

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

11 November 2022

**Independent Auditor's Review Report on the Quarter and Half yearly
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 and half year ended 30 September 2022 (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

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: 22094533BCVINU1570

Place: Gurugram

Aye Finance Private Limited (CIN: U65921DL1993PTC283660)
Registered office : M-5, Magnum House-I, Community Centre, Karampura, New Delhi - 110015
Ph.: 01244844000, Email: corporate@ayefin.com, website: https://www.ayefin.com
Statement of assets and liabilities as at September 30, 2022

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

Particulars	As at September 30, 2022 (Unaudited)	As at March 31, 2022 (Audited)
ASSETS		
Financial assets		
Cash and cash equivalents	112.21	152.79
Bank balances other than cash and cash equivalents	224.75	224.22
Loans	1,831.37	1,687.71
Investments	177.73	155.11
Other financial assets	17.45	19.77
Total financial assets	2,363.51	2,239.60
Non-financial assets		
Current tax assets (net)	16.09	8.83
Deferred tax assets (net)	38.48	47.33
Property, plant and equipment	5.21	4.78
Right of use assets	20.89	20.58
Capital work-in-progress	0.23	0.06
Intangible assets	1.16	1.37
Other non-financial assets	8.08	6.75
Total non-financial assets	90.14	89.70
Total assets	2,453.65	2,329.30
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Derivative financial instruments	10.91	3.89
Debt securities	946.55	922.23
Borrowings (other than debt securities)	693.88	598.51
Lease liabilities	24.05	23.35
Other financial liabilities	18.78	45.41
Total financial liabilities	1,694.17	1,593.39
Non-financial liabilities		
Provisions	19.15	23.14
Other non-financial liabilities	8.11	6.76
Total non-financial liabilities	27.26	29.90
EQUITY		
Equity share capital	30.45	30.45
Other equity	701.77	675.56
Total equity	732.22	706.01
Total liabilities and equity	2,453.65	2,329.30

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

Place: Gurugram
Date: November 11, 2022

Sanjay Sharma
Managing Director
DIN: 03337545

Aye Finance Private Limited (CIN: U65921DL1993PTC283660)
Registered office : M-5, Magnum House-I, Community Centre, Karampura, New Delhi - 110015
Ph.: 01244844000, Email: corporate@ayefin.com, website: https://www.ayefin.com
Statement of unaudited financial results for the quarter and half year ended September 30, 2022

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

Particulars	Quarter ended			Half year ended		Year ended
	September 30, 2022 (Unaudited)*	June 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)*	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	March 31, 2022 (Audited)
Revenue from operations						
Interest income	132.39	122.35	89.64	254.74	205.80	379.46
Fees and commission income	5.11	5.72	2.11	10.83	3.17	13.57
Net gain on derecognition of financial instruments under amortised cost category	6.57	3.46	-	10.03	-	-
Net gain on fair value changes	8.30	3.35	-	11.65	5.12	8.49
Total revenue from operations	152.37	134.88	91.75	287.25	214.09	401.52
Other income	4.33	4.23	1.33	8.56	3.81	11.57
Total income	156.70	139.11	93.08	295.81	217.90	413.09
Expenses						
Finance cost	46.08	43.12	38.07	89.20	81.75	128.15
Net loss on fair value changes	6.99	0.02	0.32	7.01	0.32	2.10
Impairment on financial instruments	16.76	19.37	14.07	36.13	95.59	121.10
Employee benefit expenses	50.63	49.05	43.19	99.68	83.63	175.76
Depreciation and amortization expense	3.06	2.59	2.68	5.65	4.99	9.97
Other expenses	16.65	13.65	7.61	30.30	15.56	43.42
Total expenses	140.17	127.80	105.94	267.97	281.84	480.50
Profit / (Loss) before tax	16.53	11.31	(12.86)	27.84	(63.94)	(67.41)
Tax expense:						
Current tax	-	-	-	-	-	-
Tax for earlier years	-	-	-	-	-	(5.63)
Deferred tax	4.72	3.19	(3.10)	7.91	(15.95)	(16.06)
Total tax expenses	4.72	3.19	(3.10)	7.91	(15.95)	(21.69)
Profit / (Loss) for the period / year (A)	11.81	8.12	(9.76)	19.93	(47.99)	(45.72)
Other comprehensive income / (expenses)						
Items that will not be reclassified subsequently to profit or loss:						
Re-measurement income / (loss) on defined benefit plans	1.51	2.22	(0.56)	3.73	(0.56)	1.31
Income tax relating to items that will not be reclassified to loss or profit	(0.38)	(0.56)	0.14	(0.94)	0.14	(0.33)
Other comprehensive income / (expenses) (B)	1.13	1.66	(0.42)	2.79	(0.42)	0.98
Total comprehensive income / (expenses) for the year / period (A+B) (comprising profit / (loss) and other comprehensive income / (expenses) for the year / period)	12.94	9.78	(10.18)	22.72	(48.41)	(44.74)
Earnings per equity share **						
Basic EPS (Rs.)	3.81	2.62	(3.28)	6.43	(15.61)	(14.74)
Diluted EPS (Rs.)	3.76	2.59	(3.28)	6.35	(15.61)	(14.74)
Nominal value	10.00	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**

Place: Gurugram
Date: November 11, 2022

Sanjay Sharma
Managing Director
DIN: 03337545

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Registered office : M-5, Magnum House-I, Community Centre, Karampura, New Delhi - 110015
Ph.: 01244844000, Email: corporate@ayefin.com, website: https://www.ayefin.com
Statement of cash flow for the half year ended September 30, 2022

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

Particulars	For the half year ended September 30, 2022 (Unaudited)	For the half year ended September 30, 2021 (Unaudited)
Cash flow from operating activities		
Profit / (Loss) before tax	27.84	(63.94)
Adjustments for:		
Depreciation and amortisation	5.65	4.99
Unrealised foreign exchange gain	7.36	0.51
Unrealised gain on investments in mutual fund	(0.27)	(1.92)
Profit on sale of mutual fund units	(4.02)	(2.92)
Impairment of financial instruments	(0.29)	23.67
Loans and advances written off	35.20	71.61
Loss on settlement	1.22	-
Loss on sale of property, plant and equipment (net)	-	0.01
Expense on employee stock option scheme	3.15	2.52
Expenses for gratuity and leave encashment	1.92	1.69
Interest on leases assets	1.52	1.44
Operating profit before working capital changes	79.28	37.66
Movements in working capital:		
Increase in bank balances not considered as cash and cash equivalents	(0.38)	(193.52)
(Increase) / Decrease in loan portfolio	(179.79)	148.19
Decrease in other financial assets	2.32	1.19
Increase in other non financial assets	(1.33)	(1.46)
Decrease in other financial liabilities (excluding lease liabilities)	(26.63)	(1.23)
Increase / (Decrease) in derivative financial instruments	(0.34)	0.04
Increase / (Decrease) in other non financial liabilities	1.35	(1.40)
Decrease in lease liabilities	(1.13)	(3.38)
Decrease in provisions	(1.18)	(5.91)
Cash used in operations	(127.83)	(19.82)
Income taxes paid	(7.26)	(1.43)
Net cash used in operating activities (A)	(135.09)	(21.25)
Cash flow from investing activities		
Purchase of property, plant and equipment, excluding right of use assets (Net of sale proceeds)	(2.08)	(0.75)
Purchase of investments	(1,598.42)	(450.18)
Sale of investments	1,579.55	440.86
Net cash used in investing activities (B)	(20.95)	(10.07)

(Continued)

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Statement of cash flow for the half year ended September 30, 2022

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

Particulars	For the half year ended September 30, 2022 (Unaudited)	For the half year ended September 30, 2021 (Unaudited)
<i>(Continued)</i>		
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	3.13	0.00
Proceeds from issue of debt securities	197.45	75.00
Redemption of debt securities	(173.13)	(159.35)
Proceeds from borrowings (other than debt securities)	371.82	50.00
Repayment of borrowings (other than debt securities)	(283.81)	(67.78)
Net cash generated from / (used in) financing activities (C)	115.46	(102.13)
Net decrease in cash and cash equivalents (A + B + C)		
Cash and cash equivalents at the beginning of the period	152.79	191.60
Cash and cash equivalents at the end of the period	112.21	58.15
Components of cash and cash equivalents as at the end of period		
Cash in hand	3.96	4.17
Balance with banks - on current account	38.09	17.17
Deposits with original maturity of less than or equal to 3 months	70.16	36.81
Total cash and cash equivalents	112.21	58.15

Note:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 - "Statement of Cash Flows".

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

Place: Gurugram
Date: November 11, 2022

Sanjay Sharma
Managing Director
DIN: 03337545

Notes:

- 1 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.
- 2 The unaudited financial results for the quarter and half year ended September 30, 2022, 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 its meeting held on November 11, 2022. 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 Securities Exchange Board of India (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 September 30, 2022 and September 30, 2021 are the balancing figures between reviewed figures in respect of half year ended September 30, 2022 and reviewed figures for the quarter ended June 30, 2022 and reviewed figures in respect of half year ended September 30, 2021 and board approved figures for the quarter ended June 30, 2021 respectively. The figures for quarter ended June 30, 2021 are approved by the Board of Directors and were not subject to limited review by Statutory Auditors of the Company.
- 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 September 30, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirement of Ind AS 109.
- 6 Detail of resolution plan implemented under the resolution framework for COVID-19 related stress as per RBI circular dated August 06, 2020 (resolution framework - 2.0) and May 5, 2021 (resolution framework - 2.0) as at September 30, 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 March 31, 2022 (A) *	Of (A), aggregate debt that slipped in to NPA during the half year ended September 30, 2022	Of (A) amount written off during the half year ended September 30, 2022	Of (A) amount paid by the borrowers during the half year ended September 30, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at September 30, 2022 *
Personal Loans #	34.50	6.80	7.40	2.10	18.20
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	34.50	6.80	7.40	2.10	18.20

* Consist of unbilled and overdue principal

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

- 7 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2022

(a) Details of loans (not in default) transferred through assignment during the half year ended September 30, 2022

Amount of loan accounts assigned (Rs. in Crores)	114.71
Retention of beneficial economic interest (MRR)	10%
Weighted average maturity (residual maturity)	15.27 months
Weighted average holding period	9.59 months
Coverage of tangible security	0%
Rating-wise distribution of rated loans	Unrated

(b) The Company has not acquired any loan (not in default) through assignment during the half year ended September 30, 2022.

(c) The Company has not transferred any stressed loan during the half year ended September 30, 2022.

(d) The Company has not acquired / transferred any stressed loan during the half year ended September 30, 2022.

(Continued)

Notes:

(Continued)

- 8 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 and half year ended September 30, 2022, are prepared in accordance with the applicable Ind AS guidelines and the RBI Circular dated March 13, 2020 - "Implementation of Indian Accounting Standards".
- 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 half year ended September 30, 2022 are 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**

Place: Gurugram
Date: November 11, 2022

Sanjay Sharma
Managing Director
DIN: 03337545

Annexure 1

Additional Disclosures pursuant to Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as at September 30, 2022 with respect to listed secured debentures of the Company issued on a private placement basis.

(a) Omitted	
(b) Omitted	
(c) Debt equity ratio (times) (Refer Note 1)	2.41
(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 (Rs. crores) (Refer Note 2):	689.28
(k) Net profit after tax:	

Particulars	For the half year ended September 30, 2022
Net profit after tax (Rs. crores):	19.93

Particulars	For the half year ended September 30, 2022
(l) Earnings per share (Rs.):	
Basic	6.43
Diluted	6.35

(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):	67.84%
(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 half year ended September 30, 2022
Net profit margin(%):	6.74%

(v) Sector specific ratios:	
Gross NPA ratio (Gross stage III assets) (Refer Note 5)	3.95%
Net NPA ratio (Net stage III assets) (Refer Note 6)	2.06%
CRAR	35.55%
Liquidity coverage ratio	Not applicable
Provision coverage ratio (Refer Note 7)	48.89%

- Notes:**
- (1) Debt to equity ratio = (Debt securities+Borrowings other than debt securities+Subordinated liabilities (lease liabilities)) / Net-worth
 - (2) Net-worth = Total equity - Deferred tax - Intangible assets - Prepaid expenses
 - (3) Total debt to total assets = ((Debt securities + Borrowings other than debt securities+Subordinated liabilities (lease liabilities)) / Total assets
 - (4) Net profit margin = Net profit for the period / Total income for the period
 - (5) Gross NPA ratio = Gross stage III loans / Gross loans
 - (6) Net NPA ratio = (Gross stage III loans - Impairment allowance on stage III loans) / (Gross loans-Impairment allowance on stage III loans)
 - (7) Provision coverage ratio = Provision on Gross stage III loans / Gross Stage III loans

For and on behalf of the Board of Directors

Place: Gurugram
Date: November 11, 2022

Sanjay Sharma
Managing Director
DIN: 03337545