

NOTICE

Shorter Notice is hereby given that an Extra-Ordinary General Meeting of the members of **AYE FINANCE PRIVATE LIMITED** will be held on **Thursday, the September 19, 2024 at 6:00 P.M. (IST)** through Video conferencing (VC) or Other Audio-Visual Mode (OAVM) and shall be deemed to be held at the Corporate Office of the Company at Unit No. 701-711, 7th Floor, Unitech Commercial Tower-2, Sector-45, Arya Samaj Road, Gurugram-122003, Haryana, India to transact the following business: -

SPECIAL BUSINESS:**1. TO CREATE, OFFER, AND ISSUE 21,39,125 EQUITY SHARES THROUGH PRIVATE PLACEMENT/PREFERENTIAL ALLOTMENT (COLLECTIVELY REFERRED TO AS "ISSUE") AND CIRCULATION OF THE PRIVATE PLACEMENT OFFER LETTER**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant the provisions of Memorandum and Articles of Association of the Company and Sections 42, 52 read with Section 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Rules 9 & 13 of the Companies (Share Capital and Debentures) Rules, 2014 and Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and the Foreign Exchange Management Act, 1999, as amended, the Foreign Exchange Management (Non-Debt Instruments) Regulations Rules, 2019, as amended, and the rules, guidelines, notifications and circulars, if any, issued by the Government of India, the Reserve Bank of India, or any other competent authority, whether in India or abroad, from time to time, to the extent applicable, the consent of the members of the Company be and is hereby accorded to create, offer, and issue and upon receipt of subscription money, allot 21,39,125 (Twenty One Lakh Thirty Nine Thousand One Hundred and Twenty Five) equity shares, having a face value of INR 10/- (Indian Rupees Ten only) each at a premium of INR 868.63/- (Indian Rupees Eight Hundred Sixty Eight and Sixty Three paise only) per equity share ranking pari-passu to the existing equity shares of the Company and both aggregating to a total consideration of INR 1,87,94,99,398.75/- (Indian Rupees One Hundred Eighty Seven Crores Ninety Four Lakhs Ninety Nine Thousand Three Hundred Ninety Eight and Seventy Five paise only), to the following Identified Investors on such terms and conditions in accordance with the provisions of the Act and in the manner set out in the share subscription agreement dated September 18, 2024 entered by and amongst IMP2 Assets Pte. Ltd, British International Investment plc, the Company, Mr. Sanjay Sharma, Shvet Corporation LLP and Shankh Corporation LLP ("**Share Subscription Agreement**"), and the amended and restated shareholders' agreement dated September 18, 2024 entered by and amongst IMP2 Assets Pte. Ltd, British International Investment plc, A91 Emerging Fund I LLP, Waterfield Alternative Investments Fund I, Elevation Capital V Limited, LGT Capital Invest Mauritius PCC with Cell E/VP, CapitalG LP, CapitalG International LLC, Alpha Wave India I LP, MAJ Invest Financial Inclusion Fund II K/S, the Company, Mr. Sanjay Sharma, Shvet Corporation LLP, Shankh Corporation LLP, persons listed in Part D of Schedule I [as identified in the restated shareholders' agreement) and Mrs. Namrata Sharma ("**Shareholders' Agreement**") and such other documents executed between *inter alia* the Company and the shareholders in connection with the Issue and are collectively referred to as the "**Transaction Documents**"] (however, with an option to the Identified Investors, to round off the contribution, in respect of shares offered to it hereby, to any higher amount), as detailed herein below:

Sr. No.	Name of the Identified Investor (collectively referred to as "Identified Investors")	Address	No. of equity shares having nominal value of INR 10/- each ("Equity Shares")
1.	IMP2 Assets Pte. Ltd	28 Orchard Road, Singapore 238832	19,11,498
2.	British International Investment plc	123 Victoria Street, London SW1E 6DE	2,27,627
Total			21,39,125



RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to allot the equity shares to the Identified Investors upon receipt of the subscription amount and fulfilment of all necessary requirements under the Act and other applicable law, without requirement for any further consent from the members, and to take all such actions as may be required to give effect to the Issue and this resolution.

RESOLVED FURTHER THAT pursuant to Section 42 read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions, if any, of the Act and subsequent filing of the board resolution and/or the shareholders' resolution in this regard with the Registrar of Companies pursuant to Rule 14(8) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the consent of the members be and is hereby accorded to approve the draft Letter of Offer in PAS-4 along with other documents and relevant annexures and the application form annexed thereto, to create, offer, issue and allot the said shares and authorize the Board to finalize, sign and send letter of offer to Identified Investors, with any changes, modifications, amendments as may be required, and to undertake all other actions as may be required to give effect to this resolution, at any time and from time to time as may be permitted by the statutory provisions in this regard.

RESOLVED FURTHER THAT pursuant to provisions of Section 42(6) of the Act and rules made thereunder amount of share application money for a sum of INR 1,87,94,99,398.75/- (Indian Rupees One Hundred Eighty Seven Crores Ninety Four Lakhs Ninety Nine Thousand Three Hundred Ninety Eight and Seventy Five paise only) to be received by issue of 21,39,125 (Twenty One Lakh Thirty Nine Thousand One Hundred and Twenty Five) equity shares at a price of INR 878.63/- (Indian Rupees Eight Hundred Seventy Eight and Sixty Three paise only) per equity share, which includes a premium of INR 868.63/- (Indian Rupees Eight Hundred and Sixty Eight Point Six Three only) per equity share to be kept in a separate designated bank account in a Scheduled Bank.

RESOLVED FURTHER THAT for the purpose of giving effect to the above said resolutions, the Board of Directors of the Company or delegated Committee be and are hereby severally authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, to finalize, approve and sign the offer documents with authority to amend, vary, modify the same as may be considered desirable or expedient and for the purpose aforesaid to give such declarations, affidavits, undertakings, certificates, consents, authorities as may be necessary and required from time to time, issue and allotment of the equity shares, to execute the necessary documents and enter into contracts, arrangements, agreements, documents and utilization of proceeds of the issue of equity shares and to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit and to do all such things, deeds and acts and to comply with all the formalities as may be required in connection with and incidental to the aforesaid offering of the equity shares including for the post issue formalities, without being required to seek any fresh approval of the members of the Company and the decision of the Board/Committee shall be final and conclusive."

Place: Gurugram
Date: September 19, 2024

By order of the Board
For Aye Finance Private Limited



Vipul Sharma
(Vipul Sharma)

**Company Secretary, Compliance Officer
& Chief Compliance Officer**

NOTES:

- (a) The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of the special businesses as stated above is annexed hereto.
- (b) EGM Notice inter-alia indicating the process and manner of attending the EGM through Video Conferencing are being sent by e-mail to the Members, Debenture Trustees, Auditors, , Directors of the Company and to all other persons so entitled whose e-mail IDs have been made available to the Company / Registrar and Transfer Agent (“RTA”) i.e. KFin Technologies Limited or with Depository Participants (“DP”).
- (c) The business contained in this notice are of urgent nature and this Extra-ordinary general meeting (EGM) is being called via Video Conferencing mode/ Other Audio Visual Mode (OAVM) as per relaxation provided to Companies by Ministry of Corporate Affairs in terms of the General Circulars No. 14/2020 dated April 08, 2020, No. 17/2020 dated April 13, 2020, No. 22/2020 dated June 15, 2020, No.33/2020 dated September 28, 2020, No. 39/2020 dated December 31, 2020, No. 10/2021 dated June 23,2021, No. 20/2021 dated December 8, 2021, No. 03/2022 dated May 5, 2022, No. 11/2022 dated December 28, 2022 and No. 09/2023 dated September 25, 2023.
- (d) As the meeting is conducted through Video Conferencing, physical attendance of Members has been dispensed with and the members are requested to virtually attend and vote at the EGM. Accordingly, the facility for appointment of proxy(ies) by the Members will not be available for the EGM and hence, the Proxy Form, Attendance Slip and including Route Map are not annexed to this Notice. Members attending the EGM through VC/ OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- (e) The members can participate in the EGM by installing Zoom software in their computer systems (from the link given below) and dialling Meeting ID and Password-

Join Zoom Meeting

<https://us06web.zoom.us/j/85019588655?pwd=CxZuRxVLRMuCOTJKyf3becSAZUcFnS.1>

Meeting ID: 850 1958 8655

Passcode: 109523

- (f) For any **IT related issues**, please contact Mr. Deepak Prajapati (Ph. No- +91-9540981064)
- (g) The facility for joining the meeting shall be kept open at least 15 minutes before and close after 15 minutes of the scheduled time.
- (h) Members are requested to submit their queries in advance to below mentioned persons through mail:
Name: Mr. Vipul Sharma
Designation: Company Secretary, Compliance Officer & Chief Compliance Officer
Mail id: vipul.sharma@ayefin.com; secretarial@ayefin.com
Mob.: - +91 – 9555195550
- (i) Corporate members intending to authorise their representatives to attend and vote at the EGM are advised to send a duly certified copy of the relevant board resolution/Authority letter before attending EGM authorizing their representatives.
- (j) The venue of the EGM as aforesaid shall be the place where all the recordings of the proceedings of the EGM will be made.
- (k) All the documents referred to in the EGM Notice and Explanatory Statement annexed to the EGM Notice shall be available for inspection at the Registered & Corporate Office of the Company on working days between 11:00 A.M. to 1:00 P.M. from the date of circulation of this Notice up to the date of the EGM.



Item No. 1:

The Board of Directors at their meeting held September 19, 2024, considered a capital raising proposal for the Company to meet the projected growth in loan disbursements and to augment the Capital Adequacy Ratio (CAR) of the Company.

Accordingly, the Board considered to create, offer, and issue 21,39,125 Equity Shares on a private placement and /preferential basis as permitted by Sections 42, 52 read with Section 62(1)(c) and all other applicable provisions, if any, of the Act and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 for an aggregate amount (inclusive of premium) of INR 1,87,94,99,398.75/- (Indian Rupees One Hundred Eighty Seven Crores Ninety Four Lakhs Ninety Nine Thousand Three Hundred Ninety Eight and Seventy Five paise only) to be received by issue of 21,39,125 (Twenty One Lakh Thirty Nine Thousand One Hundred and Twenty Five) equity shares at a price of INR 878.63/- (Indian Rupees Eight Hundred Seventy Eight and Sixty Three paise only) per equity share, which includes a premium of INR 868.63/- (Indian Rupees Eight Hundred Sixty Eight and Sixty Three paise only) per equity share to following Identified Investors and Subscribers, on such terms and conditions in accordance with the provisions of the Act and in the manner set out in the share subscription agreement dated September 18, 2024 entered by and amongst IMP2 Assets Pte. Ltd, British International Investment plc, the Company, Mr. Sanjay Sharma, Shvet Corporation LLP and Shankh Corporation LLP ("**Share Subscription Agreement**"), and the amended and restated shareholders' agreement dated September 18, 2024 entered by and amongst IMP2 Assets Pte. Ltd, British International Investment plc, A91 Emerging Fund I LLP, Waterfield Alternative Investments Fund I, Elevation Capital V Limited, LGT Capital Invest Mauritius PCC with Cell E/VP, CapitalG LP, CapitalG International LLC, Alpha Wave India I LP, MAJ Invest Financial Inclusion Fund II K/S, the Company, Mr. Sanjay Sharma, Shvet Corporation LLP, Shankh Corporation LLP, persons listed in Part D of Schedule I (as identified in the restated shareholders' agreement) and Mrs. Namrata Sharma ("**Shareholders' Agreement**") and such other documents executed between *inter alia* the Company and the shareholders in connection with the Issue and are collectively referred to as the ("**Transaction Documents**") (however, with an option to the Identified Investors, to round off the contribution, in respect of shares offered to it hereby, to any higher amount) as detailed below:

Sr. No.	Name of the Identified Investor (collectively referred to as "Identified Investors")	Address	No. of equity shares having nominal value of INR 10/- each ("Equity Shares")
1.	IMP2 Assets Pte. Ltd.	28 Orchard Road, Singapore 238832	19,11,498
2.	British International Investment plc	123 Victoria Street, London SW1E 6DE	2,27,627
Total			21,39,125

In this regard, the Board has undertaken the valuation exercise required as per FEMA regulations and Section 62(1)(C) of the Companies Act, 2013 and rules made thereunder.

The Company is offering the equity shares only to the above said Identified Investors by sending an offer letter in Form PAS-4.

Issue of shares by private placement and preferential allotment could be made by complying with the provisions of Section 42 of the Act read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014.



i.	The objects of the issue	The subscription amount shall be utilized by the Company for the capital expenditure, working capital and general corporate purposes									
ii.	The total number of shares or other securities to be issued	21,39,125 (Twenty One Lakh Thirty Nine Thousand One Hundred and Twenty-Five) equity shares									
iii.	The price or price band at which the allotment is proposed	INR 878.63/- (Indian Rupees Eight Hundred Seventy-Eight and Sixty Three paise only) per equity share, which includes a premium of INR 868.63/- (Indian Rupees Eight Hundred Sixty Eight and Sixty Three paise only) per equity share									
iv.	Justification of the price	The price has been arrived by the Board based on the valuation arrived at by the registered valuer appointed by the Company pursuant to the requirement under Section 62 of the Act. Valuation Report of Registered Valuer attached as Annexure I.									
v.	The relevant date based on which price has been arrived at;	June 30, 2024									
vi.	The class or classes of persons to whom the allotment is proposed to be made;	Body Corporate incorporated outside India: i. British International Investment plc, a public limited company, incorporated in England and Wales with registered number 3877777 and having its registered office at 123 Victoria Street, London SW1E 6DE. ii. IMP2 Assets Pte. Ltd., a limited Company, incorporated in Singapore with registered number 202332763W and having its registered office at 28 Orchard Road, Singapore 238832									
vii.	Intention of Promoters, directors or key managerial personnel to subscribe to the offer	None of the director or key managerial personnel intends to subscribe the offer. <i>*The Company does not have any Promoter</i>									
viii.	The proposed time within which the allotment shall be completed	within 30 days from the acceptance of share application money.									
ix.	The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them	<table border="1"><thead><tr><th>Sr No</th><th>Name of the Identified Investor</th><th>Percentage of post preferential offer capital</th></tr></thead><tbody><tr><td>a.</td><td>British International Investment plc</td><td>9.20</td></tr><tr><td>b.</td><td>IMP2 Assets Pte. Ltd.</td><td>4.81</td></tr></tbody></table>	Sr No	Name of the Identified Investor	Percentage of post preferential offer capital	a.	British International Investment plc	9.20	b.	IMP2 Assets Pte. Ltd.	4.81
Sr No	Name of the Identified Investor	Percentage of post preferential offer capital									
a.	British International Investment plc	9.20									
b.	IMP2 Assets Pte. Ltd.	4.81									
x.	Change in control, if any in the Company that would occur consequent to the preferential offer	No change of control will occur consequent to the preferential offer.									
xi.	Number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price	None									



xii.	Justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.	Not applicable, as the Issue is being made for cash.
xiii.	The pre and post issue shareholding pattern of the Company.	Attached herewith in Annexure II

Disclosure in terms of Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014

i.	particulars of the offer including date of passing of Board resolution;	To create 21,39,125 (Twenty-One Lakh Thirty-Nine Thousand One Hundred and Twenty Five) equity shares as approved by the Board in their meeting dated September 19, 2024.
ii.	Kinds of securities offered and the price at which security is being offered:	Equity shares at a price of INR 878.63/- (Indian Rupees Eight Hundred Seventy-Eight and Sixty Three paise only) per equity share, which includes a premium of INR 868.63/- (Indian Rupees Eight Hundred Sixty-Eight and Sixty Three paise only) per equity share
iii.	Basis or justification for the price (including premium, if any) at which the offer or invitation is being made;	The price has been arrived by the Board based on the valuation arrived at by the registered valuer appointed by the Company pursuant to the requirement under Section 62 of the Companies Act, 2013. Valuation report of Registered Valuer attached as Annexure I.
iv.	Name and address of valuer who performed valuation;	INMACS Valuers Private Limited Address: 503, 308-312A, Chiranjiv Tower, 43, Nehru Place, New Delhi-110019, India.
v.	Amount which the company intends to raise by way of such securities;	INR 1,87,94,99,398.75/- (Indian Rupees One Hundred Eighty Seven Crores Ninety Four Lakhs Ninety Nine Thousand Three Hundred Ninety Eight and Seventy Five paise only)
vi.	Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities:	The Company is proposing to issue equity shares which shall rank pari -passu with existing equity shares of the Company through private placement/preferential allotment. The purpose of the offer is to raise capital and utilize the subscription amount for the capital expenditure, working capital and general corporate purposes The proposed time for which the private placement offer letter cum application form shall be valid, from September 20, 2024 to September 30, 2024. There is no contribution being made by the directors of the Company either as a part of the offer or separately in furtherance of objects. No assets of the Company are charged as securities under this offer. <i>*The Company does not have any Promoter</i>



AYE [आय]

AYE FINANCE PRIVATE LIMITED

CIN : U65921DL1993PTC283660

Except Mr. Gaurav Malhotra, Director representing British International Investment plc, none of the directors / key managerial personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out in the Notice.

The Board of Directors of the Company recommends the resolution set out as Item No. 1 of the Notice for approval by the Members as a Special Resolution.

By order of the Board
For Aye Finance Private Limited



Sharma

(Vipul Sharma)

Company Secretary, Compliance Officer
& Chief Compliance Officer

Place: Gurugram

Date: September 19, 2024

Valuation Report: Aye Finance Private Limited

Fair Value: Equity Shares

Valuation Date: June 30th, 2024

INMAGS

L&B | P&M | SFA | VALUERS

STRICTLY CONFIDENTIAL

Date: September 17th, 2024

To
The Board,
Aye Finance Private Limited
Unitech Commercial Tower-2,
701 to 711,7th Floor Sector-45,
Arya Samaj Road, Block B,
Gurugram, Haryana -122003

Subject: Fair value of Equity Shares of Aye Finance Private Limited

This is in reference to our engagement wherein INMACS Valuers Private Limited (appointed registered valuer, hereinafter referred to as "We" or "Valuer") has been requested by Aye Finance Private Limited (hereinafter referred to as "the Company" or "Aye Finance") to determine the fair value of equity shares or convertible instruments as on the date of valuation for the purpose of fresh issue and/or allotment on preferential allotment/ private placement/ right issue basis in pursuance of section 62 and section 42 of the Companies Act, 2013 read with Companies (Share Capital and debentures) Rules, 2014.

The valuation has been carried out as on the agreed date of valuation i.e., **June 30th, 2024.**

INMACS Valuers is a registered valuer entity registered vide IBBI/RV-E/02/2021/141 with Insolvency and Bankruptcy Board of India (IBBI) providing valuation for following asset classes:

- (i) Securities and Financial Assets
- (ii) Land and Building
- (iii) Plant and Machinery

We are pleased to submit this report outlining the scope, procedures, significant considerations, short description of methodology used and the valuation analysis/results.

This report has been prepared only for the purpose stated herein and should not be relied for any other purpose.

The valuation analysis is based on information provided by the Management or obtained from sources as indicated in the report. Our work did not constitute an audit or an examination of internal controls or other attestation or review services. Accordingly, we do not express an opinion on the information presented. Further, the report is based on projections prepared by the Management. We express no opinion as to how closely the actual results achieved will correspond to those predicted for the business and we shall not be responsible or liable for the achievement of predicted results.

**Head Office**

503, Chiranjiv Tower, 43, Nehru Place,
New Delhi 110019, India
Tel: +91-11-2622-3712, 6933

Corporate Office

GLOBAL BUSINESS SQUARE, Building No. 32,
Sector 44, Institutional Area Gurugram - 122003
Tel: +91-124-4786200

Chandigarh:

SCO-705, 1st Floor, NAC Manimajra
Chandigarh-160101, India
Tel: +91-172-5077-789, 5077-790

By its very nature, valuation analysis cannot be regarded as an exact science and the conclusions arrived at are subject to individual judgement and, therefore, there is, no indisputable single value. Although the conclusions are in our opinion reasonable and defensible, others might wish to argue for different values.

The valuation methodologies and approaches adopted by us are widely recognised and used. They are in compliance with Valuation standards issued by The Institute of Chartered Accountants of India and International Valuation Standards issued by International Valuation Standards Council (IVSC) and are accepted across India and internationally.

We would also like to record appreciation for the courtesy and co-operation received during the course of our work and look forward to continuing professional association.

For **INMACS Valuers Private Limited**
IBBI Reg. No: **IBBI/RV-E/02/2021/141**



Aneesh Mallick
Director – Securities and Financial Assets
IBBI Reg No. - IBBI/RV/06/2022/15042
B.Com (Hons), CA, CFA, Registered Valuer
(S&FA), FMVA, IVCP (IICA), SIA (ISAI), DipIFR,
DISA (ICAI), FAFD (ICAI)
ICAI Membership No: 548598
UDIN: 24548598BKILQV3121

Valuation Reference No. (VRN):
IOVRVF/IMV/2024-2025/3965

Date: September 17th, 2024
Place: New Delhi

Table of Contents

1. Background.....	5
2. Purpose of valuation.....	6
3. Sources of information	6
4. Pecuniary Interest Disclosure	7
5. Methods of Valuation.....	7
6. Valuation Analysis	10
6.1 The Approach.....	10
6.2 Discounted Cash Flows Method: Critical Inputs	11
6.2.1 Future Cash Flows	11
6.2.3 Terminal Value.....	12
6.3.1 DCF Valuation Analysis:.....	13
7. Opinion	15
8. Limitations/ Disclaimer	16



1. Background

Aye Finance Private Limited (hereinafter referred to as “the Company” or “AFPL”) is a private company incorporated under the provisions of the Companies Act, 1956, bearing **CIN U65921DL1993PTC283660** and having registered office at M-5, Magnum House-I Community Centre, Karampura, New Delhi-110015, India was incorporated on 12th August, 1993.

Aye is a private financial services company registered as a non-banking financial company (NBFC) with the Reserve Bank of India (RBI). AFPL has carved a niche by focusing on serving the MSMEs, which struggle to secure loans from traditional banks due to a lack of credit history and collateral. AFPL offer secured and unsecured small business loans for working capital requirements. Their business model revolves around innovative credit assessment, personalized lending, and technology integration to bridge this financial gap and empower MSMEs.

The composition of board of directors of the Company as on date of valuation is as follows:

Name	DIN/PAN
Sanjay Sharma	03337545
Vinay Bajjal	07516339
Vivek Kumar Mathur	03581311
Navroz Darius Udawadia	08355220
Kanika Tandon Bhal	06944916
Kartik Srivatsa	03559152
Kaushik Anand Kalyana Krishnan	07719742
Gaurav Malhotra	07640504
Sanjaya Gupta	02939128
Govinda Rajulu Chintala	03622371

The shareholding pattern of the Company as on date of valuation is tabulated below:



Name of the Shareholder	No. of Shares Held	% of Total Shareholding
Sanjay Sharma (equity and warrants)	19,29,126	5.12%
Vikram Jetley	5,78,000	1.54%
Shankh Corporation LLP	8,49,625	2.26%
Shvet Corporation LLP	8,49,625	2.26%
Sumant Misra	57,750	0.15%
Deepa Pandit	66,000	0.18%
Umesh Kumar Gupta and Gitika Gupta (Joint Holders)	82,500	0.22%
Ashok Prabhakar Nadkarni	82,500	0.22%
A91 Emerging Fund I LLP	35,82,829	9.52%
Elevation Capital V Limited	62,13,529	16.50%
Aye Finance Employee Welfare Trust	5,60,294	1.49%
LGT Capital Invest Mauritius PCC with Cell E/VP	54,24,018	14.41%
CapitalG LP	39,37,337	10.46%
Namrata Shanna	2,61,965	0.70%
Harleen Kaur Jetley	1,18,491	0.31%
MAJ Invest Financial Inclusion Fund II K/S	22,91,200	6.09%
Alpha Wave India I LP	43,02,837	11.43%
British International Investment pie	38,21,987	10.15%
Waterfield Alternative Investments Fund I	5,35,078	1.42%
CapitalG International LLC	11,56,897	3.07%
ESOP Options	9,49,376	2.52%
TOTAL	3,76,50,964	100.00%

As on date of valuation, the Company also has outstanding employee stock options for equity shares and compulsory convertible preference shares. The total number of equity shares on a fully dilutive basis comes out to be **3,76,50,964**.

2. Purpose of valuation

We have been appointed by the Company as Registered Valuer for Securities and Financial Asset Class to determine fair value of its equity shares as on date of valuation for the purpose of issue of such equity shares or convertible instruments in pursuance of provisions of Section 62 and Section 42 of the Companies Act, 2013 read with Companies (Share Capital and debentures) Rules.

Date of valuation for the abovementioned purpose shall be **June 30th, 2024**.

3. Sources of information

Our valuation exercise is based on the following information received from the Management:

- Limited review financial results for the period ended on June 30st, 2024
- Provisional balance sheet as on June 30st, 2024



- Management approved financial projections and business plans of the Company for an explicit period of five years i.e., from July 01st, 2024 to FY 2028-29.
- Report for the period ended on June 30th, 2024 filed with the RBI.
- Discussions with the Management on various issues relevant for the valuation.
- Information about the company available in public domain.
- Such other information and explanation as requested by us and as provided by the Management.

4. Pecuniary Interest Disclosure

The Valuer has no pecuniary interest in the said the company, holding, associates or any of its subsidiaries. The opinion expressed is free of any bias in this regard. The Valuer strictly follows the code of conduct of the Registered Valuation Organization of Insolvency and Bankruptcy Board of India (IBBI).

5. Methods of Valuation

There are various methods adopted for valuation of assets/instruments including financial assets/instruments. Certain methods are based on asset value while certain other methods are based on the earnings potential of the asset/ instrument.

It should be understood that the valuation of an entity or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we have made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of housing finance companies.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be strongly emphasized that a valuer can arrive only at one value for one purpose. We have chosen the usual and conventional methods of valuation, the ones which are adopted for transactions of a similar nature.

IVS 301 specifies that generally, following three approaches are used for Valuation of business/business ownership interest:

- Market approach
- Income approach
- Cost approach

Each one of the above approaches is discussed in the following paragraphs.

a) Market approach:

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets or a group of assets and liabilities, such as a business.

I. Market Price Method



The market price of an equity shares as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market.

II. Comparable Companies Multiples method ('CCM')

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

III. Comparable Companies Transaction Multiples Method ('CTM')

This method involves valuing an asset based on transaction multiples of comparable companies.

b) Income Approach

Income Approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. An approach based on earnings is relevant in case of companies generating a steady stream of income.

I. Discounted Cash Flow ('DCF')

The DCF method values the asset by discounting the cash flows expected to be generated by the asset/instrument for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets/instruments with indefinite life. This method involves discounting of future cash flows expected to be generated by an asset over its life using an appropriate discount rate to arrive at the present value.

The following are important inputs for the DCF method:

- Cash flows;
- Discount rate; and
- Terminal value



c) Cost Approach or Asset Approach

It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS

301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for the Cost Approach are the Replacement Cost Method and the Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that would have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under Valuation. This approach involves determining the value per share based on the assets and liabilities of a Company.



6. Valuation Analysis

As per ICAI Valuation Standard- 102: Valuation Bases:

Valuation base: Valuation base means the indication of the type of value being used in an assignment. In the present case, we have estimated fair value of the Company at the equity level. Fair Value Base defined as under:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

Premise of value: Premise of value refers to the conditions and circumstances how an asset is deployed. In the present case, we have determined the fair equity value of the Business on a Going Concern Value defined as under:

Going concern value is the value of a business enterprise that is expected to continue to operate in the future.

As per ICAI Valuation Standard- 301: Business Valuation:

Enterprise Value: Enterprise Value is the value attributable to the equity shareholders plus the value of debt and debt like items, minority interest, preference share less the amount of non-operating cash and cash equivalents.

Business Value: Business value is the value of the business attributable to all its shareholders

Equity Value: Equity Value is the value of the business attributable to equity shareholders.

As per International Valuation Standard IVS 200 Businesses and Business Interests

Enterprise value: Often described as the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities.

Total invested capital value: The total amount of money currently invested in a business, regardless of the source, often reflected as the value of total assets less current liabilities and cash.

Operating Value: The total value of the operations of the business, excluding the value of any non-operating assets and liabilities.

Equity value: The value of a business to all of its equity shareholders.

6.1 The Approach

After analysing the above-mentioned approaches and gaining understanding of the company and the management requirements, we derive that the company is to be valued at equity level as a going concern taking into consideration all the future aspects of the business. The company is not listed on any stock exchange. Thus, active market prices are not available for the equity shares of the company making it impractical to adopt market approach in this scenario.



Taking into consideration other observable inputs available and the fact that the company is not under liquidation or facing any kind of distress, the cost approach will not provide reliable value, hence we conclude that employing discounted cash flow method under income approach will be the most suitable method and approach in this case as it serves as an indicator of the prospective return that the business is able to generate in the future. The discounted cash flow method is very effective because it allows values to be determined even when cash flows are fluctuating.

The DCF method uses the future free cash flows of the firm holders discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. This method is based on future potential and is widely accepted.

6.2 Discounted Cash Flows Method: Critical Inputs

As discussed earlier, the following are important inputs for the DCF method:

- Cash flows;
- Discount rate; and
- Terminal value and growth rate.

6.2.1 Future Cash Flows

The management of the company has provided the financial projections of the Company for an explicit period from **July 1st, 2024 to March 31st 2029**, therefore we have referred the same for our analysis. Estimation of the net cash flows of the company to be in explicit period based on these financial projections.

The future free cash flows are derived considering, inter alia, the changes in the working capital and any capital expenditure. They are an aggregation of free cash flows of company during the explicit forecast period – prepared based on the business plan – and during the post explicit forecast period, estimated using an appropriate method, and are available to Company’s shareholders.

Generally, in DCF there are two work-arounds for determining future free cash flows depending upon the valuation requirements, being:

- Free Cash Flow to Firm (FCFF)
- Free Cash Flow to Equity (FCFE)

We have opted free cash flows to equity for our valuation analysis.

$$\text{FCFE}_{\text{Financial services firm}} = \text{Profit After Tax} - \text{Reinvestment in Regulatory Capital}$$

6.2.2 Discount Rate

Cost of equity has been estimated based on the capital asset pricing model i.e., CAPM. This model calculates the cost of equity of a Company as the sum of the risk-free rate and a



Company specific equity risk premium, the latter of which represents the risk of company in question as compared to the market risk premium

Calculation of Cost of Equity by employing CAPM:

$$\text{Cost of Equity} = R_f + \beta (R_m - R_f)$$

Where

R_f = Risk Free Rate

β = Beta – A measure of observed volatility of the company compared to the market

$(R_m - R_f)$ = It is Equity or Market Risk Premium

The following table chalks out the critical assumptions of employing this model to arrive at K_e for the Company:

Particulars	AFPL	Remarks
Debt-to-equity	2.04:1	Median debt equity ratio of listed comparable companies
Unlevered Beta	0.24	Beta has been estimated considering inter-alia beta of listed comparable companies which are operating in consumer financing and related services
Cost of Equity (Ke)		
Risk Free Rate (Rfr)	7.04%	Based on 10-year Zero coupon yield curve for Govt securities as at June 2024
Market Risk Premium	6.80%	Market equity risk premium is estimated considering inter-alia historical equity market returns over a risk-free rate and forward-looking equity risk premium estimates. Data sources reviewed generated a range of equity risk premium indications. Market risk premium has been taken based on estimation by Damodaran in July 2024.
Relevered Beta	0.61	Considering median debt equity ratio.
Additional Risk Premium	5%	
Cost of Equity (Ke)	16.17%	
Rounded off Cost of Equity	16.25%	

6.2.3 Terminal Value

Terminal value represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life.

Since the business is considered to be a going concern with an indefinite life, thus we will calculate its terminal value till its perpetuity, here growth rate becomes critical, we have assumed long term growth rate of the Company at 4%, considering the growth rate of industry, and Indian economy over long term period and expected inflation. Return on equity (ROE) has been considered at 17% basis the forward-looking ROE estimates of comparable companies. Reinvestment of Regulatory Capital in the terminal year has been computed using the following formula: Reinvestment/retention rate = growth rate/ROE.

Terminal value has been computed using the Gordon growth model: $FCFE_{TY} / (K_e - G)$.



6.3.1 DCF Valuation Analysis:

As per discounted cash flow method the fair value per equity share of the Company comes out to be ₹ 876.07 per equity share.

Free Cash Flow to Equity (FCFE):						in INR Mn
Particulars	2025	2026	2027	2028	2029	TY
Period in Months	9	12	12	12	12	
Revenues	11,767.2	21,467.0	29,534.5	37,263.3	45,211.8	47,020.3
EBT	3,025.5	5,867.5	9,307.5	12,315.3	15,548.7	16,170.7
Less Tax	-756.9	-1,476.7	-2,342.5	-3,099.5	-3,913.3	-4,069.8
Profit After Tax	2,268.6	4,390.8	6,965.0	9,215.8	11,635.4	12,100.8
Add/(Less): Release/(Reinvestment) of Regulatory Capital	-2,930.4	-5,712.2	-6,753.0	-6,701.9	-7,498.7	-2,847.3
Free Cash flows	-661.8	-1,321.5	212.0	2,513.9	4,136.7	9,253.6
Time to Midpoint	0.38	1.25	2.25	3.25	4.25	4.25
Discount Rate	16.25%	0.95	0.83	0.71	0.61	0.53
Discounted Cash Flow	-625.4	-1,094.6	151.0	1,540.6	2,180.3	4,877.1

Particulars	in INR Mn
Present Value of Explicit Period	2,151.8
Add: Present value of Perpetuity	39,813.4
Equity Value	41,965.3
Less: DLOM	21.4%
Adjusted Equity Value	32,984.7

Valuation Summary

Approaches	Method / Multiples	Equity Value	Weights	in INR Mn Weighted Average Value-Equity
Income Approach	DCF	32,984.7	100%	32,984.7
Value of the Equity Shares				32,984.7
Number of shares				3,76,50,964
Value of the Equity per share				876.07

Adjustment for discount for lack of marketability (DLOM) of 21.4% has been considered in our valuation analysis. DLOM is defined as an amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability. DLOM is the difference in value between an illiquid (unlisted) stock and an all-else-equal liquid (listed) security. We have considered time to liquidity as 5 years basis discussions with the management for calculating DLOM. Ghaidarov Average Strike Model has been used to compute DLOM.

$$DLOM = V_0 \times e^{-qt} \left(2 \times N \left[\frac{v\sqrt{t}}{2} \right] - 1 \right)$$



Risk-weighted assets have been computed as following:

Particulars	in INR Mn					
	30-06-2024	2025	2026	2027	2028	2029
Regulatory CRAR as per RBI	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Total Assets	59,357.5	73,488.2	1,01,033.5	1,33,597.6	1,65,915.2	2,02,075.3
Risk Weighted Assets (RWA) (A)	38,742.2	47,965.2	65,943.8	87,198.1	1,08,291.6	1,31,893.0
RWA as a % of Total Assets	65.27%	65.27%	65.27%	65.27%	65.27%	65.27%

*Risk weighted assets as on 30th June 2024 is as per DNBS-03 filed by the Company.

Release/(Investment) in regulatory capital has been computed as following:

Particulars	in INR Mn					
	30-06-2024	2025	2026	2027	2028	2029
Risk Weighted Assets (RWA) (A)	38,742.2	47,965.2	65,943.8	87,198.1	1,08,291.6	1,31,893.0
CRAR (%) (B)	31.77%	31.77%	31.77%	31.77%	31.77%	31.77%
Tier I+II Capital (A*B)	12,309.3	15,239.7	20,951.9	27,704.9	34,406.8	41,905.5
Release/(Investment) in regulatory capital		(2,930.4)	(5,712.2)	(6,753.0)	(6,701.9)	(7,498.7)

**CRAR as on 30th June 2024 is as per DNBS-03 filed by the Company. Future CRAR has been estimated by the management.



7. Opinion

In the light of the aforesaid, and after taking into consideration the principles of valuation as propounded by various authorities that one would have to consider in the value of the enterprise, the present valuation exercise would have to proceed on a going concern basis and hence has to lay emphasis on earning capacity i.e., what the business is capable of earning in the future with asset value being of limited relevance and being relegated to the background. In this context the estimated or future maintainable profits / cash flows would have to be taken into consideration. For the reasons set out earlier in this report, we have valued the equity share on the basis of discounted cash flow method as per internationally accepted valuation methodology on arm's length basis.

On the basis of the above stated discussions, fair value of equity shares of Aye Finance determined as on date of valuation comes out to be **₹ 876.07 per equity share** (having face value of ₹10/- fully paid up).

We understand on the basis of the management representation that there is no material change in financial information subsequent to June 30th, 2024 up till date of issuance of this report which impacts the FMV of the share mentioned in this report. Events beyond the date of issuance of the report have not been considered.

For **INMACS Valuers Private Limited**
IBBI Reg. No: **IBBI/RV-E/02/2021/141**



Aneesh Mallick
Director – Securities and Financial Assets
IBBI Reg No. - IBBI/RV/06/2022/15042
B.Com (Hons), CA, CFA, Registered Valuer
(S&FA), FMVA, IVCP (IICA), SIA (ISAI), DipIFR,
DISA (ICAI), FAFD (ICAI)
ICAI Membership No: 548598
UDIN: 24548598BKILQV3121

Valuation Reference No. (VRN):
IOVRVF/IMV/2024-2025/3965

Date: September 17th, 2024
Place: New Delhi

8. Limitations/ Disclaimer

This report is subject to the limitations detailed hereinafter.

As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. This report is prepared with a limited purpose/ scope as identified and will be confidential being for use only to which it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals and regulatory filings required for this transaction.

In other words, this report can be shared with advisors, group entities of the AFPL, tax and other regulatory authorities and as may be permitted / required under the applicable laws.

Valuation is not a precise science and the conclusions arrived at in many cases will, be of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.

Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.

The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.

Our work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.



In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.

A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on our opinion, on the fair value of the shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Any person/party intending to provide finance/invest in the shares/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / the Company and our work and our finding shall not constitute a recommendation as to whether or not the Management / the Company should carry out the transaction.

Our Report is meant for the purpose mentioned in Para 2 only and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

Neither the firm nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. As such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.



Pre and Post shareholding of the Company after issuance shares (on fully diluted basis)

Sr. No.	Category	Pre-Issue		Post-Issue	
		No. of Shares	% holding	No. of Shares	% holding
A.	Promoter's holding				
	Indian:				
1	Individual	0	0.00	0	0.00
2	Bodies Corporate	0	0.00	0	0.00
	Sub-Total	0	0.00	0	0.00
3	Foreign Promoters	0	0.00	0	0.00
	Sub-Total (A)	0	0.00	0	0.00
B.	Non- Promoter's holding:				
1	Institutional Investors	2,76,82,883	72.75	2,93,69,319	73.98
2	Non- Institution:				
	Private Corporate Bodies	52,82,079	13.88	52,42,369	13.21
	Directors and Relatives	21,91,091	5.76	21,91,091	5.52
	Indian Public	9,85,241	2.59	9,85,241	2.48
	Others (Including NRIs)	19,09,670	5.02	19,09,670	4.81
	Sub-Total (B)	3,80,50,964	100.00	3,96,97,690	100.00
	Grand Total (A+B)	3,80,50,964	100.00	3,96,97,690	100.00

