Aye Finance Ltd.

February 6, 2026

IPO Details

IPO Date	9 to 11 Feb, 2026
Face Value	₹2 per share
Price Band	₹122 to ₹129
Lot Size	116 Shares
Sale Type	Fresh Capital-cum-Offer for Sale
Total Issue Size	7,82,94,572 shares (agg. up to ₹1,010 Cr)
Fresh Issue	5,50,38,759 shares (agg. up to ₹710 Cr)
Offer for Sale	2,32,55,813 shares of ₹2 (agg. up to ₹300 Cr)
Issue Type	Book building IPO
Listing At	BSE, NSE
Shareholding pre issue	19,17,45,507 shares
Shareholding post issue	24,67,84,266 shares
QIB Shares Offered	Not less than 75% of the Net Offer
Retail Shares Offered	Not more than 10% of the Net Offer
NII (HNI) Shares Offered	Not more than 15% of the Net Offer
Retail (Min & Max) shares	116 Shares & 1,508 shares
Retail (Min & Max) application amount	₹14,964 & ₹1,94,532
S-HNI (Min shares & application amount)	1,624 shares & ₹2,09,496
S-HNI (Max shares & application amount)	7,656 shares & ₹9,87,624
B-HNI (Min shares & application amount)	7,772 shares & ₹10,02,588
Basis of Allotment	Thu, Feb 12, 2026
Initiation of Refunds	Fri, Feb 13, 2026
Credit of Shares to Demat	Fri, Feb 13, 2026
Listing Date	Mon, Feb 16, 2026
Cut-off time for UPI mandate confirmation	5 PM on Wed, Feb 11, 2026
Promoters	The Company does not have an Identifiable Promoter
Registrar	Kfin Technologies Ltd.

Note 1: Application made using third party UPI or ASBA A/C is liable to be rejected. For apply please click on the Link https://ipo.adroitfinancial.com/ for any kind of assistance please contact to our helpdesk team at 0120-6826800 or mail us on ipo@adroitfinancial.com

Company Profile

Aye Finance is non-banking financial company – middle layer (NBFC-ML) focused on providing loans to micro scale micro, small and medium enterprises (MSMEs) across India. They offer 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. They are among the leading NBFCs providing business loans to the largely underserved micro scale enterprises in India, with 586,825 active unique customers across manufacturing, trading, service, and allied agriculture sectors and with assets under management (AUM) of ₹ 60,276.22 million, as of September 30, 2025.

Objects of the Issue

- ❑ Offer for Sale – Rs. 300 Crore
- ❑ Net Proceeds are proposed to be deployed during FY27, the proposed fund deployment is based on current circumstances of the business, management estimates, market conditions and other commercial factors – Rs. 710 Crore

Financial Details

Particulars (Amount in Crores)	9MFY26	31-Mar-25	31-Mar-24	31-Mar-23
Revenue				
- Interest income	733.83	1325.96	948.68	566.48
- Fees and commission income	32.68	54.41	47.86	25.48
- Net gain on derecognition of financial instruments under amortized cost category	29.32	37.59	18.94	12.51
- Net gain on fair value changes	47.67	41.75	24.72	18.95
Total Revenue from Operations	**843.51**	**1459.73**	**1040.21**	**623.42**
Other income	19.50	45.25	31.53	19.91
Total Income	**863.02**	**1504.98**	**1071.75**	**643.33**
Expenses				
- Finance costs	258.86	468.00	326.53	197.96
- Net loss on fair value changes	30.75	3.62	6.18	6.57
- Impairment on financial instruments	172.92	288.82	131.40	73.35
- Employee Benefit Expense	236.56	379.63	275.21	212.20
- Depreciation and amortization expense	11.34	22.16	14.54	11.44
- Other expenses	69.99	117.72	90.02	70.41
Total expenses	**780.44**	**1279.97**	**843.89**	**571.93**
EBITDA	**333.27**	**669.92**	**537.39**	**260.88**
EBITDA Margin (%)	**39.51%**	**45.89%**	**51.66%**	**41.85%**
Profit/(Loss) before tax	**82.57**	**225.01**	**227.85**	**71.39**
Tax expense/(credit)	17.98	49.76	56.17	31.52
Profit/(Loss) After Tax	**64.59**	**175.25**	**171.67**	**39.87**
PAT Margin (%)	**7.48%**	**11.64%**	**16.02%**	**6.20%**
Basic EPS (in Rs.)	3.37	9.51	10.62	2.57

Key Metrics	30-Sep-25	Mar-25	Mar-24	Mar-23
Number of Branches	**568**	**526**	**478**	**398**
Assets Under Management (AUM)	**6027.62**	**5533.89**	**4463.29**	**2721.55**
AUM Mix by Product				
Hypothecation secured	**41.01%**	**43.62%**	**51.94%**	**63.60%**
Hypothecation unsecured	**37.97%**	**39.68%**	**37.91%**	**30.26%**
Saral Property Loans	**1.74%**	**1.98%**	**2.65%**	**4.27%**
Mortgage loans	**19.28%**	**14.72%**	**7.50%**	**1.86%**
Gross NPA	**4.85%**	**4.21%**	**3.19%**	**2.49%**
Net NPA	**1.78%**	**1.40%**	**0.91%**	**1.28%**

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Source: RHP of the Company

Competitive Strengths

- **Market Leadership and Unique Positioning:** The company is a leading small-ticket lender in the MSME ecosystem, specifically focusing on the large and largely untapped market of micro-enterprises in India. It is uniquely positioned as one of the only lenders among its MSME-focused NBFC peers to offer a comprehensive product line of both secured and unsecured business loans, which has resulted in high customer retention.

- **Proprietary Underwriting and Collection Methodology:** A core strength is its proprietary 'business cluster' based underwriting methodology, which allows the company to estimate cash flows and profit margins for over 70 specific business categories. This model is particularly effective for micro-scale businesses that often lack formal financial documentation or credit histories. These underwriting efforts are supported by robust multi-tiered collection capabilities, including in-house tele-calling units, field collection teams, and specialized legal recovery units.

- **Geographic Diversification and In-House Sourcing:** Aye Finance is the most geographically diversified lender among its peer MSME-focused NBFCs. Its portfolio is well-distributed across 18 states and three union territories, with no single state accounting for more than 15.77% of its total AUM. Additionally, the company relies entirely on in-house sourcing rather than third-party agents, ensuring better control over sourcing quality and reducing early delinquencies.

- **Technological Prowess and Operational Efficiency:** The company utilizes a 'phygital' business model, integrating high-touch field operations with advanced digital capabilities such as a cloud-based technology stack and in-house AI/ML predictive models. This focus on automation has enabled 100% paperless loan sanctioning and the highest number of loans disbursed per employee among its peer group in Fiscal 2025.

- **Diversified Funding Base and Experienced Management:** Aye Finance maintains a diversified lender base, with access to capital from 82 different lenders as of September 30, 2025, including public and private sector banks and developmental financial institutions. The company is led by an experienced professional management team and is backed by high-profile marquee investors such as Elevation Capital, CapitalG, and British International Investment plc.

Key Risk Factors

- **Borrower Default and Rising NPAs**: The company serves micro-scale businesses that often lack formal credit histories or financial records. Consequently, there is a risk of non-payment or default. Their Gross Non Performing Assets (NPA) ratio has increased from 2.49% as of March 31, 2023 to 4.21% as of March 31, 2025, and was 4.85% as of September 30, 2025.

- **Unsecured Loan Exposure**: In 9MFY26 and September 30, 2024 and Fiscals 2025, 2024 and 2023, unsecured loans comprised 37.97%, 41.47%, 39.68%, 37.91% and 30.26% of their total assets under management, respectively. These loans pose a higher credit risk as they are not backed by realizable collateral, making recovery more difficult in the event of default.

- **Interest Rate Volatility**: The business is vulnerable to interest rate risk. In H1FY26 and September 30, 2024 and in Fiscals 2025, 2024 and 2023, their interest income accounted for 85.03%, 89.29%, 88.10%, 88.52% and 88.05% of their total income, respectively. Volatility in interest rates could have an adverse effect on the net interest income and net interest margin, thereby affecting the results of operations and cash flows.

- **High Employee Attrition**: The company faces significant personnel risks, with an attrition rate of 65.53% for employees (including those on probation) as of September 30, 2025. Elevated attrition can disrupt project execution, increase hiring and training costs, and affect productivity in a talent-intensive AI and analytics business, with potential implications for service delivery and margins if sustained.

- **Asset-Liability Mismatch**: Maturity gaps between assets and liabilities can affect liquidity and consequently, may adversely affect the operations and profitability. As of September 30, 2025, the company had a negative gap of ₹ 4,770.43 million in the one-to-three-year maturity bucket.

Comparison with Listed Peers

Name of the Companies.	Market Price	Face Value (per Share)	P/E Ratio	EPS (Basic)	EPS (Diluted)	RoNW (%)	NAV (per Share)
Aye Finance Ltd.	NA	2	14.11*	9.14**	9.14**	12.12%	90
Peers:-							
SBFC Finance Ltd.	90.25	10	28.65	3.21	3.15	11.57%	29.61
Five-Star Business Finance Ltd.	461.20	1	12.63	36.61	36.50	18.65%	215.22

* P/E calculated based on upper band price.
**EPS calculated including fresh issue shares.

Summary

Aye Finance Limited is a non-banking financial company – middle layer (NBFC-ML) that specializes in providing small-ticket business loans to micro scale MSMEs in India. The company operates primarily in semi urban areas, targeting micro enterprises in the manufacturing, trading, service, and allied agriculture sectors that typically lack formal financial documentation.

NBFCs focused on the micro and MSME segment play a critical role in addressing India's structural credit gap for small businesses that remain underserved by traditional banks. These NBFCs cater to micro enterprises and small entrepreneurs through tailored products, faster credit assessment, and alternative underwriting models that leverage cash flow data, digital footprints, and local relationships. Structural growth drivers include formalization of the MSME sector, persistent credit gaps left by banks, rising adoption of digital payments, deep penetration in semi-urban and rural markets, and increasing demand for working capital financing.

While systemic credit in India grew at a CAGR of 12% between Fiscal 2019 and 2025, the NBFC segment is projected to grow at a faster rate of 18% to 20% between March 2025 and March 2027, significantly outperforming the 11% to 13% growth projected for traditional banks. The market share of NBFCs in systemic credit is estimated to reach 26% by Fiscal 2027, up from 22% in Fiscal 2019.

The Company operates in a high risk environment and it's NPA's have also been constantly rising. There is also an asset-liability mismatch, which is a big risk for the company.

Therefore, it is recommended to "Avoid" the IPO.

DISCLAIMER

Prepared By:

Research Analyst : Anmol Grover

Email ID: anmolgrover@adroitfinancial.com

Research Associate : Bhavin Tharwani

Email ID: bhavintharwani@adroitfinancial.com

Phone Number: 0120-4550300*270/388

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