

**Review Report to
The Board of Directors
Aye Finance Private Limited**

10 August 2023

Independent Auditor's Review Report on the Quarterly Unaudited Financial Results of the Company Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations")

Dear Sirs,

1. We have reviewed the accompanying statement of unaudited financial results of Aye Finance Private Limited (the "Company") for the quarter ended 30 June 2023 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Amit Kabra

Partner

Membership No.: 094533

UDIN: 23094533BGWIYD7252

Place: Gurugram

Aye Finance Private Limited (CIN: U65921DL1993PTC283660)
Registered Address: M-5, Magnum House-I, Community Centre, Karampura, New Delhi - 110015
Tel. No.: 01244844000 | Email: corporate@ayefin.com | website: https://www.ayefin.com |
Statement of unaudited financial results for the quarter ended June 30, 2023

(All amounts are in Rs. crores unless otherwise stated)

Particulars	Quarter ended		Year ended	
	June 30, 2023 Unaudited	March 31, 2023 Audited **	June 30, 2022 Unaudited	March 31, 2023 Audited
Revenue from operations				
Interest income	201.64	163.14	126.31	566.49
Fees and commission income	9.82	8.68	3.76	25.48
Net gain / (loss) on derecognition of financial instruments under amortised cost category	2.58	4.79	1.46	12.51
Net gain on fair value changes	6.59	10.81	3.33	18.95
Total revenue from operations	220.63	187.42	134.86	623.43
Other income	7.02	7.02	4.23	19.91
Total income	227.65	194.44	139.09	643.34
Expenses				
Finance cost	69.47	57.04	43.12	197.96
Net loss on fair value changes	-	6.57	-	6.57
Impairment on financial instruments	17.04	19.33	19.37	73.35
Employee benefit expenses	65.49	57.38	49.05	212.20
Depreciation and amortization expense	3.26	2.91	2.59	11.45
Other expenses	20.75	21.43	13.65	70.41
Total expenses	176.01	164.66	127.78	571.94
Profit / (Loss) before tax	51.64	29.78	11.31	71.40
Tax expense:				
Current tax	8.72	-	-	-
Tax for earlier years	-	0.62	-	0.62
Deferred tax	3.09	5.23	3.19	16.99
Income tax expense / (income)	11.81	5.85	3.19	17.61
Profit / (Loss) for the period / year (A)	39.83	23.93	8.12	53.79
Other comprehensive income / (loss)				
Items that will not be reclassified to profit or loss				
Re-measurement income / (loss) on defined benefit plans	(0.91)	(0.49)	2.22	3.99
Income tax relating to items that will not be reclassified to profit or (loss)	(0.25)	0.13	(0.56)	(1.00)
Other comprehensive income / (loss) (B)	(1.16)	(0.36)	1.66	2.99
Total comprehensive income / (loss) for the period / year (A+B) [Comprising Profit / (loss (after tax) and other comprehensive income (after tax)]	38.67	23.57	9.78	56.78
Earnings per equity share *				
Basic EPS (Rs.)	12.84	7.72	2.62	17.34
Diluted EPS (Rs.)	12.68	7.62	2.59	17.13
Nominal value	10.00	10.00	10.00	10.00

** Please refer note 4

* Earnings per share for the interim periods are not annualised

**For and on behalf of the Board of Directors of
Aye Finance Private Limited**

Place: Gurugram
Date: August 10, 2023

Sanjay Sharma
Managing Director
DIN: 03337545

Notes:

- 1 The Company is a systemically important non-deposit taking non-banking financial company (NBFC-NDSI) as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934.
- 2 The unaudited financial results for the quarter ended June 30, 2023, which have been subjected to limited review by statutory auditors of the company, have been reviewed by the audit Committee and approved by the Board of Directors at their respective meeting held on August 10, 2023. The report is being filed with the Bombay Stock Exchange ("BSE") and is also available on the Company's website www.ayefin.com
- 3 The above unaudited financial results have been prepared in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 as amended and the Indian Accounting Standards (IND AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance/clarification/directions issued by the Reserve bank of India or other regulators are implemented as and when they are issued/applicable.
- 4 The figures of quarter ended March 31, 2023 are the balancing figures between audited figures in respect of full financial year ended March 31, 2023 and reviewed figures for the nine months ended December 31, 2022.
- 5 In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between March 1, 2020 and August 31, 2020 to all eligible borrowers. During the current and previous year, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RBI's Resolution Framework 1.0 dated August 6, 2020 and Resolution Framework 2.0 dated May 5, 2021 for COVID-19 induced stress. As at June 30, 2023, the Company holds adequate impairment allowance on the loan portfolio as per requirement of Ind AS 109.
- 6 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021.
(a) Details of loans (not in default) transferred through assignment during the quarter ended June 30, 2023.

Amount of loan accounts assigned (Rupees in Crores)	39.01
Retention of beneficial economic interest (MRR)	10%
Weighted average maturity (residual maturity)	17.42 months
Weighted average holding period	4.9 months
Coverage of tangible security	0%
Rating-wise distribution of rated loans	Unrated
- (b) The company has not re-purchased any loans in accordance with paragraph 48 of Master Direction - RBI (Transfer of Loan Exposures) Directions, 2021 during the quarter ended June 30, 2023.
- (c) The Company has not transferred any stressed loans during the quarter ended June 30, 2023.
- (d) The Company has not acquired any stressed loan during the quarter ended June 30, 2023.
- 7 Pursuant to RBI circular dated February 15, 2022, the Company has implemented necessary system in place to align its definition of default for loan assets with the guidelines stipulated in RBI circular dated November 12, 2021 - "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances - Clarifications" (the "RBI circular") for regulatory reporting, as applicable. The financial results for the quarter ended June 30, 2023, are prepared in accordance with the applicable Ind AS guidelines and the RBI Circular dated March 13, 2020 - "Implementation of Indian Accounting Standards".
- 8 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact in the period the Code becomes effective.

(Continued)

Notes:

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- 9 There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
- 10 The Company owns 99.999% of Foundation for Advancement of Micro Enterprises (FAME), incorporated under Section 8 of the Companies Act, 2013, to carry on social responsibility activities. The financial statements of FAME are not considered for consolidation since the definition of control is not met as the Company's objective is not to obtain economic benefits from the activities of FAME.
- 11 Pursuant to Regulation 54 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 we would like to state that all listed secured Non-Convertible Debentures of the Company are secured by way of first exclusive charge on hypothecated book debts of the Company up to the extent minimum of 100% of the amount outstanding.
- 12 Disclosures in compliance with Regulation 52(4) of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended June 30, 2023 are attached as Annexure I to these financial results.
- 13 The previous period's / year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current period's / year's classification / disclosure.

**For and on behalf of the Board of Directors of
Aye Finance Private Limited**

Place: Gurugram
Date: August 10, 2023

Sanjay Sharma
Managing Director
DIN: 03337545

Annexure 1**Aye Finance Private Limited (CIN: U65921DL1993PTC283660)****Registered Address: M-5, Magnum House-I, Community Centre, Karampura, New Delhi - 110015****Tel. No.: 01244844000 | Email: corporate@ayefin.com | website: https://www.ayefin.com |**

Additional Disclosures pursuant to Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as at June 30, 2023 with respect to listed secured debentures of the Company issued on a private placement basis.

(All amounts are in Rs. crores unless otherwise stated)

S.No.	Particulars	For the quarter ended June 30, 2023
(a)	Debt equity ratio (times) (Refer Note 1)	3.42
(b)	Net worth (Rs in crores) (Refer Note 2)	779.42
(c)	Net profit after tax (Rs in crores)	39.83
(d)	Total debts to total assets (%) (Refer Note 3)	66.66%
(e)	Net profit margin (%) (Refer Note 4)	17.36%
(f)	Earnings per share (Rs)	
	Basic	12.84
	Diluted	12.68
(g)	Sector specific equivalent ratios as on June 30, 2023	
	(i) Gross stage III ratio	
	a) Gross Stage III ratio (%) after RBI circular impact * (Gross stage III loans after RBI circular impact / Total loans)	2.62%
	b) Gross Stage III ratio (%) before RBI circular impact * (Gross stage III loans before RBI circular impact / Total loans)	2.42%
	(ii) Net stage III ratio	
	a) Net NPA ratio (%) after RBI circular impact * (Gross stage III loans after RBI circular Impact - ECL on Gross stage III after RBI circular impact) / (Total loans - ECL on Gross stage III after RBI circular Impact)	1.26%
	b) Net NPA ratio (%) before RBI circular impact * (Gross stage III loans before RBI circular Impact - ECL on Gross stage III before RBI circular impact) / (Total loans - ECL on Gross stage III before RBI circular Impact)	1.09%
	(iii) Provision coverage ratio	
	a) Provision coverage ratio (%) after RBI circular impact * (ECL on Gross stage III after RBI circular impact) / (Gross stage III after RBI circular impact)	52.44%
	b) Provision coverage ratio (%) before RBI circular impact * (ECL on Gross stage III before RBI circular impact) / (Gross stage III before RBI circular impact)	55.41%
	(iv) Capital to risk-weighted assets ratio (Calculated as per RBI guidelines)	29.35%
	* RBI circular dated November 12, 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to advance clarification	

Notes:

- Debt equity ratio = (Debt securities + Borrowings other than debt securities + Subordinated liabilities (lease liabilities)) / Net-worth.
- Net-worth = Total equity - Deferred tax - Intangible assets - Prepaid expenses.
- Total debt to total assets = ((Debt securities + Borrowings other than debt securities + Subordinated liabilities (lease liabilities)) / Total assets.
- Net profit margin = Net profit for the period / Total income for the period.
- Other ratios / disclosures such as debt service coverage ratio, liquidity coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), current ratio, capital redemption reserve / debenture redemption reserve, long term debt to working capital ratio, bad debts to account receivable ratio, current liability ratio, debtors turnover, inventory turnover and operating margin (%) are not applicable / relevant to the Company and hence not disclosed.

**For and on behalf of the Board of Directors of
Aye Finance Private Limited**

**Place: Gurugram
Date: August 10, 2023**

**Sanjay Sharma
Managing Director
DIN: 03337545**