

Independent Auditor's Report on the Quarterly and Year to Date Audited Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**To
The Board of Directors of
Aye Finance Private Limited****26 May 2022****Report on the audit of the Financial Results****Opinion**

We have audited the accompanying statement of quarterly and year to date financial results of Aye Finance Private Limited (the "Company") for the quarter ended March 31, 2022 and for the year ended March 31, 2022 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2022 and for the year ended March 31, 2022.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Assessment of COVID 19 Impact

We draw attention to Note 5 to the financial results, which describes the uncertainty continuing to be caused by COVID 19 pandemic and related events impacting the Company's operations and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of

the Statement that gives a true and fair view of the net loss and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The figures for the corresponding quarter ended March 31, 2021, as reported in these financial results have been approved by the Company's Board of Directors, but have not been subjected to an audit.

The Statement includes the results for the quarter ended March 31, 2022 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra

Partner

Membership No.: 094533

UDIN: 22094533AJRDHF6710

Gurugram

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

Particulars	As at	As at
	March 31, 2022	March 31, 2021
	Audited	Audited
ASSETS		
Financial assets		
Cash and cash equivalents	152.84	179.45
Bank balances other than cash and cash equivalents	224.22	168.00
Loans	1,687.71	1,500.77
Investments	155.11	198.17
Other financial assets	7.09	16.51
Total financial assets	2,226.97	2,062.90
Non-financial assets		
Current tax assets (net)	8.83	0.38
Deferred tax assets (net)	47.33	31.60
Property, plant and equipment	4.78	5.31
Right of use assets	20.58	20.37
Capital work-in-progress	0.06	0.01
Intangible assets	1.37	1.56
Other non-financial assets	6.34	4.86
Total non-financial assets	89.29	64.09
Total assets	2,316.26	2,126.99
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Derivative financial instruments	3.89	1.79
Debt securities	922.23	945.44
Borrowings (other than debt securities)	598.51	368.88
Lease liabilities	23.35	22.70
Other financial liabilities	32.78	6.04
Total financial liabilities	1,580.76	1,344.85
Non-financial liabilities		
Provisions	23.14	22.94
Other non-financial liabilities	6.35	12.50
Total non-financial liabilities	29.49	35.44
EQUITY		
Equity share capital	30.45	30.45
Other equity	675.56	716.25
Total equity	706.01	746.70
Total liabilities and equity	2,316.26	2,126.99

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

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

Particulars	Quarter ended March 31, 2022 Audited **	Quarter ended December 31, 2021 Unaudited	Quarter ended March 31, 2021 Audited **	Year ended March 31, 2022 Audited	Year ended March 31, 2021 Audited
Revenue from operations					
Interest income	116.41	93.18	72.08	415.39	482.51
Fees and commission income	2.10	2.77	7.40	8.04	8.15
Net gain on fair value changes	3.74	1.58	4.61	8.49	4.61
Total revenue from operations	122.25	97.53	84.09	431.92	495.27
Other income	3.73	4.03	2.84	11.57	4.15
Total income	125.98	101.56	86.93	443.49	499.42
Expenses					
Finance cost	38.98	37.82	45.21	158.55	235.15
Net loss on fair value changes	-	3.73	1.06	2.10	5.08
Impairment on financial instruments	21.61	3.90	(23.72)	121.10	55.06
Employee benefit expenses	50.93	41.20	47.80	175.76	141.44
Depreciation and amortization expense	3.84	1.14	3.61	9.97	9.29
Other expenses	16.58	11.28	8.13	43.42	30.12
Total expenses	131.94	99.07	82.09	510.90	476.14
Profit / (Loss) before tax	(5.96)	2.49	4.84	(67.41)	23.28
Tax expense:					
Current tax	-	-	(8.25)	-	10.15
Tax for earlier years	(5.63)	-	(1.50)	(5.63)	(1.50)
Deferred tax	(0.54)	0.43	8.59	(16.06)	(2.26)
Income tax expense	(6.17)	0.43	(1.16)	(21.69)	6.39
Profit / (Loss) for the year / period (A)	0.21	2.06	6.00	(45.72)	16.89
Other comprehensive (loss) / income					
Re-measurement (loss) / income on defined benefit plans	(0.04)	1.91	(0.11)	1.31	(0.13)
Income tax effect	-	(0.47)	0.02	(0.33)	0.03
Other comprehensive loss (B)	(0.04)	1.44	(0.09)	0.98	(0.10)
Total comprehensive (loss) / income for the year / period (A+B)	0.17	3.50	5.91	(44.74)	16.79
Earnings per equity share					
Basic EPS (Rs.)	0.07	1.13	1.92	(14.74)	5.58
Diluted EPS (Rs.)	0.07	1.12	1.90	(14.74)	5.51
Nominal value	10.00	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

Statement of Cash Flow for the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flow from operating activities		
(Loss) / Profit before tax	(67.41)	23.28
Adjustments for:		
Depreciation and impairment of PPE and right of use assets	4.52	3.68
Depreciation on right of use assets	5.45	5.61
Unrealised foreign exchange gain	(0.52)	(0.01)
Unrealised loss / (gain) on investments in mutual fund	0.03	(1.61)
Profit on sale of mutual fund units	(8.00)	(2.99)
Other comprehensive income / (loss)	0.98	(0.10)
Impairment of financial instruments	6.22	18.20
Loans and advances written off	113.21	36.86
Loss on settlement	1.67	-
Loss on sale of property, plant and equipment (net)	0.02	-
Expense on employee stock option scheme	4.05	3.23
Expenses for gratuity and leave encashment	3.54	3.02
Interest on leases assets	2.77	1.81
Operating profit before working capital changes	66.53	90.98
Movements in working capital :		
(Increase) in bank balances not considered as cash and cash equivalents	(56.07)	(111.17)
(Increase) / Decrease in loan portfolio	(308.04)	160.99
Decrease / (Increase) in other financial assets	9.42	(14.87)
(Increase) / Decrease in other non financial assets	(1.48)	0.32
Increase / (Decrease) in other financial liabilities (excluding lease liabilities)	26.74	(0.19)
Increase in derivative financial instruments	2.10	5.07
(Decrease) / Increase in other non financial liabilities	(6.15)	5.78
(Decrease) in lease liabilities	(7.78)	(5.67)
(Decrease) / Increase in provisions	(2.03)	2.02
Cash (used in) / generated from operations	(276.76)	133.26
Income taxes paid	(2.49)	(8.03)
Net cash (used in) / generated from operating activities (A)	(279.25)	125.23
Cash flow from investing activities		
Purchase of property, plant and equipment (excluding right of use assets) (Net of sale proceeds)	(5.49)	(3.09)
Purchase of investments	(1,564.77)	(514.97)
Sale of investments	1,615.86	328.28
Net cash generated from / (used in) investing activities (B)	45.60	(189.78)

(Continued)

Statement of Cash Flow for the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<i>(Continued)</i>		
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	(0.00)	209.99
Proceeds from issue of debt securities	237.22	162.18
Redemption of debt securities	(260.43)	(396.17)
Proceeds from borrowings (other than debt securities)	415.01	320.42
Repayment of borrowings (other than debt securities)	(184.76)	(224.60)
Net cash generated from financing activities (C)	207.04	71.82
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(26.61)	7.27
Cash and cash equivalents at the beginning of the year	179.45	172.18
Cash and cash equivalents at the end of the year	152.84	179.45
Components of cash and cash equivalents as at the end of period		
Cash in hand	3.27	3.01
Balance with banks - on current account	71.33	56.62
Deposits with original maturity of less than or equal to 3 months	78.24	119.82
Total cash and cash equivalents	152.84	179.45

Note: Previous year figures have been regrouped / reclassified wherever applicable.

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

Place: Gurugram
Date: May 26, 2022

Sanjay Sharma
Managing Director
DIN: 03337545

Notes:

- The Company is a systemically important non-deposit taking non-banking financial company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934.
- The financial results for the quarter and year ended March 31, 2022, which have been subjected to audit by statutory auditors of the company, have been reviewed by the Audit Committee at its meeting held on May 25, 2022 and approved by the Board of Directors at its meeting held on May 26, 2022. The report is being filed with the Bombay Stock Exchange ("BSE") and is also available on the Company's website www.ayefin.com
- The above 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.
- The figures of quarter ended March 31, 2022 and March 31, 2021 are the balancing figures between audited figures in respect of full financial year ended March 31, 2022 and March 31, 2021 and reviewed figures for the nine months ended December 31, 2021 and figures as certified by the management for nine months ended December 31, 2020 which has not been subjected to limited review.
- "A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections (the "pandemic"), which was further extended in phases up to May 31, 2020. Subsequently, the lockdown has been lifted by the Government for certain activities in a phased manner outside specific containment zones but localised/regional restrictions continued to be implemented in areas with a significant number of COVID-19 cases. The second wave of the COVID-19 pandemic in April-May 2021 led to the re-imposition of localised/regional lockdown measures in various parts of the country. The second wave started to subside from June 2021 onwards and the lockdowns were gradually lifted, resulting in a significant improvement in economic activity. India experienced another outbreak due to a new variant in December 2021 and as a precautionary measure, certain state governments have imposed localised/regional restrictions. The extent to which the COVID19 pandemic, will continue to impact the Company's financial results, will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. At March 31, 2022, the Company believes that the impairment allowance of loans has been recorded considering the reasonable and supportable information available up to the date of approval of these financial results. Based on current indicators of future economic conditions, the Company expects to recover carrying amount of the financial assets. The Company will continue to closely monitor any material changes to future economic conditions and resultant impact, if any, on the impairment allowance of loans."
- Detail of resolution plan implemented under the resolution framework for Covid - 19 related stress as per RBI circular dated August 06, 2020 (resolution framework - 1.0) and May 05, 2021 (resolution framework - 2.0) as March 31, 2022 as given below: -**

(All amounts are in Rs. Crores)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at September 30, 2021 (A) *	Of (A), aggregate debt that slipped in to NPA during the half year ended March 31, 2022	Of (A) amount written off during the half year ended March 31, 2022	Of (A) amount paid by the borrowers during the half year ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2022 *
Personal Loans #	42.86	5.91	1.32	1.13	34.50
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	42.86	5.91	1.32	1.13	34.50

* Consist of unbilled and overdue principal

Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans.

(Continued)

Notes:*(Continued)***7 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 transfer through assignment in respect of loans not in default during the year ended March 31, 2022: Nil

(b) Details of loans re-purchased in compliance with paragraph 48 of Master Direction - RBI (Transfer of Loan Exposures) Directions, 2021 during the year ended March 31, 2022: Nil

(c) Details of stressed loans transferred during the year ended March 31, 2022

Particulars	To Asset Reconstruction Companies (ARC)	
	NPA*	SMA
No. of accounts	23,835	-
Aggregate principal outstanding of loans transferred (Rs. in crores)	243.29	-
Weighted average residual tenor of the loans transferred (in months)	12 months	-
Net book value of loans transferred (at the time of transfer) (Rs. in crores)	34.78	-
Aggregate consideration (Rs. in crores)	37.71	-
Additional consideration realised in respect of accounts transferred in earlier year	-	-

Including written off loans amounting to Rs. 171.95 crores

(d) The Company has not acquired any stressed loan during the financial year ended March 31, 2022

- 8 Pursuant to RBI circular dated November 12, 2021, "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – clarifications", the Company has taken necessary steps and complied with the provisions of the circular for regulatory reporting, as applicable. The financial results for the quarter and year ended March 31, 2022, are prepared in accordance with the applicable Ind-As guidelines and the RBI Circular dated March 13, 2020 – "Implementation of Indian Accounting Standard".
- 9 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.
- 10 There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
- 11 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.
- 12 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.
- 13 Disclosures in compliance with Regulation 52(4) of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2022 is attached as Annexure I to these financial results.
- 14 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

Additional Disclosures pursuant to Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as at March 31, 2022 with respect to listed secured debentures of the Company issued on a private placement basis.

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

(a) Omitted	
(b) Omitted	
(c) Debt equity ratio (Refer Note 1)	2.36
(d) Omitted	
(e) Omitted	
(f) Debt service coverage ratio:	Not applicable
(g) Interest service coverage ratio:	Not applicable
(h) Outstanding redeemable preference shares (quantity and value)	Not applicable
(i) Capital redemption Reserve:	Not applicable
(j) Net worth (Refer Note 2):	653.15
(k) Net profit after tax:	

Particulars	For the year ended March 31, 2022
Net (loss) / profit after tax:	(45.72)

(l) **Earnings per share:**

Particulars	For the year ended March 31, 2022
Basic	(14.74)
Diluted	(14.74)

(m) Current ratio	Not applicable
(n) Long term debt to working capital ratio:	Not applicable
(o) Bad debts to Account receivable ratio:	Not applicable
(p) Current liability ratio:	Not applicable
(q) Total debts to total assets (%) (Refer Note 3):	66.66%
(r) Debtors turnover:	Not applicable
(s) Inventory turnover:	Not applicable
(t) Operating margin(%):	Not applicable
(u) Net profit margin(%) (Refer note 4):	

Particulars	For the year ended March 31, 2022
Net profit margin(%):	(10.31%)

(v) **Sector specific ratios:**

Gross NPA ratio (Gross stage III assets) (Refer Note 5)	3.29%
Net NPA ratio (Net stage III assets) (Refer Note 6)	1.37%
CRAR	36.03%
Liquidity coverage ratio	Not applicable
Provision coverage ratio (Refer Note 7)	59.12%

Notes:

- Debt to 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 year / Total income for the year
- Gross NPA ratio = Gross stage III loans / Gross loans
- Net NPA ratio = (Gross stage III loans - Impairment allowance on stage III loans) / (Gross loans-Impairment allowance on stage III loans)
- Provision coverage ratio = Provision on Gross stage III loans / Gross Stage III loans

For Aye Finance Private Limited