30, 2025, its lending assets had an average maturity of 29.23 months, while its borrowings had an average tenor of 23.43 months.
- **Substantial Capital Requirements:** The business requires continuous and substantial capital. Any disruption in the sources of debt or equity funding, or an inability to raise funds on acceptable terms, could hinder operations and growth.
- **Regulatory Inspections and Compliance:** As an NBFC-ML, the company is subject to periodic inspections by the RBI. Any non-compliance with RBI observations or failure to rectify identified deficiencies could lead to penalties, sanctions, or restricted operations. Past inspections have noted areas for improvement such as internal audit coverage and KYC processes.

# Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2023
<b>Revenue from operations</b>			
Interest income	13,259.64	9,486.86	5,664.85
Fees and commission income	544.17	478.64	254.80
Net gain on derecognition of financial instruments under amortised cost category	375.93	189.48	125.10
Net gain on fair value changes	417.58	247.20	189.50
<b>Total revenue from operations</b>	<b>14,597.32</b>	<b>10,402.18</b>	<b>6,234.25</b>
Other income	452.55	325.32	199.10
<b>Total income</b>	<b>15,049.87</b>	<b>10,717.50</b>	<b>6,433.35</b>
<b>Expenses</b>			
Finance cost	4,680.03	3,265.31	1,979.60
Net loss on fair value changes	36.21	61.80	85.70
Impairment on financial instruments	2,888.26	1,314.01	733.50
Employee benefit expenses	3,796.37	2,752.11	2,122.00
Depreciation and amortization expense	221.61	145.44	114.47
Other expenses	1,177.27	900.27	704.12
<b>Total expenses</b>	<b>12,799.75</b>	<b>8,438.94</b>	<b>5,719.39</b>
<b>Profit / (Loss) before tax</b>	<b>2,250.12</b>	<b>2,278.56</b>	<b>713.96</b>
<b>Tax expense:</b>			
Current tax	665.52	706.29	145.32
Deferred tax charge/(credit)	(167.92)	(144.52)	169.91
<b>Income tax expense</b>	<b>497.60</b>	<b>561.77</b>	<b>315.23</b>
<b>Profit / (Loss) for the year / period (A)</b>	<b>1,752.52</b>	<b>1,716.79</b>	<b>398.73</b>
<b>Other comprehensive (loss) / income</b>			
Other comprehensive (loss) / income (B)	(7.23)	(4.11)	29.88
<b>Total comprehensive income / (loss) for the year / period (A+B)</b>	<b>1,745.29</b>	<b>1,712.68</b>	<b>428.61</b>
<b>Earnings per share (equity share, par value of Rs. 2 each)</b>			
Basic (in Rs)*	9.51	10.62	2.57
Diluted (in Rs)*	9.34	10.50	2.54
Face value per share (in Rs)**	2.00	2.00	2.00

# Valuation and Outlook



**Aye Finance Ltd** IPO is expected to be priced between **₹122 to ₹129** per share. At this price, the Company's **Price-To-Earning-Ratio (P/E)** is **13.56x**. **Industry (P/E) Price-To-Earning-Ratio** is **19.7x**

Name Of The Company	Total Income (₹ in million)	Face Value (₹ per Share)	P/E	P/B	Basic EPS (₹)	Diluted EPS (₹)	RoNW(%)	NAV per equity share (₹)
SBF Finance Limited	11,061	10	27.12x		3.21	3.15	11.57%	29.61
Five-Star Business Finance Limited	28,660	1	12.07x		36.60	36.50	18.65%	215.22
Aye Finance	11,049	2	19.7x		9.53	9.34	12.12%	90.00

**Aye Finance Limited** remains constructively positive, supported by strong structural tailwinds in India's underpenetrated MSME credit market, particularly within the micro-enterprise segment, while being tempered by asset quality risks, capital intensity, and execution challenges inherent to small-ticket lending.

The significant credit gap faced by micro enterprises in India, coupled with limited access to formal financing, is expected to drive sustained demand for specialised NBFCs focused on this segment. Aye Finance is well-positioned to benefit from this opportunity due to its sharp focus on micro-scale enterprises, differentiated cluster-based underwriting framework, and strong on-ground presence across semi-urban and underserved regions.

Continued expansion in branch network, disciplined portfolio diversification across geographies and business clusters, and investments in technology and analytics are expected to support AUM growth and improve risk calibration over the medium term. The Company's focus on margin discipline, pricing power in small-ticket loans, and operating leverage from scale is likely to support gradual improvement in profitability, provided credit costs remain contained.

However, the outlook is subject to risks arising from borrower credit quality volatility, rising NPAs, high exposure to unsecured loans, regulatory scrutiny applicable to NBFC-ML entities, and sensitivity to interest rate movements. Sustained profitability will depend on the Company's ability to manage credit costs, maintain underwriting discipline, improve collection efficiency, and raise capital at competitive costs to support balance sheet expansion.

Overall, Aye Finance's strong positioning in a large and underserved micro-enterprise lending market, differentiated underwriting capabilities, and diversified geographic presence provide a solid foundation for long-term growth, provided the Company successfully balances growth ambitions with asset quality control, capital adequacy, and regulatory compliance.

**"Call us on 8448899576"** to find out whether or not you should apply.

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