



AYE [आय]

Transforming Micro and Small Enterprise Financing in India
— Say AYE to Growth —

**ANNUAL REPORT
2017-18**

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AYE VALUE TREE

I am pleased to present the Annual Report of Aye Finance (P) Limited for the year 2017-18.

The year 2017-18 has been a pivotal year for Aye Finance. This was the maiden year of profits for the company which was achieved on the back of falling unit costs of origination and servicing and improving economies of scale. We grew our Loan book by over 350 % over the year to INR 4700 mn and more than doubled our branch footprint from 33 to 72 branches expanding our reach to 2 new states of Andhra Pradesh and Madhya Pradesh. We diversified our sources of funds and raised INR 365 Cr debt through term loans, bank limits, DFI facilities, securitization and issue of bonds. World Economic Forum identified us as one of the Top 100 Inclusive Fintech companies in Emerging Markets and we were adjudged as “SuperStartup Asia”. The business successfully negotiated the periods of uncertainty that accompanied the implementation of GST. The portfolio quality has continued to remain stable and is better than our plans.

Aye Finance was founded in March 2014 with a vision to be a leader in financing the growth of micro businesses in India and living up to the vision we have created an organized channel of financing that these businesses had so far been excluded from. In addressing a crucial pain point of over 50 million such micro enterprises in India, we have also unlocked a massive business opportunity for our company.

With our innovated approach to assessing the risk of these credit starved micro businesses the “Cluster Based Credit Methodology” and a range of automation and system solutions, our teams deliver high levels of productive throughput which helps us better manage our cost of originating and servicing of a loan. This is going to be increasingly crucial in keeping our business scalable and profitable.

In the past years we have successfully built a professional team that shares a high standard of performance and ethics. With continued focus on training and development, we have instilled a deep understanding of micro enterprise environment in our team. Along with high achievement orientation, the team also has the passion for delivering social impact.

We continue to maintain our focus on compliance and good corporate governance. Major processes of the company are periodically audited and our field vigilance teams help us effectively manage our service delivery in our markets.

With a good performance in 2017-18 behind us, we are poised for another exciting year ahead. We expect to further expand our client base with profitability and positive social impact, thereby creating value for our customers, employees, investors and other stakeholders.

With warm regards,
Sanjay Sharma
Managing Director



BOARD OF DIRECTORS

- Mr. Sanjay Sharma, Managing Director;
- Mr. Vikram Jetley, Whole-time Director;
- Mr. Vivek Mathur, Non-executive Director;
- Mr. Rajat Arora, Non-executive Director;
- Mr. Vikas Raj, Non-executive Director;
- Mr. Navin Kumar Maini, Independent Director

AUDIT, RISK AND COMPLIANCE COMMITTEE

- Mr. Sanjay Sharma, Managing Director;
- Mr. Vikram Jetley, Whole-time Director;
- Mr. Vivek Mathur, Non-executive Director;
- Mr. Rajat Arora, Non-executive Director;
- Mr. Abhishek Agrawal, Representative Accion
- Mr. Ravinder Oberoi, VP Audit & Vigilance
- Ms. Tripti Pandey, Company Secretary

ASSET AND LIABILITIES COMMITTEE

- Mr. Sanjay Sharma, Managing Director;
- Mr. Vikram Jetley, Whole-Time Director;
- Mr. Vivek Director, Non-Executive Director;
- Mr. Rajat Arora, Non-Executive Director;
- Mr. Abhishek Agrawal, Representative Accion
- Mr. Ashish Sharma, Sr. VP Finance

CORPORATE INFORMATION**Registered Office**

M-5, Magnum House-I, Mezzanine Floor, Community centre Karampura,
Opp. Milan Cinema, New Delhi-110015, Delhi, India
CIN-U65921DL1993PTC283660
Email: corporate@ayefin.com, finance@ayefin.com,
Website: www.ayefin.com
Tel No: 011-4308959

Corporate Office

809-812, 8th Floor, Vipul Square,
B-Block, Sushant Lok-I, Gurugram-122009,
Haryana, India
Tel No: 0124-4844000

Key Managerial Personnel (KMP)

Ms. Tripti Pandey, Company Secretary

Auditors

Deloitte Haskins & Sells LLP

Secretarial Auditors

Brajesh Kumar & Associates

Internal Auditors-

AMRK & Associates

Debenture Trustees

1. Name: VISTRA ITCL (INDIA) LTD
Address: IL&FS Financial Centre, Plot C- 22, G Block, BKC Road, Bandra Kurla Complex, Bandra East,
Mumbai, Maharashtra – 400051
Telephone: 022-26593535
Attention: Chief Executive Officer and Managing Director
E-mail: mumbai@vistra.com
2. Name: CATALYST TRUSTEESHIP LTD
Address: 83 – 87, 8th floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai –400021
Telephone: 022- 49220507
Attention: Mr. Umesh Salvi
E-mail: debasis.karmokar@ctltrustee.com; umesh.salvi@ctltrustee.com

Registrar and Share Transfer Agents

Karvy Computershare Pvt Ltd (BP ID- IN200800)
Mr S P Venugopal (DGM - Corporate Registry)
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda,
Hyderabad-500 032, Email: venu.sp@karvy.com

Bankers

HDFC Bank, RBL Bank, ICICI Bank, DCB Bank, SBI Bank, Fincare Small Finance Bank.

25th Annual General Meeting

Date: September 27, 2018

Day: Thursday

Time: 10 A.M.

Place: Syndicate Room, Department of Management Studies, Vishwakarma Bhawan, 4th Floor, IIT Campus, Hauz Khas, New Delhi-110016

To transact following ordinary businesses:

- To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2018 and the Reports of the Directors' and Auditors' and Secretarial Auditors' thereon and
- To ratify the appointment of Auditors and to fix their Remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), following resolution as an **Ordinary Resolution**:

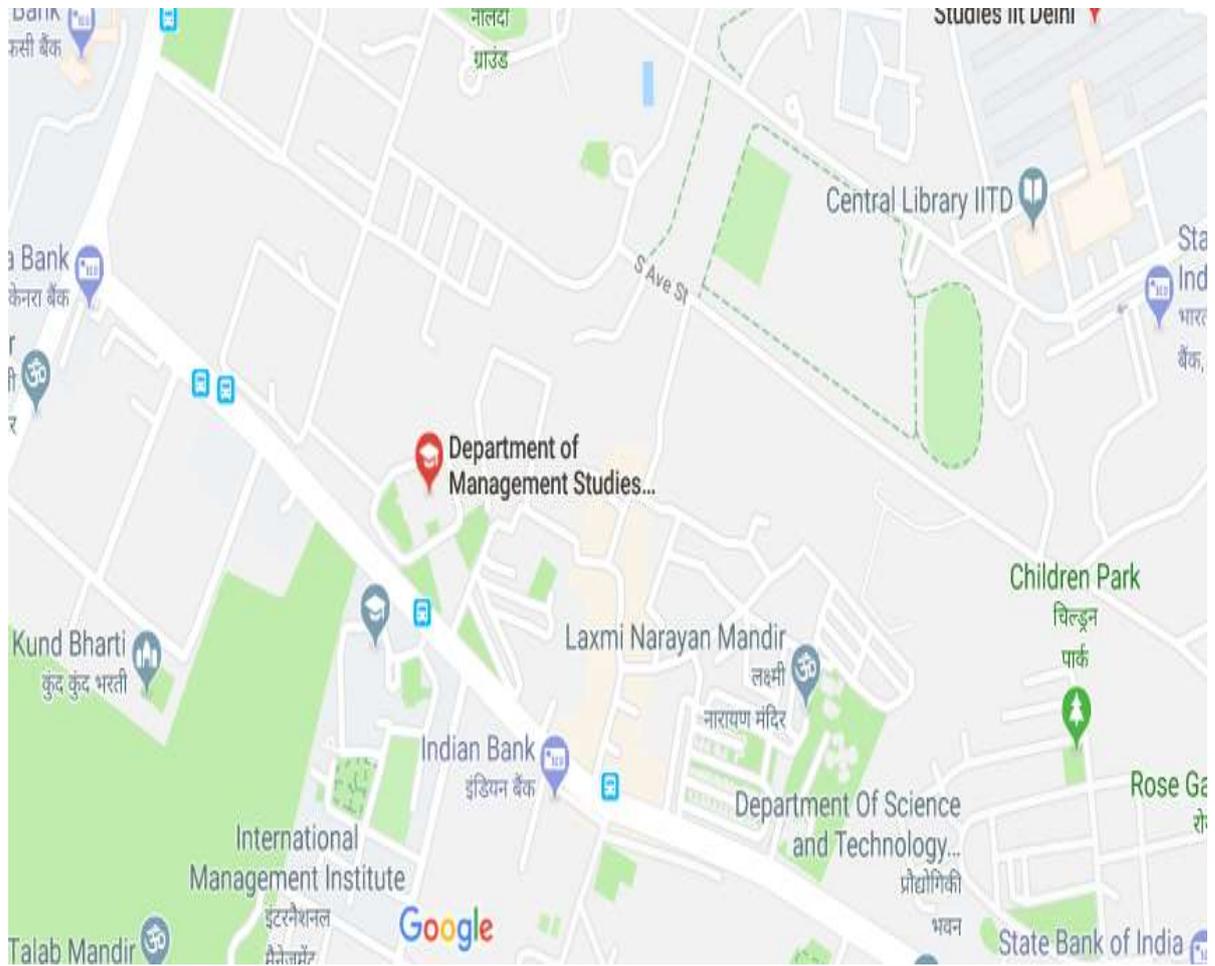
"RESOLVED THAT pursuant to Section 139 and 142 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 or any amendment thereto or modification thereof and pursuant to the recommendation made by the Audit Committee and the Board of Directors, appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), be and is hereby ratified as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting be and is hereby ratified and that the Managing Director be and is hereby authorised to fix such remuneration as may be determined in consultation with the

Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company."

IMPORTANT NOTES:

1. A MEMBER/SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER/SHAREHOLDER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company situated at M-5, Magnum House-I, Mezzanine floor, Community Centre Karampura, Opp. Milan Cinema, New Delhi - 110015, not less than forty-eight hours before the commencement of the AGM i.e. by 10.00 a.m. on 25th September, 2018.
3. Corporate Members are required to send along with Proxy form a certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013 or as per the laws applicable on them, authorising their representatives to attend and vote at the AGM.
4. Route-map of the AGM venue, pursuant to the Secretarial Standard on General Meetings, is also annexed.
5. Copy of the Annual Report for financial year 2017-2018 is being sent to all the members/shareholders and Debenture Trustees.
6. The Register of Directors and Key Managerial Personnel and their shareholding under Section 170 and Register of Contracts or Arrangements in Which Directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
7. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the registered office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

ROUTE MAP



BOARDS’ REPORT

To The Members of Aye Finance Private Limited

Your Directors have pleasure in presenting their 25th Annual Report together with the Audited Accounts of the Company for the Year ended March 31, 2018.

BACKGROUND

Aye Finance Private Limited (“AFPL” or “the Company”) is a Non Deposit Accepting Non-Banking Finance Company holding a Certificate of Registration from the Reserve Bank of India (“RBI”), dated 27th November, 2015, the Company is engaged in the business to provide finance whether short or long term loan or working capital finance to micro, small and medium scale enterprises and to individuals.

FINANCIAL RESULTS

The Company’s financial performance for the year ended March 31, 2018 is summarized below:

Amount in Rupees crores		
Particulars	31st March 2018	31st March 2017
Revenue from operations	79.75	24.48
Other income	2.48	1.67
Total revenue	82.23	26.15
Expenses		
Employee benefit expenses	31.22	14.11
Finance costs	29.44	10.63
Depreciation and amortization expenses	0.86	0.48
Other expenses	18.41	8.12
Total expenses	79.93	33.34
Profit before tax	2.30	(7.19)
Deferred tax	-	-
Profit(Loss) for the period from continuing operations	2.30	(7.19)
Earnings per share		
Basic	5.39	(14.89)
Diluted	1.40	(14.89)

REVIEW OF OPERATIONS OF THE COMPANY

The Company offers Mortgage Loan, Quasi Mortgage Loan and Hypothecation Loan. The Company has 72 branch offices set up in 10 states. Loans and advances in the balance sheet as on 31st March, 2018 are:

Short term loans and advances from financing activity	Rs 202.60 crores
Long term loans and advances from financing activity	Rs 221.98 crores
Total loans and advances from financing activity	Rs 424.58 crores

In the next financial year 2018-19, the Company plans to continue its growth journey by opening 32 more branches across states,

and further investing in technology to optimize operating costs and improve collection efficiency.

RESERVE

The Company is required to create a statutory reserve under Section of 45IC of RBI Act, 1934 and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. During FY 17-18 an amount of Rs. 46.02 Lakhs has been transferred to such reserve. An amount of Rs. 41.08 Lakhs has been transferred to ESOP Reserve during FY17-18.

DIVIDEND

During the year under review, the company has earned a profit of Rs.2.30 crores. The Board of Directors do not recommend any dividend for FY 2017-18.

CAPITAL STRUCTURE

As on 31st March, 2018 Authorized capital of our Company was Rs. 17 Crores, Issued Capital was Rs. 16.39 crores and Subscribed & Paid-up capital was Rs. 15.83 crores.

BORROWINGS

During FY 2017-18, the Company met its funding requirements through debts from Financial Institutions (including Banks) and issuance of Non-Convertible Debentures to the tune of Rs. 365.80 crores. The aggregate debt outstanding as on 31st March, 2018 was Rs. 398.55 crores (Long term-Rs.326.02 crores and short term-Rs. 72.53 crores). The Company has been regular in servicing all its debt obligations.

PUBLIC DEPOSITS

Our Company is a Non Deposit accepting Non-Banking Finance Company and has not accepted any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

RISK MANAGEMENT

Risk management is an integral part of the Company’s business strategy. The risk

management process is governed by the enterprise wide risk management framework which is overseen by the senior management. They review compliance with risk policies, monitor risk tolerance limits, review and analyse risk exposure related to specific issues and provides oversight of risk across the organization.

The risk management framework covers integrated risk management mainly comprising Credit Risk, Market Risk, Operational Risk, Fraud Risk and other risks. The Credit Risk management structure includes documented credit policies and procedures for each financial product and service of the business. The risk policies define prudential limits, portfolio criteria, exceptional approval metrics, etc. and cover risk assessment for new product offerings. Concentration Risk is managed by diversifying into different geographies and sectors.

Risks associated with frauds are mitigated through fraud risk monitoring procedures. Fraud risk is monitored through oversight of senior management representatives, who review matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

INTERNAL CONTROL SYSTEM

The Company’s internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company’s internal controls, including its systems and processes and compliance with regulations and procedures. Apart from an in-house Internal Audit department, the Company has appointed M/s. AMRK & Associates, Chartered Accountants, Gurgaon as Internal auditors of the Company for the financial year 2017-18. The Company’s internal control system is commensurate with the size, nature and operations of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal and statutory and the external consultants and the reviews performed by Management and the relevant Committees, including the Board is of the opinion that the Company’s internal financial controls were adequate and effective during FY 2017-18.

Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

VIGIL MECHANISM

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy which

is in compliance with the provisions of Section 177(10) of the Companies Act, 2013. Specifically, employees can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. The Whistle Blower Policy is available on your Company's website (www.ayefin.com).

AUDITORS & AUDITORS' REPORT

The auditors of the Company, M/s Deloitte Haskins & Sells LLP, Chartered Accountants having Firm Registration No. 117366W/W-10018 allotted by The Institute of Chartered Accountants of India (ICAI), who have been appointed for the period of 5 years from financial year 2015-16 to 2019-20, subject to ratification of members at every annual general meeting of the Company.

Ratification of appointment of Auditors for FY17-18 is placed for consideration of members in the ensuing Annual General Meeting of the Company.

M/s. Brajesh Kumar & Associates has been appointed as Secretarial Auditors of the Company for the year under review.

The Auditors report and Secretarial Audit report for the financial year 2017-18 does not contain any qualifications, reservations or adverse remarks. Auditors Report and the notes on Financial statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments. Secretarial Audit Report for the year under review is attached as Annexure A.

FRAUDS REPORTED BY AUDITORS u/s 143 OF THE COMPANIES ACT, 2013

No such case has been reported by the Auditors in their report.

NUMBER OF MEETINGS OF THE BOARD

The Board met 8 times in financial year 2017-18.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors, along with the Committees of the Board, provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company. During the year under review, Mr. Rajat Arora (DIN- 07201387) has been appointed as Director wef 4th April, 2017 who represents LGT Capital Invest Mauritius PCC with Cell E/VP on the Board and Mr. Navin Kumar Maini (DIN-00419921) has been appointed as Independent Director wef 18th July, 2017.

Disclosure under Section 197 (12) of the Companies Act, 2013 is attached herewith as Annexure B.

DECLARATION OF INDEPENDENCE

During the year under review, the Company has received Declaration of Independence from Mr. Navin Kumar Maini which is in compliance with Section 149(6) of the Companies Act, 2013.

COMMITTEES OF THE BOARD

As at year end, the Board of Directors of the Company has following two committees:

- **Asset & Liability Committee:**

The committee comprises of:

- a. Mr. Sanjay Sharma-Managing Director
- b. Mr. Vikram Jetley-Whole-time Director
- c. Mr. Vivek Mathur-Director representing SAIF Partners India V Ltd
- d. Mr. Abhishek Agrawal- Chief Regional Officer -Accion India
- e. Mr. Rajat Arora- Director representing LGT Capital Invest Mauritius PCC
- f. Mr. Ashish Sharma-Sr. VP Finance

- **Audit, Risk and Compliance Committee:**

The committee comprises of:

- a. Mr. Sanjay Sharma-Managing Director
- b. Mr. Vikram Jetley-Whole-time Director
- c. Mr. Vivek Mathur-Director representing SAIF Partners India V Ltd
- d. Mr. Abhishek Agrawal-Chief Regional Officer -Accion India
- e. Mr. Rajat Arora- Director representing LGT Capital Invest Mauritius PCC
- f. Mr. Ravinder Oberoi-VP-Audit & Vigilance

g. Ms. Tripti Pandey-Company Secretary

COMPLIANCE

The Company has complied and continues to comply with all the applicable regulations and guidelines issued by RBI such as Capital Adequacy, Net Owned Funds, provisioning for Non-Performing Assets and for Standard Assets, Concentration of Credit and Investment, filings, etc. The Capital Adequacy Ratio (“CAR”) of the Company was 19.54% on March 31, 2018.

NOMINATION AND REMUNERATION POLICY

The Company constituted Nomination and Remuneration Committee of the Board of Directors during the FY 2018-19. The Board adopted Nomination and remuneration policy during the current financial year and same has been placed on website of the Company.

REGULATORY ACTION/APPROVAL

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in future.

COST RECORDS

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable on the Company.

HUMAN RESOURCES

As on March 31, 2018 the company had 1085 permanent employees at its branch, Regional office and head office. The company recognizes the importance of human value and ensures that proper encouragement both moral and financial is extended to employees to motivate them.

The company enjoyed excellent relationship with workers and staff during the year under review.

ENERGY CONSERVATION & TECHNOLOGY ABSORPTION

CONSERVATION OF ENERGY:

The operations of the Company, being Financial Services related, require normal

consumption of electricity. The Company is taking every necessary step to reduce the consumption of energy. In view of the nature of activities carried on by the Company, there is no capital investment on energy conservation equipment.

TECHNOLOGY ABSORPTION:

The Company has seen successful implementation of Loan Management System and is in the process of implementing Loan Origination System, Collection Management System and Lead Generation System. Further the Company plans to implement new accounting ERP in the coming financial year. Post implementation of all these systems in coming financial year, the Company will have seamless flow of data across various systems, making information flow faster, more robust and reliable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There has been no foreign exchange earnings and outflow during the year under report. However during the financial year 2017-18, the Company has paid due diligence fees of Rs. 59.58 Lakhs to a Debenture Holder named Aav Sarl. This payment was against the Due diligence conducted by the Debenture Holder before subscribing to the Non-Convertible debentures of the Company.

PERFORMANCE EVALUATION

Since this was first year of performance evaluation of the Board and the Nomination and remuneration Committee (NRC) was formed in the current financial year, the performance appraisal framework was formulated by the NRC and adopted by the Board. NRC has evaluated the performance of the Board as a whole and the Committees of the Board. The Board in consultation with the NRC has evaluated the performance of the Individual Directors (including Independent Directors and Non-Executive Directors). There was no Independent Director meeting during the FY 2017-18 as the Company only had one Independent Director during the year under review.

ANNUAL RETURN

Annual Return under Section 92(3) of the Act and the Companies (Management & Administration) Rules, 2014, will be published at website of the Company (www.ayefin.com) post the ensuing Annual General Meeting of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has neither given any loan/guarantee nor invested u/s 186 of the Companies Act, 2013 during the year under review. However an advance of INR 17,500,000 has been given to the Aye Finance Employee Welfare Trust for subscribing to the shares of the Company which has been adjusted for INR 5,602,940 in Note 3 being the face value of shares issued to the trust and INR 10,645,586 with Securities Premium account in Note 4 Note 4 being the premium at which the shares were issued. Remaining amount of Rs. 12,51,474 has been disclosed under head "Long - term loans and advances".

PARTICULARS OF RELATED PARTY TRANSACTIONS

Details of material contracts or arrangements or transactions with Related Parties on an arm’s length basis with respect to transactions as required under Section 188 (1) of the Act, in the prescribed Form No. AOC-2, is attached to this report as Annexure C.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in company’s premises through various interventions and practices. The Company always endeavours to create and provide an

environment that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of sexual harassment.

There is an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. During the year ended 31 March, 2018, no such case reported was reported to the committee.

ACKNOWLEDGEMENT

Your Board of Directors wish to place on record their sincere appreciation for the continued support and cooperation of the shareholders, bankers, various regulatory and government authorities and employees of the Company. Your support as shareholders and members of the company is greatly valued for us. Board acknowledges your continued association and support in the growth of the organization.

Aye Finance Private Limited

Sd/-	Sd/-
(Sanjay Sharma)	(Vikram Jetley)
Managing Director	Whole-time Director
DIN: 03337545	DIN: 06530212

Date: 05-09-2018
Place: Gurugram

Annexure A

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March,
2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
**The Members,
AYE Finance Private Limited
M-5,Magnum House-I,
Community Centre, Karampura,
New Delhi-110015**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AYE Finance Private Limited (herein after called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my Opinion thereon.

Based on my/our verification of the AYE Finance Private Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by AYE Finance Private Limited ("The Company") for the financial year ended on 31st March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable)**
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not Applicable)**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;**(Not Applicable, the company not issue)**
 - d) The Securities and Exchange Board of India (Shares Based Employee Benefit Regulation), 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;**(Not**

Applicable as the company not registered as Registrars or Shares Transfer Agents)

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not Applicable as not reporting events in company during period)**
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable as not reporting events in company during period)**

(vi) the other law and regulation applicable on the company mention below:

- (a.) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (b.) Specific requirement for NBFC under RBI Acts, Regulations, Directions, Notifications and amendments form time to time by RBI.
- (c.) Compliance of Labour Law

I/we have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited Stock Exchange(s), if applicable;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations mention in **annexure-I**

I/we further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. **(There is no dissenting note was present in minutes).**

I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. **(The Company secretary present the Annual compliance certificate to the Board).**

I/we further report that during the audit period the company has issue of debentures through private placement, etc.

I/we further enclosing an advisory note on various areas for improvement and better compliance under the various applicable laws.

Signature:

Brajesh Kumar & Associates:

FCS No.: 6965

CP No.: 7497

Date: 28/08/2018

Place: Delhi

Advisory note-

- Audit, Risk and Compliance committee was constituted in financial year 2016 but not functional during financial year 2017-18, hence, no meeting was conducted during the financial year 2017-18. The Company has again reconstituted the Audit, Risk and Compliance committee for proper conduct of business;

- Keep a proper process for evidence of sending online notice of Board Meeting/ General Meeting and record Leave of absence of directors properly in the minutes Book.
- Keep physical copy of all e-forms and documents submitted with Govt. department for compliance purpose with challan.

Annexure B

Disclosures in terms of Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars	Remarks
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	FY 2017-18: <ul style="list-style-type: none"> • Managing Director-47 • Whole-time Director-38
2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:	Payouts for FY 2016-17 to FY 2017-18: <ul style="list-style-type: none"> • Managing Director- 31% • Whole-time Director-21% • Company Secretary-56%
3.	Percentage increase in the median remuneration of employees in the financial year;	(8%)
4.	The number of permanent employees on the rolls of company	1085 as on 31 st March 2018
5.	Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentage increase in the salaries of: <ul style="list-style-type: none"> • Employees other than the managerial personnel – 47%. • Managerial personnel – 28%.
6.	Affirmation that the remuneration is as per the remuneration policy of the company	The Board adopted Nomination and Remuneration policy of the Company in the current financial year. However the remuneration given to Managing Director, Whole-time Director and Company Secretary are in confirmation with their contract of employment.
7.	Names of the top ten employees in terms of remuneration drawn and the name of every employee, who-	
	<ul style="list-style-type: none"> • if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; 	Nil

	<ul style="list-style-type: none"> if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; 	Nil
	<ul style="list-style-type: none"> if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. 	Nil

Annexure C

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

Details of contracts or arrangements or transactions not at Arm's length basis.

S.No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board	Amount paid as advances, if any
			NIL			

Details of contracts or arrangements or transactions at Arm's length basis.

S.No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board	Amount paid as advances, if any
1	Shashwat Sharma (Son of Mr. Sanjay Sharma, Managing Director of the Company)	Remuneration paid	01-Apr-2017 to 26-Mar-2018	Assistant Manager-Credit	Thursday, September 15, 2016	-
2	ACCION Technical Advisors India (Sister Concern of Accion Africa-Asia Investment Company)	Availing of technical services or reimbursement of any transaction or any other transaction	Upto december 2017	Total travel related costs of upto USD 57900 upto December 2017.	Monday, September 25, 2017	-

For Aye Finance Private Limited

Sd/-
Sanjay Sharma
(Managing Director)
Din: 03337545

Sd/-
Vikram Jetley
(Whole-time Director)
Din: 06530212

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF AYE FINANCE PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **AYE FINANCE PRIVATE LIMITED** (“the Company”), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended (“Accounting Standards”), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information

required by the Act in the manner so required and give a true and fair view in conformity with the accounting standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor’s

Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position in its financial statements – Refer to note 23 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer to note 35 to the financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company– Refer to note 36 to the financial statements.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm’s Registration No. 117366W / W-100018)

Sd/-
Sameer Rohatgi
(Partner)
Gurugram (Membership No. 094039)

May 22, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **AYE FINANCE PRIVATE LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company as of and for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the

“Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately

and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Sd/-
Sameer Rohatgi
(Partner)
Gurugram (Membership No. 094039)

May 22, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company were physically verified during the year by the Management in accordance with a regular program of physical verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans under provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have any unclaimed deposits and accordingly, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- We have been informed that the operations of the Company during the year did not give rise to any liability for Sales Tax, Excise Duty and Customs Duty.
- (c) There are no dues of Income-tax, Service Tax and Goods and Service Tax, as on March 31, 2018 on account of any disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken any loans from government.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purpose for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or

employees has been noticed or reported during the year.

- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made private placement of non-convertible debentures during the current year.

In respect of the above private placement of non – convertible debentures, we further report that:

- a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
- b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the

Companies Act, 2013 are not applicable.

- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the required registration.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm’s Registration No. 117366W / W-100018)
Sd/-
Sameer Rohatgi
(Partner)
(Membership No. 094039)
Gurugram,
May 22, 2018

AUDITORS’ REPORT

**TO THE MEMBERS OF
AYE FINANCE PRIVATE LIMITED**

The Board of Directors
Aye Finance Private Limited

Dear Sirs,

As required under the Reserve Bank of India’s Master Direction DNBS.PPD.03/66.15.001/2016-17 dated September 29, 2016, on the basis of our audit of the books of account and other records of the Company for the year ended 31st March 2018 in accordance with the Generally Accepted Auditing Standards and according to the information, explanations and representations given to us by the Management we report as follows in terms of paragraphs 3 and 4 of the Notification:

1. The Company is engaged in the business of non- banking financial institution as defined in section 45-I (a) of the Reserve Bank of India Act, 1934 and meeting the Principal Business Criteria (Financial asset/ income pattern) as laid down vide the Bank’s press release dated April 08, 1999. The Company has obtained Certification of Registration (CoR) bearing No. B-14.03323 dated

November 27, 2015 from Reserve bank of India.

2. The Company is entitled to continue to hold the CoR in terms of its Principal Business Criteria based on its asset / income pattern as on March 31, 2018.
3. The Company is meeting the required net owned fund requirement as laid down in Master Direction – Non Banking Financial Company - Non Systemically Important Non- Deposit taking Company (Reserve Bank) Directions, 2016.
4. The Board of Directors has passed a resolution on April 20, 2017 for non-acceptance of public deposits.
5. The Company has not accepted any public deposit during the year.
6. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Non-Banking Financial Company - Non Systemically Important Non- Deposit taking Company (Reserve Bank) Directions, 2016.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/ W-100018)

Sd/-
Sameer Rohatgi
Partner
(MembershipNo.094039)

Gurugram

May 22, 2018

INDEPENDENT AUDITOR’S REPORT

**TO THE BOARD OF DIRECTORS OF
AYE FINANCE PRIVATE LIMITED**

1. We have audited the accompanying Statement of Financial Results of Aye Finance Private Limited (“the Company”), as at and for the year ended March 31, 2018 (“the Statement”), being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company’s Management and approved by the Board of Directors, has been compiled from the related financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such financial statements.
3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the

Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion.

4. 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 Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
 - (ii) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net profit and other financial information of the Company for the year ended March 31, 2018.
5. The Statement includes the results for the six months ended March 31, 2018 being the balancing figure between audited figures in respect of the full financial year and the year to date figures upto the half year ended September 30, 2017 which were subject to review by us.
6. The comparative financial information for the six month ended March 31, 2017 and

as at and for the year ended March 31, 2017 are the unaudited balances obtained from the books of account maintained by the management of the Company.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W / W-100018)

Sd/-

Sameer Rohatgi

(Partner)

(Membership No. 094039)

Gurugram

May 22, 2018

Aye Finance Private Limited
Balance Sheet as at March 31, 2018

	Note No.	As at March 31, 2018	As at March 31, 2017
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	158,308,560	158,308,560
(b) Reserves and surplus	4	735,512,350	708,401,182
		<u>893,820,910</u>	<u>866,709,742</u>
2 Non-current liabilities			
(a) Long-term borrowings	5	3,260,215,569	345,654,278
(b) Long-term provisions	6	36,744,801	12,792,422
		<u>3,296,960,370</u>	<u>358,446,700</u>
3 Current liabilities			
(a) Short term borrowings	7	60,000,000	107,430
(b) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises	8	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	8	41,004,167	23,886,261
(c) Other current liabilities	9	810,037,012	370,973,711
(d) Short-term provisions	10	44,731,910	9,840,637
		<u>955,773,089</u>	<u>404,808,039</u>
TOTAL		<u>5,146,554,369</u>	<u>1,629,964,481</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11.A	22,798,279	8,385,678
(ii) Intangible assets	11.B	209,246	572,783
(iii) Capital Work in progress		<u>11,665,335</u>	<u>6,092,075</u>
		34,672,860	15,050,536
(b) Long-term loans and advances	12	2,309,194,507	504,918,423
(c) Other non-current assets	13	30,650,412	26,156,664
		<u>2,374,517,779</u>	<u>546,125,623</u>
2 Current assets			
(a) Current investments	14	407,128,295	106,907,316
(b) Cash and cash equivalents	15	246,734,095	135,158,316
(c) Short-term loans and advances	16	2,043,153,533	814,825,665
(d) Other current assets	17	75,020,667	26,947,561
		<u>2,772,036,590</u>	<u>1,083,838,858</u>
TOTAL		<u>5,146,554,369</u>	<u>1,629,964,481</u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
(Sameer Rohatgi)
Partner

Gurugram
May 22, 2018

For and on behalf of the board of Directors

Sd/-
Sanjay Sharma
Managing Director
DIN: 03337545

Sd/-
Tripti Pandey
Company Secretary
M. No. - 32760

Gurugram
May 22, 2018

Sd/-
Vikram Jetley
Whole-time Director
DIN: 06530212

Sd/-
Ashish Sharma
Sr. VP Finance

Aye Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2018

	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
1 Revenue from operations	18	797,467,553	244,804,239
2 Other income	19	24,793,184	16,749,537
3 Total revenue (1+2)		822,260,737	261,553,776
4 Expenses			
(a) Employee benefits expense	20	312,200,624	141,141,116
(b) Finance costs	21	294,413,271	106,256,207
(c) Depreciation and amortisation expense	11.C	8,561,318	4,777,063
(d) Other expenses	22	184,070,974	81,283,736
Total expenses		799,246,186	333,458,122
5 Profit/ (Loss) before tax (3 - 4)		23,014,550	(71,904,346)
6 Tax expense:			
(a) Current tax expense		11,860,070	-
(b) (Less): Minimum Alternate Tax credit		(11,860,070)	-
(c) Deferred tax charge/(credit)	30	-	-
Net tax expenses / (benefit)		-	-
7 Profit/ (Loss) for the period/ year (5-6)		23,014,550	(71,904,346)
8 Profit/ (Loss) per share (of ` 10 each):			
Basic (`)	29	5.39	(14.89)
Diluted (`)	29	1.40	(14.89)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
(Sameer Rohatgi)
Partner

Gurugram
May 22, 2018

For and on behalf of the board of Directors

Sd/-
Sanjay Sharma
Managing Director
DIN: 03337545

Sd/-
Vikram Jetley
Whole-time Director
DIN: 06530212

Sd/-
Tripti Pandey
Company Secretary
M. No. - 32760

Sd/-
Ashish Sharma
Sr. VP Finance

Gurugram
May 22, 2018

Aye Finance Private Limited
Cash Flow Statement for the year ended March 31, 2018

	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from operating activities		
Profit/ (Loss) before tax	23,014,550	(71,904,346)
<i>Adjustments for:</i>		
Depreciation and amortisation	8,561,318	4,777,063
Loss on sale of fixed assets	12,078	330,737
Gain of sale of current investments	(14,152,704)	(3,080,630)
Interest Income	(9,818,539)	(13,455,263)
Finance costs	294,413,271	106,256,207
Provision for Standard, sub-standard and doubtful assets	41,400,550	9,893,122
Expense on employee stock option scheme	4,108,179	1,130,370
Loans & Advances written off	15,221,872	2,583,697
	<u>339,746,025</u>	<u>108,435,303</u>
Operating profit before working capital changes	362,760,575	36,530,957
<i>Changes in working capital</i>		
<i>Adjusted for decrease/(increase) in operating assets</i>		
Short term Loans and Advances	(1,243,549,740)	(612,562,511)
Long term loans and advances	(1,797,371,383)	(378,297,295)
Other Non Current Assets	(5,478,257)	(12,998,591)
Other Current Assets	(45,101,760)	(20,488,147)
<i>Adjusted for increase / (decrease) in operating liabilities</i>		
Trade Payables	17,117,906	20,683,240
Other Current Liabilities	76,261,735	(141,321,236)
Short term Provisions	13,491,574	990,122
Long term Provisions	3,939,967	5,466,190
	<u>(2,980,689,958)</u>	<u>(1,138,528,228)</u>
Cash used in operations	(2,617,929,383)	(1,101,997,271)
Net income tax (paid)	(6,904,699)	(740,145)
Net cash flow (used in) from operating activities (A)	<u>(2,624,834,082)</u>	<u>(1,102,737,416)</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances and Capital Work in Progress	(28,278,258)	(13,458,896)
Proceeds from sale of fixed assets	82,536	250,000
Proceeds from sale of Mutual Funds	4,327,201,712	598,962,013
Purchase of Mutual Funds	(4,613,269,987)	(702,788,700)
Bank balances not considered as Cash and cash equivalents - Placed	(106,726,259)	55,349,040
Interest received on fixed deposits	7,831,702	13,455,263
Net cash (used in) investing activities (B)	<u>(413,158,554)</u>	<u>(48,231,279)</u>
C. Cash flow from financing activities		
Finance Costs	(237,516,679)	(106,256,207)
Proceeds from issue of equity shares (including share premium)	-	10,676
Proceeds from issue of preference shares (including share premium)	-	683,740,799
Proceeds from borrowings	4,757,663,626	855,019,837
Repayment of borrowings	(1,477,304,791)	(372,737,464)
Net cash flow from financing activities (C)	<u>3,042,842,156</u>	<u>1,059,777,641</u>

Aye Finance Private Limited
Cash Flow Statement for the year ended March 31, 2018

	For the year ended March 31, 2018	For the year ended March 31, 2017
Net increase in Cash and cash equivalents (A+B+C)	4,849,520	(91,191,054)
Cash and cash equivalents at the beginning of the year	107,301,388	198,492,442
Cash and cash equivalents at the end of the year	<u>112,150,908</u>	<u>107,301,388</u>
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 15	<u>112,150,908</u>	<u>107,301,388</u>
Comprises:		
(a) Cash on hand	5,804,239	2,705,354
(c) Balances with banks		
(i) In current accounts	103,273,542	58,883,577
(ii) In deposit accounts with original maturity of less than three months	<u>3,073,127</u>	<u>45,712,457</u>
	<u>112,150,908</u>	<u>107,301,388</u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
(Sameer Rohatgi)
Partner

Gurugram
May 22, 2018

For and on behalf of the board of Directors

Sd/-
Sanjay Sharma
Managing Director
DIN: 03337545

Sd/-
Vikram Jetley
Whole-time Director
DIN: 06530212

Sd/-
Tripti Pandey
Company Secretary
M. No. - 32760

Sd/-
Ashish Sharma
Sr. VP Finance

Gurugram
May 22, 2018

Aye Finance Private Limited
Notes forming part of the financial statements

1 Corporate Information

Aye Finance Private Limited (“AFPL” or “the Company”) formerly known as Doda Finance Private Limited was incorporated to carry on the business of a finance company and provide finance (whether short or long term loan or working capital finance, development finance, factoring, leasing, guarantees or any other debt related funding) to micro, small and medium scale enterprises and to individuals. The Company was renamed as Aye Finance Private Limited on March 28, 2014. On July 18, 2014, the Company received a certificate of registration from the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 to carry on the business of a Non-Banking Financial Institution without acceptance of public deposits. Accordingly, all provisions of the Reserve Bank of India Act, 1934 and all directions, guidelines or instructions of the Reserve Bank of India that have been issued from time to time and are in force and as applicable to a Non deposit taking Non-Banking Financial Company are applicable to the Company.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year ended March 31, 2018.

2 Summary of significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared on a going concern basis in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the provisions of the RBI as applicable to an NBFC. The financial statements have been prepared on an accrual basis and under the historical cost convention except in the case of interest on non-performing assets, dishonor charges and penal charges, which are recognised on realisation.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the years in which the results are known / materialise.

2.3 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and amortisation

Depreciation on all tangible fixed assets is provided on the written down value method over the estimated useful life of assets at the rates specified in Schedule II to the Companies Act, 2013. Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets is acquired/installed. Depreciation on sale/ deduction from fixed assets is provided for upto the date of sale deduction and discardment as the case may be.

Intangible assets are amortised over their estimated useful life as follows:

Computer Software - 3 years

Leasehold improvements are amortised over the period of lease.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

Aye Finance Private Limited
Notes forming part of the financial statements

2.6 Revenue recognition

Repayment of loans is by way of Equated Monthly Installments (EMIs) comprising principal and interest. Revenue in respect of interest on loans sanctioned is recognised on accrual basis on the outstanding balance of loans. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is receivable every month on the loan that has been disbursed. Revenue from interest on non-performing assets is recognized on receipt basis in accordance with the prudential norms of the Reserve Bank of India. Any accrued interest on non-performing assets is reversed.

Revenue from processing fee is recognised in the year in which the loan is sanctioned.

Revenue from application fees is recognised at the time of receipt of application.

Income on account of interest on securitisation on loans is recognised as and when EMI is collected from the borrower on securitised portfolio.

2.7 Other income

Interest income from bank deposits is recognised on the time proportion method taking into consideration the amount outstanding and the applicable interest rates.

Profit or loss on sale of mutual funds has been recognised in the year of sale of mutual fund investments

2.8 Fixed assets

Tangible Assets:

Fixed assets are carried at cost less accumulated depreciation/ amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Intangible Assets:

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset

2.9 Impairment of assets

Whenever events indicate that assets may be impaired, the assets are subject to a test of recoverability based on estimates of future cash flows arising from continuing use of such assets and from its ultimate disposal. A provision for impairment loss is recognised where it is probable that the carrying value of an asset exceeds the amount to be recovered through use or sale of the asset. When there is indication that an impairment loss recognised for an asset in earlier accounting years no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

Aye Finance Private Limited
Notes forming part of the financial statements

2.10 Investments

Investments are classified as long-term or current based on their nature and intended holding period. Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.11 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

Short Term Benefits :

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits includes compensated absences which are expected to occur within twelve months after the end of year in which the employee renders the related service.

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average year until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.12 Employee share based payments

The Company has constituted an Employee Stock Option Plan 2016. The plan provides for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. Employee Stock Options granted on or after 1 November, 2016 are accounted under the 'Fair Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

2.13 Borrowing Costs

Interest on borrowings is recognized in statement of profit and loss on an accrual basis. Costs associated with borrowings are grouped under financial charges along with the interest costs.

2.14 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

Aye Finance Private Limited
Notes forming part of the financial statements

2.15 Earnings per share

Basic earnings per share is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

2.16 Taxes on income

Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.17 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote. Contingent assets are not recognised in the financial statements.

2.18 Service tax / Good and Service tax input credit

Service tax / Goods and service tax input credit is accounted for in the books in the year in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.19 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Aye Finance Private Limited
Notes forming part of the financial statements

2.20 Provision for non-performing assets

Provision for non-performing assets is recorded at rates which are equal to or higher than the rates specified by the Reserve Bank of India in their guidelines on prudential norms. The rates used by the Company are as follows

Provisioning Policy

<i>Asset Classification</i>	<i>Period of Arrears (in months)</i>	<i>Rates as per Company % of Portfolio</i>	<i>Rates as per RBI % of Portfolio</i>
Standard	0 – 3	0.40	0.25
	4 – 6	0.40	0.25
Sub-standard	7 – 12	25	10
	13 – 18	50	10
	19 – 24	100	10
Doubtful	25 – 36	100	20
	37 – 60	100	30
	Above 60	100	50
Loss Asset		100	100

2.21 Material Events

Material events occurring after the Balance Sheet date are taken into cognizance.

2.22 Operating Cycle

Based on the nature of business of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.23 Securitisation

De-recognition of securitised assets in the books of account of the Company and recognition of gain or loss arising on securitisation and accounting for credit enhancement provided by the Company are based on the Revised Guidelines on Securitisation transaction issued by Reserve Bank of India in respect of Non Banking Finance Companies.

Securitized assets are derecognised in the books of the Company on the principle of surrender of control over the assets. Minimum Retention Requirement (MRR) by way of investments in Fixed Deposits with Banks is included in Cash and Bank/ Other non current assets.

Residual income on securitization of loans is recognised over the life of the underlying loans and on the basis of agreement with the counterparties.

Aye Finance Private Limited
Notes forming part of the financial statements

2.24 Classification of current / non-current liabilities and assets

Liability

A liability has been classified as 'current' when it satisfies any of following criteria:

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within twelve months after reporting date; or
- d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instrument do not affect its classification.

All other liabilities are classified as non-current.

Asset

An asset has been classified as 'current' when it satisfies any of following criteria:

- a) It is expected to be realised in, or is intended for sale or consumption in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realised within twelve months after reporting date; or
- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

Aye Finance Private Limited
Notes forming part of the financial statements
3. SHARE CAPITAL

	As at March 31, 2018	As at March 31, 2017
(a) Authorised		
5,000,000 (March 31, 2017: 5,000,000 Shares) Equity shares of ` 10 each with voting rights	50,000,000	50,000,000
12,000,000 (March 31, 2017: 12,000,000 Shares) 0.01% Compulsorily Convertible Cumulative Preference shares (CCPS) of ` 10 each	120,000,000	120,000,000
Total	<u>170,000,000</u>	<u>170,000,000</u>
(b) Issued		
4,830,300 (March 31, 2017: 4,830,300 Shares) Equity shares of ` 10 each with voting rights	48,303,000	48,303,000
11,560,850 (March 31, 2017: 11,560,850 Shares) 0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ` 10 each	115,608,500	115,608,500
Total	<u>163,911,500</u>	<u>163,911,500</u>
(c) Subscribed and fully paid up		
4,830,300 (March 31, 2017: 4,830,300 Shares) Equity shares of ` 10 each with voting rights	48,303,000	48,303,000
Less: amount recoverable from ESOP Trust (face value of 560,294 shares of ` 10 each held by trust) (March 31, 2017: 5,602,940) [Refer Note 28]	(5,602,940)	(5,602,940)
11,560,850 (March 31, 2017: 11,560,850 Shares) 0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ` 10 each	115,608,500	115,608,500
Total	<u>158,308,560</u>	<u>158,308,560</u>

Notes:

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held		No. of Shares held	
Equity shares with voting rights				
Balance at the beginning of the year	4,830,300	48,303,000	4,830,200	48,302,000
Add: Shares issued during the year	-	-	100	1,000
Balance at the end of the year	<u>4,830,300</u>	<u>48,303,000</u>	<u>4,830,300</u>	<u>48,303,000</u>
0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS)				
Balance at the beginning of the year	11,560,850	115,608,500	4,285,238	42,852,380
Add: Shares issued during the year	-	-	7,275,612	72,756,120
Balance at the end of the year	<u>11,560,850</u>	<u>115,608,500</u>	<u>11,560,850</u>	<u>115,608,500</u>

Aye Finance Private Limited
Notes forming part of the financial statements

3. SHARE CAPITAL (Con't)

Notes:

(ii) Rights, Preference and Restrictions attached to shares

The Company has only one class of equity shares having par value of ` 10 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their shareholding.

(iii) As on February 20, 2015 the Company issued 2,068,764 0.01% CCPS of ` 10 each fully paid up at premium of ` 19.000021 per share. These shares have been allotted between SAIF Partners India V Limited and Accion Africa - Asia Investment Company in equal proportion. The Preference Shares shall be convertible into equity Shares of the Company in accordance with the Schedule 7 of the Series A Shareholders Agreement dated January 29, 2015 executed by the Company with SAIF Partners India V Limited and Accion Africa - Asia Investment Company.

(iv) As on August 14, 2015 the Company issued 880,718 0.01% CCPS of ` 10 each fully paid up at premium of ` 58.1262 per share. These shares have been allotted between SAIF Partners India V Limited and Accion Africa - Asia Investment Company in equal proportion. The Preference Shares shall be convertible into equity Shares of the Company in accordance with the Schedule 7 of the Series A1 Shareholders Agreement dated 31st July 2015 executed by the Company with SAIF Partners India V Limited and Accion Africa - Asia Investment Company.

(v) As on December 21, 2015 the Company issued 1,335,756 0.01% CCPS of ` 10 each fully paid up at premium of ` 58.1262 per share. These shares have been allotted between SAIF Partners India V Limited and Accion Africa - Asia Investment Company in equal proportion. The Preference Shares shall be convertible into equity Shares of the Company in accordance with the Schedule 7 of the Series A1 Shareholders Agreement dated 31st July 2015 executed by the Company with SAIF Partners India V Limited and Accion Africa - Asia Investment Company.

(vi) As on April 25, 2016 the Company issued 719,252 0.01% CCPS of ` 10 each fully paid up at premium of ` 58.1262 per share. These shares have been allotted between SAIF Partners India V Limited and Accion Africa - Asia Investment Company in equal proportion. The Preference Shares shall be convertible into equity Shares of the Company in accordance with the Schedule 7 of the Series A1 Shareholders Agreement dated 31st July 2015 executed by the Company with SAIF Partners India V Limited and Accion Africa - Asia Investment Company.

(vii) As on November 28, 2016 the Company issued 6,556,360 0.01% CCPS of ` 10 each and 100 equity shares of ` 10 each fully paid up at premium of ` 96.7649 per share. These shares have been allotted between SAIF Partners India V Limited and Accion Africa - Asia Investment Company and LGT Capital Invest Mauritius PCC with Cell E/VP. The Preference Shares shall be convertible into equity Shares of the Company in accordance with the Schedule 7 of the Series B Shareholders Agreement dated 13th October, 2016 executed by the Company with SAIF Partners India V Limited and Accion Africa - Asia Investment Company and LGT Capital Invest Mauritius PCC with Cell E/VP.

(viii) The holders of the Series A, Series A1 CCPS and Series B CCPS may convert the CCPS in whole or part into equity shares at any time before 19 (Nineteen) years from the date of issuance of the same.

Aye Finance Private Limited
Notes forming part of the financial statements
3. SHARE CAPITAL (Con't)

(ix) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at		As at	
	March 31, 2018		March 31, 2017	
	No. of Shares held	%	No. of Shares held	%
<u>Equity shares with voting rights</u>				
Sanjay Sharma	1,004,000	20.79%	1,004,000	20.79%
Shankh Corporation LLP	900,000	18.63%	900,000	18.63%
Shvet Corporation LLP	900,000	18.63%	900,000	18.63%
Vikram Jetley	701,000	14.51%	701,000	14.51%
Meera Madhusudan Deshmukh and Kalpana Kiran	259,712	5.38%	259,712	5.38%
Aye Finance Employee Welfare Trust	560,294	11.60%	560,294	11.60%
<u>0.01% Compulsorily Convertible Cumulative Preference shares</u>				
Accion Africa - Asia Investment Company	4,188,192	36.23%	4,188,192	36.23%
Saif Partners India V Limited	4,562,847	39.47%	4,562,847	39.47%
LGT Capital Invest Mauritius PCC with Cell E/VP	2,809,811	24.30%	2,809,811	24.30%

4. RESERVES AND SURPLUS

	As at	As at
	March 31, 2018	March 31, 2017
(a) Securities Premium Account		
Opening balance	836,402,771	170,805,571
Add: Premium on shares issued during the period	-	676,242,786
Less: Amount recoverable from ESOP trust (Premium on 560,294 shares of ₹ 19 each held by trust) [Refer Note 28]	-	(10,645,586)
Closing balance	836,402,771	836,402,771
(b) Share option outstanding account		
Opening balance	1,130,370	-
Add: Deferred stock compensation expense	4,108,179	1,130,370
Closing balance	5,238,549	1,130,370
(c) Statutory reserve under section 45IC of RBI Act		
Opening balance	11,350	11,350
Add : Additions during the year	4,602,910	-
Closing balance	4,614,260	11,350

Aye Finance Private Limited
Notes forming part of the financial statements

4. RESERVES AND SURPLUS (Con't)

	As at March 31, 2018	As at March 31, 2017
(c) (Deficit) in Statement of Profit and Loss		
Opening balance	(129,143,309)	(57,231,778)
Add: Profit/(Loss) for the year	23,014,550	(71,904,346)
Less: Transfer to special reserves under section 45IC of RBI Act	(4,602,910)	-
Less: Dividend on Compulsorily Convertible Cumulative Preference Shares	(11,561)	(7,185)
Closing balance	<u>(110,743,230)</u>	<u>(129,143,309)</u>
Total	<u>735,512,350</u>	<u>708,401,182</u>

5. LONG-TERM BORROWINGS

Secured

(a) Term Loan from Banks [Refer Notes (i), (ii) and (iii) below]	72,452,864	99,949,264
(b) Term Loans from Financial Institutions [Refer Notes (i), (ii) and (iii) below]	869,762,705	245,705,014
(c) Redeemable Non- Convertible Debentures [Refer Notes (i), (ii) and (iii) below]	2,318,000,000	-
Total	<u>3,260,215,569</u>	<u>345,654,278</u>

Notes:

- (i) The Company has not defaulted in repayment of loans and interest during the period.
- (ii) An amount of ` 665,275,909 (March 31, 2017 : ` 359,370,935) relating to installments on long term borrowings falling due for repayment in next 12 months from reporting date has been disclosed under Other Current Liabilities (Refer note 9) as Current Maturities of Long Term Borrowings.

6. LONG-TERM PROVISIONS

(a) Provision for employee benefits:		
(i) Provision for compensated absences	9,759,399	4,104,665
(ii) Provision for gratuity [Refer Note 25]	7,893,330	3,703,085
(b) Provisions - Others:		
(i) Provision for dividend on CCPS	21,972	10,411
(ii) Provision for standard, sub-standard and doubtful assets [Refer Note 32]	16,982,771	2,695,018
(iii) Provision for Rent straightlining	2,087,329	2,279,243
Total	<u>36,744,801</u>	<u>12,792,422</u>

Aye Finance Private Limited
Notes forming part of the financial statements

7. SHORT-TERM BORROWINGS

	<u>As at</u> <u>March 31, 2018</u>	<u>As at</u> <u>March 31, 2017</u>
Secured		
(a) Loans repayable on demand		
(i) Cash Credit Facility - Refer Note (i) below	10,000,000	107,430
(ii) Revolving Credit Facility - Refer Note (i) below	50,000,000	-
Total	<u><u>60,000,000</u></u>	<u><u>107,430</u></u>

Note:

- (i) Secured by hypothecation of Loan Receivables (Current and Future) / Current Assets / Cash and Cash Equivalents of the Company.

8. TRADE PAYABLES

(i) Total outstanding dues of micro enterprises and small enterprises [Refer Note 24]	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(a) Other than acceptances	41,004,167	23,886,261
Total	<u><u>41,004,167</u></u>	<u><u>23,886,261</u></u>

9. OTHER CURRENT LIABILITIES

(a) Current maturities of Long Term Borrowings [Refer to note (i) below]		
Secured		
(i) Term Loan from Banks	112,454,835	67,397,172
(ii) Term Loans from Financial Institutions	552,821,074	291,973,763
(b) Interest accrued but not due on borrowings	59,204,932	2,308,340
(c) Other payables:		
(i) Statutory remittances (Contributions to PF and ESIC, TDS etc.,)	8,065,359	4,676,318
(ii) Payables on purchase of fixed assets	1,283,600	3,478,863
(iii) Pre EMI Interest Received in Advance	4,033,136	1,139,255
(iv) Advance EMI received from customers	7,535,042	-
(v) Amounts collected towards securitised loan portfolio	64,639,034	-
Total	<u><u>810,037,012</u></u>	<u><u>370,973,711</u></u>

Note:

- (i) For Current maturities of Long Term Borrowings and for details of security, refer Note (i, ii and iii) in Note 5 - Long-term borrowings.

Aye Finance Private Limited
Notes forming part of the financial statements

11. Fixed assets

Particulars	Gross block			Accumulated depreciation and impairment			Net Block			
	Balance as at April 1, 2017	Addition during the year	Disposals / Adjustments	Balance as at March 31, 2018	Balance as at April 1, 2017	Depreciation / amortisation expense for the year	Adjustments/ Disposals	Balance as at March 31, 2018	WDV as on March 31, 2017	WDV as on March 31, 2018
A. Tangible Assets										
(a) Furniture and Fixtures (Previous Year)	4,361,809 (2,297,535)	6,844,774 (2,848,953)	- (784,679)	11,206,583 (4,361,809)	1,004,349 (553,227)	1,661,953 (806,667)	- (355,545)	2,666,302 (1,004,349)	8,540,281 (3,357,460)	3,357,460 (1,744,308)
(b) Office Equipment (Previous Year)	1,542,433 (664,760)	7,043,592 (877,673)	135,895 -	8,450,130 (1,542,433)	664,433 (163,692)	1,807,715 (500,741)	41,281 -	2,430,867 (664,433)	6,019,263 (878,000)	878,000 (501,068)
(c) Electrical Installations and Equipment (Previous Year)	990,697 (916,386)	298,571 (349,998)	285,595 (275,687)	1,003,673 (990,697)	566,324 (261,760)	165,378 (428,648)	285,595 (124,084)	446,107 (566,324)	557,566 (424,373)	424,373 (654,626)
(d) Computers (Previous Year)	6,294,850 (2,055,448)	6,777,876 (4,239,402)	- -	13,072,726 (6,294,850)	3,187,407 (909,299)	4,238,132 (2,278,108)	- -	7,425,539 (3,187,407)	5,647,187 (3,107,443)	3,107,443 (1,146,149)
(e) Vehicle (Previous Year)	864,850 -	- (864,850)	- -	864,850 (864,850)	246,448 -	193,589 (246,448)	- -	440,037 (246,448)	424,813 (618,402)	618,402 -
(e) Lease Hold Improvements (Previous Year)	- -	1,740,185 -	- -	1,740,185 -	- -	131,016 -	- -	131,016 -	1,609,169 -	- -
Total Tangible Assets	14,054,639 (5,934,129)	22,704,998 (9,180,876)	421,490 (1,060,366)	36,338,147 (14,054,639)	5,668,961 (1,887,978)	8,197,783 (4,260,612)	326,876 (479,629)	13,539,868 (5,668,961)	22,798,279 (8,385,678)	8,385,678 -
B. Intangible Assets										
(a) Computer Software (Previous Year)	1,680,582 (1,153,887)	- (526,695)	- -	1,680,582 (1,680,582)	1,107,801 (591,348)	363,535 (516,451)	- -	1,471,336 (1,107,999)	209,246 (572,783)	572,783 (562,539)
Total Intangible Assets	1,680,582 (1,153,887)	- (526,695)	- -	1,680,582 (1,680,582)	1,107,801 (591,348)	363,535 (516,451)	- -	1,471,336 (1,107,999)	209,246 (572,783)	572,783 (562,539)
Total Fixed Assets	15,735,221 (7,088,016)	22,704,998 (9,707,571)	421,490 (1,060,366)	38,018,729 (15,735,221)	6,776,762 (2,479,326)	8,561,318 (4,777,063)	326,876 (479,629)	15,011,204 (6,776,760)	23,007,525 (8,958,461)	8,958,461 -
Previous year										

Particulars	For the year ended March 31, 2018	For the year ended 31 March, 2017
	Depreciation and amortisation	8,197,783
Depreciation and amortisation for the year on tangible assets as per Note 11 A	363,535	516,451
Depreciation and amortisation for the year on intangible assets as per Note 11 B	8,561,318	4,777,063
Total		

Aye Finance Private Limited
Notes forming part of the financial statements

10. SHORT-TERM PROVISIONS

	<u>As at</u> <u>March 31, 2018</u>	<u>As at</u> <u>March 31, 2017</u>
(a) Provision for employee benefits:		
(i) Provision for compensated absences	2,697,050	1,313,985
(ii) Provision for gratuity [Refer Note 25]	64,234	7,709
(b) Provisions - Others:		
(i) Provision for standard, sub-standard and doubtful assets [Refer Note 32]	29,918,642	8,518,943
(ii) Provision for Minimum Alternate Tax	11,860,070	-
(iii) Provision for Rent straightlining	191,914	-
Total	<u>44,731,910</u>	<u>9,840,637</u>

12. LONG-TERM LOANS AND ADVANCES

Unsecured, considered good

(a) Capital advances	-	-
(b) Loans and Advances - Financing Activity	2,219,810,413	496,728,501
(c) Security deposits	6,864,329	4,777,599
(d) Advance income tax [net of provisions ` Nil (March 31, 2017 :Nil)]	8,388,706	1,484,007
(e) Minimum Alternate Tax Credit entitlement	11,860,070	-
(f) Loan to Aye Finance Employee Welfare Trust	1,251,474	1,251,474
(g) Loans and Advances to Employees	1,190,172	676,842
(h) Loans Collateral in respect of securitisation	59,829,343	-
Total	<u>2,309,194,507</u>	<u>504,918,423</u>

13. OTHER NON - CURRENT ASSETS

(a) Accruals		
(i) Interest accrued on fixed deposits	525,620	1,510,129
(b) Others		
(i) Fixed Deposits held as security in respect of borrowings	6,920,000	24,646,535
(i) Fixed Deposits held as security in respect of securitisation	23,204,792	-
Total	<u>30,650,412</u>	<u>26,156,664</u>

14. Current investments

(a) Investment in mutual funds (Unquoted) - (At lower of cost and fair value, unless otherwise stated)		
(i) 85,856 (March 31, 2017: Nil) units of DSP Blackrock Mutual Fund	213,000,000	-
(ii) 810,147 (March 31, 2017: 302,351) units of ICICI Pru Money Market Fund	194,128,295	67,907,316
(iii) Nil (March 31, 2017: 10,844) units of SBI Magnum Insta Cash Fund - Direct Plan - Growth	-	39,000,000
Total	<u>407,128,295</u>	<u>106,907,316</u>
Aggregate NAV of Mutual Funds	408,192,127	107,016,502

Aye Finance Private Limited
Notes forming part of the financial statements
15. CASH AND CASH EQUIVALENTS

	<u>As at</u> <u>March 31, 2018</u>	<u>As at</u> <u>March 31, 2017</u>
A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
(a) Cash on hand *	5,804,239	2,705,354
(b) Balances with banks		
(i) In current accounts	103,273,542	58,883,577
(ii) In other deposit accounts with original maturity of less than three months	3,073,127	45,712,457
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	<u>112,150,908</u>	<u>107,301,388</u>
* Cash on hand includes balance in prepaid cards of RBL Bank Limited and ICICI Bank Limited obtained by Company for its routine expenses.		
B. Other bank balances		
(i) In other deposit accounts with original maturity of more than three months	67,670,224	1,636,944
(ii) In earmarked accounts		
- Balance held as security against borrowings	60,916,799	26,219,984
- Balance held as security against securitisation	5,996,164	-
Total	<u>246,734,095</u>	<u>135,158,316</u>

16. SHORT-TERM LOANS AND ADVANCES

(a) Loans and Advances - Financing Activity		
Unsecured Considered good	2,026,021,879	809,370,265
Unsecured, considered good		
(b) Advance to Suppliers	133,713	156,830
(c) Prepaid Expenses	3,710,354	1,996,033
(d) Loan and Advances to Employees	3,855,165	2,023,697
(e) Security deposits	827,238	106,238
(f) Balances with government authorities - Unsecured, considered good		
(i) Service Tax credit / Goods and service tax receivable	8,605,184	1,172,602
Total	<u>2,043,153,533</u>	<u>814,825,665</u>

17. OTHER CURRENT ASSETS

(a) Accruals		
(i) Interest accrued on fixed deposits	3,098,180	126,834
(ii) Interest accrued and due on loans	7,984,491	7,466,539
(ii) Interest accrued but not due on loans	62,299,559	19,074,462
(b) Advances recoverable from others	1,062,329	23,688
(c) TDS Recoverable	576,108	256,038
Total	<u>75,020,667</u>	<u>26,947,561</u>

Aye Finance Private Limited
Notes forming part of the financial statements
18 REVENUE FROM OPERATIONS

	<u>Year ended March 31, 2018</u>	<u>Year ended March 31, 2017</u>
(a) Interest on Loans	631,611,230	198,642,129
(b) Processing Fees	105,618,465	33,789,726
(c) Interest from securitisation on loans	25,363,268	-
(d) Servicing Fee	1,500,000	-
(e) Other Operating revenues [Refer Note (i) below]	33,374,590	12,372,384
Total	<u>797,467,553</u>	<u>244,804,239</u>
(i) Other Operating revenues		
Application fees	26,641,772	7,391,901
Cheque dishonor income	1,653,364	1,505,209
Delay payment charges , registration charges etc.	5,079,454	3,475,274
Total	<u>33,374,590</u>	<u>12372384.00</u>
19 OTHER INCOME		
(a) Interest from bank on deposits [Refer note (i) below]	9,818,539	13,455,263
(b) Gain on sale of mutual funds	14,152,704	3,080,630
(c) Miscellaneous income	821,941	213,644
Total	<u>24,793,184</u>	<u>16,749,537</u>

Notes

- (i) Tax Deducted at source amounting to ` 809,097 (Year ended March 31, 2017 : ` 1,479,608)

20 EMPLOYEE BENEFITS EXPENSE

(a) Salaries and wages	265,601,333	121,647,779
(b) Contribution to Provident Fund [Refer note 25]	12,951,722	6,914,993
(c) Gratuity Expense [Refer note 25]	4,246,770	2,435,416
(d) Expense on employee stock option (ESOP) scheme [Refer note 28]	4,108,179	1,130,370
(e) Staff welfare expenses	25,292,620	9,012,558
Total	<u>312,200,624</u>	<u>141,141,116</u>

21. FINANCE COSTS

(a) Interest expense on:		
(i) Interest on term loans	116,531,284	83,862,878
(i) Interest on debentures	144,208,375	-
(ii) Interest on delayed payment of income tax and other statutory dues	23,438	14,109
(b) Other borrowing costs	33,650,174	22,379,220
Total	<u>294,413,271</u>	<u>106,256,207</u>

Aye Finance Private Limited
Notes forming part of the financial statements

22 OTHER EXPENSES

	<u>Year ended</u> <u>March 31, 2018</u>	<u>Year ended</u> <u>March 31, 2017</u>
Legal and professional	23,793,423	22,152,015
Payment to Auditors [Refer Note (i) below]	4,578,000	1,662,375
Rates and Taxes	7,075,840	1,841,112
Bank charges	4,698,176	1,357,692
Conveyance	21,634,230	7,256,300
Printing and Stationary	6,683,091	2,901,390
Rent	21,245,102	13,748,185
Telephone Expenses	5,851,589	2,705,702
Tour and Travelling	13,453,988	5,595,434
Office Expenses	13,753,884	7,893,037
Subscription charges	3,694,290	412,474
Provision on standard assets, sub standard and doubtful [Refer Note (ii) below]	41,400,550	9,893,122
Loans and advance written off	15,221,872	2,583,697
Loss on sales of fixed assets	12,078	330,737
Miscellaneous Expenses	974,861	950,464
Total	<u>184,070,974</u>	<u>81,283,736</u>

Notes:

(i) Payments to the auditors comprises (net of service tax input credit, where applicable):

As auditors - statutory audit	4,196,500	1,394,250
For taxation matters	109,000	107,250
For other services	272,500	160,875
Total	<u>4,578,000</u>	<u>1,662,375</u>

(ii) During the year, the Company has changed its accounting policy in respect of provision on sub standard assets. During the previous year, provision for sub standard assets was made at the rate of 50% and 100% of the outstanding principal amount, where the period of arrears was between 7 to 12 months and 13 to 18 months respectively. During the current year, provision for sub standard assets has been reduced to 25% and 50% of the outstanding principal amount, where the period of arrears was between 7 to 12 months and 13 to 18 months respectively. As a result of this change, provision on sub standard assets has decreased by ` 23,183,369 and accordingly profits before tax has increased by ` 23,183,369 .

Aye Finance Private Limited
Notes forming part of the financial statements

23 Contingent liabilities and commitments (to the extent not provided for)

	<u>As at</u> <u>March 31, 2018</u>	<u>As at</u> <u>March 31, 2017</u>
(i) Commitments		
Estimated amount of contracts remaining to be executed on capital account and	3,132,295	188,400
Commitments related to loans sanctioned but not disbursed	6,072,000	41,324,000
(ii) Contingent Liabilities not provided for		
Cash collateral (Fixed Deposits) provided by the Company for securitization of	29,200,956	-
receivables		
Overcollateralization (MRR) provided by the Company for securitization of	59,829,343	-
receivables		

24 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	<u>As at</u> <u>March 31, 2018</u>	<u>As at</u> <u>March 31, 2017</u>
(i) the principal amount and the interest due thereon remaining unpaid to any	-	-
supplier at the end of each accounting year		
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro,	-	-
Small and Medium Enterprises Development Act, 2006, along with the amount		
of the payment made to the supplier beyond the appointed day during each		
accounting year		
(iii) the amount of interest due and payable for the period of delay in making	-	-
payment (which have been paid but beyond the appointed day during the year)		
but without adding the interest specified under the Micro, Small and Medium		
Enterprises Development Act, 2006		
(iv) the amount of interest accrued and remaining unpaid at the end of each		
accounting year;		
(v) the amount of further interest remaining due and payable even in the	-	-
succeeding years, until such date when the interest dues above are actually paid		
to the small enterprise, for the purpose of disallowance of a deductible		
expenditure under section 23 of the Micro, Small and Medium Enterprises		
Development Act, 2006.		

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

25 Employee benefit plans

(i) Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ` 11,842,905 (March 31, 2017: ` 6,214,508) for Provident Fund contributions in the Statement of Profit and Loss . The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Aye Finance Private Limited
Notes forming part of the financial statements

25 Employee benefit plans (cont'd)

(ii) Defined benefit plans

The Company offers the employee benefit schemes of Gratuity to its employees. Benefits payable to eligible employees of the company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date.

The following table sets out the funded status of the defined benefit schemes pertaining to Gratuity and the amounts recognised in the financial statements:

	<u>Year ended</u> <u>March 31, 2018</u>	<u>Year ended</u> <u>March 31, 2017</u>
Components of employer expense		
Current service cost	4,239,719	2,346,454
Interest cost	272,743	102,030
Actuarial losses / (gains)	(265,692)	(13,068)
Total expense recognized in the Statement of Profit and Loss	<u>4,246,770</u>	<u>2,435,416</u>
Actual contribution and benefit payments for the year		
Actual benefit payments	-	-
Actual contributions	-	-
Net asset / (liability) recognized in the Balance Sheet		
Present value of defined benefit obligation	(7,957,564)	(3,710,794)
Fair value of plan assets	-	-
Net asset / (liability) recognized in the Balance Sheet	<u>(7,957,564)</u>	<u>(3,710,794)</u>
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	3,710,794	1,275,378
Current service cost	4,239,719	2,346,454
Interest cost	272,743	102,030
Actuarial losses / (gains)	(265,692)	(13,068)
Benefits paid	-	-
Present value of DBO at the end of the year	<u>7,957,564</u>	<u>3,710,794</u>
Change in fair value of assets during the year		
Plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actual company contributions	-	-
Actuarial losses / (gains)	-	-
Benefits paid	-	-
Plan assets at the end of the year	<u>-</u>	<u>-</u>
Actual return on plan assets	-	-
Actuarial assumptions		
Discount rate	7.80%	7.35%
Expected return on plan assets	-	-
Salary escalation	10.00%	10.00%
Mortality tables	IALM (2006-08)	IALM (2006-08)
Attrition		
Ages		
Up to 30 Years	14.00%	14.00%
From 31 to 44 years	10.00%	10.00%
Above 44 years	8.00%	8.00%
Estimate of amount of contribution in the immediate next year	6,943,047	3,933,341

Aye Finance Private Limited
Notes forming part of the financial statements

25 Employee benefit plans (cont'd)

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience adjustments	Present value of DBO	Fair value of plan assets	Experience gain/ (loss) adjustments on plan liabilities	Experience gain/ (loss) adjustments on plan assets
2017-18	7,957,564	-	(48,492)	-
2016-17	3,710,794	-	191,917	-
2015-16	1,275,378	-	411,523	-

26 Details of leasing arrangements

The Company has entered into operating lease arrangement for office premises at Gurugram and branch premises across 10 states. Expected future minimum commitments for non-cancellable lease is as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Future minimum lease payments:		
- not later than one year	10,785,117	8,162,300
- later than one year and not later than five years	25,206,322	24,323,440
Lease payments recognised in the Statement of Profit and Loss [Refer to Note 22]	21,245,102	13,748,185

27 Related party transactions

(a) **Details of related parties :**

Description of relationship	Names of related parties
Key Managerial Personnel (KMP)	Sanjay Sharma - Managing Director Vikram Jetley - Whole-time Director
Entities over which KMP's have significant influence	Aye Micro Ventures LLP Shvet Corporation LLP Shankh Corporation LLP Aye Finance Employee Welfare Trust
Entities exercising significant influence over the Company	SAIF Partners India V Limited Accion Africa- Asia Investment Company LGT Capital Invest Mauritius PCC with Cell E/VP Accion Technical Advisors India
Relatives of KMP	Shashwat Sharma up to March 26, 2018

Note: Related parties have been identified by the Management.

Aye Finance Private Limited
Notes forming part of the financial statements

27 Related party transactions (con't)

(b) **Details of related party transactions during the year ended March 31, 2018 and outstanding balance as at March 31, 2018:**

	<u>Year ended</u> <u>March 31, 2018</u>	<u>Year ended</u> <u>March 31, 2017</u>
A. <u>Managerial remuneration</u>		
<i>Key Managerial Personnel</i>	11,079,956	7,942,560
(Excluding provision for gratuity and compensated absences as the same are actuarially determined for the Company as a whole and thus not separately ascertainable for the Director).		
B. <u>Shares Issued During The Year</u>		
<i>Entities exercising significant influence over the Company</i>		
SAIF Partners India V Limited	-	24,202,280
Accion Africa- Asia Investment Company	-	20,455,730
LGT Capital Invest Mauritius PCC	-	28,099,110
C. <u>Security Premium Received</u>		
<i>Entities exercising significant influence over the Company</i>		
SAIF Partners India V Limited	-	220,297,704
Accion Africa- Asia Investment Company	-	184,044,237
LGT Capital Invest Mauritius PCC	-	271,900,845
D. <u>Dividend on 0.01% on CCPS</u>		
<i>Entities exercising significant influence over the Company</i>		
SAIF Partners India V Limited	4,563	3,115
Accion Africa- Asia Investment Company	4,188	3,115
LGT Capital Invest Mauritius PCC	2,810	955
E. <u>Tour and Travelling Expenses</u>		
<i>Entities exercising significant influence over the Company</i>		
Accion Technical Advisors India	1,952,946	1,930,168
F. <u>Salaries and Wages</u>		
<i>Transactions with the relatives of KMP</i>		
Shashwat Sharma	314,999	209,400
G. <u>Loan provided to trust for purchase of shares</u>		
Aye Finance Employee Welfare Trust	-	17,500,000
H. <u>Reimbursement received</u>		
Reimbursement received for capital expenditure		
Accion Africa- Asia Investment Company	852,500	-
I. <u>Balance outstanding at the end of the year</u>		
Trade Payable		
Accion Technical Advisors India	50,892	1,646,447
Long term loans and advances		
Aye Finance Employee Welfare Trust	1,251,474	1,251,474

Aye Finance Private Limited
Notes forming part of the financial statements

28 Employee share based payments

The Company at its Extra Ordinary General Meeting held on November 29, 2016 has approved an Employee Stock Option Plan 2016 ('the Plan') and has authorised the Company to issue stock options under the above plan. The Company has provided loan to Aye Finance Employee Welfare Trust for purchase of 5,60,294 Equity shares (ESOP Shares) from the existing shareholders. The Company has granted 225,758 options, each option are to be converted into one fully paid up equity share of the company at an exercise price of ` 29 per option. The vesting period is 4 years (10%, 20%, 30% and 40% in 1st, 2nd ,3rd and 4th year respectively) commencing from the date of grant of options (January 2, 2017). It is the intention of the Company that the options shall exercise on the day after the listing of the shares pursuant to an IPO of the Company.

During the year, the Company has granted 6,000 and 45,637 options on June 2, 2017 and January 2, 2018 respectively. Fair valuation has been carried out at both the grant dates.

Advance of ` 17,500,000 paid to the Aye Finance Welfare Trust for subscribing to the shares of the Company has been adjusted for ` 5,602,940 in Note 3 being the face value of shares issued to the trust and ` 10,645,586 with Securities Premium account in Note 4 being the premium at which the shares were issued. Remaining amount of ` 1,251,474 has been disclosed under head "Long - term loans and advances".

Employee stock options details as on the Balance Sheet date are as follows:

Particulars	During the year ended March 31, 2018		During the year ended March 31, 2017	
	Options (Numbers)	Weighted average exercise price per option (`)	Options (Numbers)	Weighted average exercise price per option (`)
Option outstanding at the beginning of the year:	225,758	29	-	-
Granted during the year:	51,637	29	225,758	29
Vested during the year:	20,714	29	-	-
Exercised during the year:	-	-	-	-
Lapsed/Forfeited during the year:	27,921	29	-	-
Options outstanding at the end of the year:	249,474	29	225,758	29
Exercisable at end of year:	20,714	29	-	-

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	Year ended March 31, 2018		Year ended March 31, 2017
	Grant Date June 2, 2017	Grant Date January 2, 2018	Grant Date January 2, 2017
No. of options granted	6,000	45,637	225,758
Risk Free Interest Rate	7% - 7.21%	7% - 7.21%	6.57%
Expected Life in years	3.83	3.25	4.25
Expected Annual Volatility of Shares	-	-	-
Expected Dividend Yield	Nil	Nil	Nil
Weighted Average Share Price	72.00	111.43	72.00

Aye Finance Private Limited
Notes forming part of the financial statements

29. Earnings per share

The following is a computation of earnings per share and a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share.

	Year ended March 31, 2018	Year ended March 31, 2017
Net Profit/ (Loss) for the year	23,014,550	(71,904,346)
Less: Preference Dividend	(13,744)	(8,542)
Net (Loss) for the year attributable to equity shareholders	23,000,806	(71,911,531)
Weighted average number of equity shares – for Basic EPS	4,270,006	4,269,940
Effect of dilutive potential equity share equivalent	12,121,144	12,121,144
Weighted average number of equity shares – for diluted EPS	16,391,150	16,391,084
Par value per share	10.00	10.00
Profit/ (Loss) per share – Basic	5.39	(14.9)
Profit / (Loss) per share – Diluted	1.40	(14.9)

For the purpose of calculating Basic EPS, shares allotted to the ESOP Trust pursuant to the employee share-based payment plan would not be included in the shares outstanding till the employees have exercised their right to obtain shares, after fulfilling the requisite vesting conditions. Till such time, the shares so allotted would be considered as dilutive potential equity shares for the purpose of calculating Diluted EPS.

30. Deferred tax

	As at March 31, 2018	As at March 31, 2017
Deferred Tax Assets		
Difference between book balance and tax balance of fixed assets	161,069	375,404
Provision for compensated absences	3,432,063	1,492,974
Provision for loans and advances	8,728,506	3,089,727
Provision for gratuity	2,192,508	1,022,417
Provision for rent straightlining	627,988	627,988
Carry Forward losses	6,351,985	26,498,779
Unabsorbed depreciation	1,697,387	1,697,387
Total	<u>23,191,506</u>	<u>34,804,676</u>
Net deferred tax assets recognised in books	<u>-</u>	<u>-</u>

In accordance with Accounting Standard 22 on 'Accounting for taxes on income', in the absence of virtual certainty supported by convincing evidence, no deferred tax assets has been recognised.

31. Segment Information

The Company is engaged in the business of providing loans to small and medium enterprises. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosure prescribed by Accounting Standard 17 on Segment Reporting are not required.

Aye Finance Private Limited
Notes forming part of the financial statements

32. Movement in provisions against assets (Loans and advances) during the year is as under:

The Company has made provision for non- performing assets as specified by the Reserve Bank of India in their guidelines on prudential norms, details of which are given below.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening Balance	11,213,961	1,902,360
Add: Additions during the year	41,400,550	9,893,122
Less: Utilised during the year	(5,713,098)	(581,521)
Closing Balance	46,901,413	11,213,961

33. Details on derivatives instruments and unhedged foreign currency exposures

- (a) The Company doesnot have any year end unhedged foreign currency exposures.

34. Securitisation

(a) Securitisation transaction entered with Tyrell SBL IFMR Capital

During the year ended March 31, 2018, the Company has securitised pool of certain loans and is managing servicing of such loan accounts on behalf of buyer. The balance outstanding in this pool, at the year end aggregates to ` 48,310,041 (Previous year: ` Nil), which assets have been de-recognised in the books of the Company. Overcollateralisation on securitized loan portfolio as on March 31, 2018 amounts to ` 11,992,329 (Previous year ` Nil)

The Company is responsible for collection and servicing of this loan portfolio on behalf of buyer in terms of the said agreement. Accordingly, the Company pays to the Trust (SPV) the collected amounts, which is responsible for collection and receives the servicing charge. Amount collected on securitised portfolio which is yet to be paid to the Trust is ` 9,788,652 as on March 31, 2018 (Previous year: ` Nil)

Disclosure in terms of RBI circular 'Revisions to the Guidelines on Securitisation transactions' dated August 21, 2012

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
1	No. of SPV's sponsored by NBFC for securitisation transactions	1	-
2	Total amount of securitised assets as per books of SPVs sponsored by the NBFC	48,310,041	-
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	i) Off-balance sheet exposures		
	a) First Loss	-	-
	b) Others	-	-
	i) On-balance sheet exposures		
	a) First Loss	5,996,164	-
	b) Others	11,992,329	-
4	Amount of exposures to securitization transactions other than MRR		
	i) Off-balance sheet exposures		
	- Exposure to own securities		
	a) First Loss	-	-
	b) Loss	-	-

Aye Finance Private Limited
Notes forming part of the financial statements

34. Securitisation (con't)

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
	- Exposure to third party securitisation		
	a) First Loss	-	-
	b) Loss	-	-
	ii) On-balance sheet exposures		
	- Exposure to own securities		
	a) First Loss	-	-
	b) Loss	-	-
	- Exposure to third party securitisation		
	a) First Loss	-	-
	b) Loss	-	-

(b) Securitisation transaction entered with Vivriti Morris

During the year ended March 31, 2018, the Company has securitised pool of certain loans and is managing servicing of such loan accounts on behalf of buyer. The balance outstanding in this pool, at the year end aggregates to ` 235,296,119 (Previous year: ` Nil), which assets have been de-recognised in the books of the Company. Overcollateralisation on securitized loan portfolio as on March 31, 2018 amounts to ` 23,529,612 (Previous year ` Nil)

The Company is responsible for collection and servicing of this loan portfolio on behalf of buyer in terms of the said agreement. Accordingly, the Company pays to the Trust (SPV) the collected amounts, which is responsible for collection and receives the servicing charge. Amount collected on securitised portfolio which is yet to be paid to the Trust is ` 21,819,803 as on March 31, 2018 (Previous year: ` Nil)

Disclosure in terms of RBI circular 'Revisions to the Guidelines on Securitisation transactions' dated 21 August, 2012

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
1	No. of SPV's sponsored by NBFC for securitisation transactions	1	-
2	Total amount of securitised assets as per books of SPVs sponsored by the NBFC	235,296,119	-
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	i) Off-balance sheet exposures		
	a) First Loss	-	-
	b) Others	-	-
	i) On-balance sheet exposures		
	a) First Loss	9,411,845	-
	b) Others	23,529,612	-
4	Amount of exposures to securitization transactions other than MRR		
	i) Off-balance sheet exposures		
	- Exposure to own securities		
	a) First Loss	-	-
	b) Loss	-	-

Aye Finance Private Limited
Notes forming part of the financial statements

34. Securitisation (con't)

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
	- Exposure to third party securitisation		
	a) First Loss	-	-
	b) Loss	-	-
	ii) On-balance sheet exposures		
	- Exposure to own securities		
	a) First Loss	-	-
	b) Loss	-	-
	- Exposure to third party securitisation		
	a) First Loss	-	-
	b) Loss	-	-

(c) Securitisation transaction entered with Vivriti Pereira

During the year ended March 31, 2018, the Company has securitised pool of certain loans and is managing servicing of such loan accounts on behalf of buyer. The balance outstanding in this pool, at the year end aggregates to ` 22,6897,819 (Previous year: ` Nil), which assets have been de-recognised in the books of the Company. Overcollateralisation on securitized loan portfolio as on March 31, 2018 amounts to ` 24,307,402 (Previous year ` Nil)

The Company is responsible for collection and servicing of this loan portfolio on behalf of buyer in terms of the said agreement. Accordingly, the Company pays to the Trust (SPV) the collected amounts, which is responsible for collection and receives the servicing charge. Amount collected on securitised portfolio which is yet to be paid to the Trust is ` 40,565,900 as on March 31, 2018 (Previous year: ` Nil)

Disclosure in terms of RBI circular 'Revisions to the Guidelines on Securitisation transactions' dated 21 August, 2012

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
1	No. of SPV's sponsored by NBFC for securitisation transactions	1	-
2	Total amount of securitised assets as per books of SPVs sponsored by the NBFC	226,897,819	-
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	i) Off-balance sheet exposures		
	a) First Loss	-	-
	b) Others	-	-
	i) On-balance sheet exposures		
	a) First Loss	13,792,947	-
	b) Others	24,307,402	-
4	Amount of exposures to securitization transactions other than MRR		
	i) Off-balance sheet exposures		
	- Exposure to own securities		
	a) First Loss	-	-
	b) Loss	-	-

Aye Finance Private Limited
Notes forming part of the financial statements

34. Securitisation (con't)

S.No	Particulars	As at	As at
		March 31, 2018	March 31, 2017
	- Exposure to third party securitisation		
	a) First Loss	-	-
	b) Loss	-	-
	ii) On-balance sheet exposures		
	- Exposure to own securities		
	a) First Loss	-	-
	b) Loss	-	-
	- Exposure to third party securitisation		
	a) First Loss	-	-
	b) Loss	-	-

35. The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

36. There are no amounts which were required to be transferred to the Investor Educational and Protection Fund by the Company.

38. Previous years figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Sd/-
 Sanjay Sharma
 Managing Director
 DIN: 03337545

Sd/-
 Vikram Jetley
 Whole-time Director
 DIN: 06530212

Sd/-
 Tripti Pandey
 Company Secretary
 M. No. - 32760

Sd/-
 Ashish Sharma
 Sr. VP Finance

Gurugram
 May 22, 2018

Statement of Financial Results for the half year and year ended March 31, 2018

Sr. No.	Particulars	Current half year ended March 31, 2018	Corresponding half year in the previous year ended March 31, 2017	Year to date figures ended March 31, 2018	Previous year ended March 31, 2017
		Rs. (Audited)	Rs. (Unaudited)	Rs. (Audited)	Rs. (Audited)
1	Revenue from operations	505,813,773	152,129,516	797,467,553	244,804,239
2	Other income	10,424,787	12,090,238	24,793,184	16,749,537
3	Total Income (1+2)	516,238,560	164,219,754	822,260,737	261,553,776
4	Expenses				
	(a) Employee benefits expense	183,775,443	82,171,269	312,200,624	141,141,116
	(b) Finance costs	193,515,048	61,795,797	294,413,271	106,256,207
	(c) Depreciation and amortisation expense	5,046,993	2,702,602	8,561,318	4,777,063
	(d) Other expenses	122,010,299	57,216,000	184,070,974	81,283,736
	Total expenses	504,347,782	203,885,667	799,246,186	333,458,122
5	Profit/ (Loss) before tax (3 - 4)	11,890,777	(39,665,913)	23,014,550	(71,904,346)
6	Tax expense:				
	(a) Current tax expense	7,708,294	-	11,860,070	-
	(b) (Less): MAT credit	(7,708,294)	-	(11,860,070)	-
	(c) Deferred tax charge/(credit)	-	-	-	-
	Net tax expenses / (benefit)	-	-	-	-
7	Profit/ (Loss) for the period/ year after tax (5-6)	11,890,777	(39,665,913)	23,014,550	(71,904,346)
8	Earnings per share (EPS)				
	Basic (₹)	2.78	(9.29)	5.39	(14.89)
	Diluted (₹)	0.73	(9.29)	1.40	(14.89)
10	Reserves	735,512,350	708,401,182	735,512,350	708,401,182
11	Net Worth	778,212,410	751,101,242	778,212,410	751,101,242
12	Paid up debt capital/ Outstanding debt	3,985,491,478	705,132,643	3,985,491,478	705,132,643
13	Outstanding Redeemable Preference Shares	115,608,500	115,608,500	115,608,500	115,608,500
14	Debt Equity Ratio	4.46	0.81	4.46	0.81
15	Capital Redemption reserve	Not Applicable	Not Applicable	Not Applicable	Not Applicable
16	Debenture Redemption Reserve	Not Applicable	Not Applicable	Not Applicable	Not Applicable
17	Debt Service Coverage Ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable

18 Interest Service Coverage Ratio Not Applicable Not Applicable Not Applicable Not Applicable

For and on behalf of the board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
Sanjay Sharma	Vikram Jetley	Ashish Sharma	Tripti Pandey
Managing Director	Whole-time Director	Sr. VP Finance	Company Secretary
DIN: 03337545	DIN: 06530212		M. No. - 32760

Gurugram
May 22, 2018

Notes to Audited Financial Results

- 1 The above results have been approved by the Board of Directors at their meeting held on May 22, 2018
- 2 The Company is engaged in the business of providing loans to small and medium enterprises. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosure prescribed by Accounting Standard 17 on Segment Reporting are not required.
- 3 Details of previous and next due date of non- convertible debentures are as follows:

Particulars	Due date during financial year 17-18 and the amount		Next Due date during financial year 18-19 and the amount	
	Interest	Due date	Interest	Due date
ISIN No - INE501X08016 , Aye Finance Private Limited - SR-1.12.19 NCD 16FB21 FVRe1	2,177,501	March 31, 2018	6,078,301	June 30, 2018
	-	-	6,145,096	September 30, 2018
ISIN No - INE501X08024 , Aye Finance Private Limited - SR-1-2500 RR NCD 26FB21 FVRS1LAC	-	-	-	-
- 4 Listed Non- convertible debentures of the Company were rated a [ICRA] BBB- with stable outlook by ICRA Ltd. This is as per the rating letter issued by ICRA in February 2018. The above rating has been upgraded to ICRA [BBB] with stable outlook by ICRA Ltd. on April 23, 2018.
- 5 The above debentures are unsecured
- 6 The results for the half year ended March 31, 2018 are the balancing figures between audited figures in respect of the full financial year and the year to date figures upto the half year ended September 30, 2017 which were subject to review.

- 7 The results for the corresponding half year ended March 31, 2017 are the unaudited balances obtained from the books of account maintained by the management of the Company.
- 8 Paid up debt capital includes all long term borrowings, short term borrowings and current maturities of long term borrowings.
- 9 Debenture Redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of the Companies (Share Capital and Debenture) Rules, 2014.
- 10 Earning per share for the half year ended March 31, 2018 and March 31, 2017 have been calculated for six months and not annualised.
- 11 Debt Equity Ratio = Total outstanding debt / Shareholders' equity



May 24, 2018

To,
 Ms. Tripti Pandey
 Company Secretary & Compliance Officer,
 Aye Finance (P) Limited,
 M-5, Magnum House-I, Mezzanine Floor,
 Community Centre Karampura,
 Opp. Milan Cinema, New Delhi-110015

Dear Madam,

Sub: Certificate of Debenture Trustee under Regulation 52(5) of SEBI (LODR) Regulations, 2015 for March 31, 2018.

In compliance of the requirements of Chapter V, Regulation 52, Sub – Regulation (4) and (5) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for Non – Convertible Debt Securities we would like to state as under:

We, Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited), are acting as a Debenture Trustee for Unsecured, Listed, Rated, Redeemable, Non-Convertible Debenture issue aggregating to Rs. 45 crores (Rupees Forty Five Crores) of Aye Finance (P) Limited.

With reference to above, we have received the following documents and have noted its contents without verification:

1. Information provided in accordance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2018.
2. Audited Financial results for the year ended March 31, 2018.
3. Credit Rating letter from ICRA dated April 24, 2018.

This certificate has been signed and issued by us based on the documents (as mentioned above) submitted by you.

Thanking You.

Yours sincerely,
For Vistra ITCL (India) Limited
(Formerly known as IL&FS Trust Company Limited)



Authorized Signatory

Place: Mumbai

**Deloitte
Haskins & Sells LLP**

Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase - II
Gurugram - 122 002
Haryana, India

Tel: +91 124 679 2000
Fax: +91 124 679 2032

The Board of Directors
Aye Finance Private Limited
M-5, Magnum House-1, Mezzanine floor,
Community Centre Karampura,
Opposite Milan Cinema, New Delhi - 110015

Independent Auditor's Report on the Statement containing details relating to utilisation of funds raised from the issuance of Non-Convertible Debentures by Aye Finance Private Limited ("the Company") during the year ended March 31, 2018 (hereinafter referred to as the "Statement")

1. We, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm's Registration No. 117366W/ W-100018), the statutory auditors of Aye Finance Private Limited ("the Company") having its Registered Office at M-5, Magnum House-1, Mezzanine floor, Community Centre Karampura, Opposite Milan Cinema, New Delhi - 110015, have issued this report in accordance with the terms of our engagement letter dated October 13, 2017.
2. The accompanying Statement containing details of funds raised during the year ended March 31, 2018 by way of issuance of Non-Convertible Debentures and utilisation of proceeds thereof by the Company for submission to M/s Catalyst Trusteeship Limited and M/S Vistra ITCL (India) Limited (hereinafter referred to as the "Debenture Trustees") as required in terms of clause 15(1A)(c)(ii) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 dated December 29, 1993 and subsequent amendments thereto ("Debenture Trustee Regulations") and para 56(1)(a) of Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), which we have initialed for identification purpose only.

Management's Responsibility for the Statement

3. The preparation of the aforesaid Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management is also responsible for ensuring that the Company complies with the requirements of the SEBI Regulations and Debenture Trustee Regulations.

Auditor's Responsibility

5. Pursuant to the requirements of the SEBI Regulations and Debenture Trustee Regulations, our responsibility is to provide a reasonable assurance whether the particulars contained in the aforesaid Statement are in agreement with the audited financial statements, books of account and other relevant records and documents maintained by the Company for the year ended March 31, 2018. This does not include the evaluation of the adherence by the Company for applicable terms and conditions as set out in the SEBI Regulations and Debenture Trustee Regulations.

Regd. Office: Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra (LLP Identification No. AAB-8737)



**Deloitte
Haskins & Sells LLP**

6. The Financial statements as of and for the year ended March 31, 2018 have been audited by us, on which we issued an unmodified audit opinion vide our report dated May 22, 2018. Our audit of these financial statements were conducted in accordance with the Standards on Auditing specified under section 143(10) of The Companies Act, 2013. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. This report is based solely on our examination of the audited financial statements, books of account and other relevant records and documents considered necessary for the purpose of issuing this certificate and the information and explanations given to us by the Company.
8. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

10. Based on our examination, as above, and according to the information and explanations provided to us by the Management of the Company, we are of the opinion, that the particulars furnished by the Company in the said Statement are in agreement with the audited books of account and other relevant records and documents maintained by the Company for the year ended March 31, 2018.



**Deloitte
Haskins & Sells LLP**

Restriction on Use

11. This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of submission to the Debenture Trustee in terms of the SEBI Regulations, Debenture Trustee Regulations, and should not be used by any other person or for any other purpose or to be distributed to any other parties. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/ W-100018)



A handwritten signature in black ink, appearing to read "Sameer Rohatgi", written over a horizontal line.

Sameer Rohatgi
Partner
(MembershipNo.094039)

Gurugram
August 23, 2018

Statement containing details relating to utilisation of funds from the Non-Convertible Debentures (“NCDS”) issued during the year ended March 31, 2018

Sr. No	ISIN No.	Name of the Instrument	Issuance Date	Coupon Rate	Maturity Date	Issuance Size (in Crores)	Whether listed or unlisted
1	INE501X07067	Secured NCDs	28-03-2018	12.59%	28-03-2023	30.00	Unlisted
2	INE501X08024	Unsecured NCDs	27-02-2018	13.25 % for Year 1, 12.75% for year 2 and 12.5% for year 3	26-02-2021	25.00	Listed
3	INE501X08016	Unsecured NCDs	16-02-2018	12.19%	16-02-2021	20.00	Listed
4	INE501X07059	Secured NCDs	30-10-2017	13.10%	30-10-2020	32.80	Unlisted
5	INE501X07042	Secured NCDs	29-08-2017	13.4723% and 13.5468%	29-08-2023	44.00	Unlisted
6	INE501X07034	Secured NCDs	31-07-2017	13.6076%	29-07-2022	26.00	Unlisted
7	INE501X07026	Secured NCDs	19-06-2017	14.0078%	17-06-2022	27.00	Unlisted
8	INE501X07018	Secured NCDs	16-05-2017	14.0078%	13-05-2022	27.00	Unlisted

We, hereby certify that the money received via issuance of above NCD’s during the year ended March 31, 2018 has been used for expanding the loan portfolio of the Company.

For Aye Finance Private Limited


 Sanjay Sharma
 Managing Director


 Ashish Sharma
 Chief Financial Officer



RELATED PARTY DISCLOSURES UNDER REGULATION 53 OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015

The company does not have any holding and subsidiary company during financial year 2017-18

S No.	Name of the Related Party	Nature of Transactions	Amount (In INR)
1	Holding Company	Loans and advances in the nature of loans to subsidiaries by name and amount.	Nil
		Loans and advances in the nature of loans to associates by name and amount.	Nil
		Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.	Nil
		Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	Nil
2	Subsidiary Company	Loans and advances in the nature of loans from Holding Company by name and amount.	Nil
		Loans and advances in the nature of loans to associates by name and amount.	Nil
		Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.	Nil

Related parties of the Company has been identified in compliance with the accounting standard on “Related Party Disclosures” which have been disclosed in Notes to accounts to financial statements for FY ended 31st march, 2018.

Disclosures under the Prudential Norms

The disclosures of assets, liabilities etc pursuant to the Master Direction - Non Banking Financial Company – Non – Systemically Important Non Deposit taking (Reserve Bank) Directions, 2016 are as follows:

Particulars	Amount Outstanding as on March 31, 2018	Amount Overdue as on March 31, 2018
	Rs.	Rs.
A Liabilities: Loans & advances availed by non-banking financial company inclusive of interest accrued thereon but not paid		
a) Debentures: Secured	1,921,450,086	-
Unsecured (other than falling within the meaning of public deposits)	452,904,110	-
b) Deferred Credits	-	-
c) Term Loans	1,610,483,570	-
d) Inter-corporate loans and borrowings	-	-
e) Commercial Paper	-	-
f) Other Loans	60,159,331	-
B Assets:		
Break up of Loans and Advances including bills receivables (other than those included in C below)		
a) Secured		
b) Unsecured – Others		4,245,832,292
Particulars	Amount Outstanding	
C Breakup of Leased assets and stock on hire and other assets counting towards AFC activities		
i. Leased assets including lease rentals under Sundry Debtors		-
a) Financial Lease		
b) Operating Lease		
ii. Stock on hire including hire charges under Sundry Debtors		-
a) Assets on hire		
Particulars	Amount Outstanding	
b) Repossessed Assets		
iii. Other Loans counting towards AFC activities		-

	a) Loans where assets have been repossessed b) Loans other than (a) above	
	Particulars	Amount Outstanding
D	Break up of Investments:	
	<u>Current Investments</u>	
	I. Quoted	
	a) Shares: - Equity - Preference	- -
	b) Debentures and bonds	-
	c) Units of Mutual Funds	-
	d) Government Securities	-
	e) Others	-
	Particulars	Amount Outstanding
	II. Unquoted	-
	a) Shares: - Equity - Preference	- -
	b) Debentures and bonds	-
	c) Units of Mutual Funds	407,128,295
	d) Government Securities	-
	e) Others	-
	<u>Long term Investments</u>	
	III Quoted	
	a) Shares: - Equity - Preference	- -
	b) Units of Mutual Funds	-
	c) Government Securities	-
	d) Others	-
	IV. Unquoted	-
	a) Shares: - Equity - Preference	- -
	b) Debentures and bonds	-
	c) Units of Mutual Funds	-
	d) Government Securities	-
	e) Others	-
E	Borrower group wise classification of assets financed as in B and C above: (Amount net of provisions)	
	Category	Secured , Unsecured , Total ,

I. Related Parties (As per accounting standard of ICAI)			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
II. Other than Related Parties	-	4,198,930,879	4,198,930,879
Total	-	4,198,930,879	4,198,930,879

F Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Category	Market Value / Break up of fair value or NAV	Book Value (net of provisions)
I. Related Parties		
a) Subsidiaries	-	-
b) Companies in the same group	-	-
c) Other related parties	-	-
II. Other than Related Parties		
Total	-	-

G Other Information

Particulars	Amount
i. Gross Non Performing Assets	
a) Related Parties	-
b) Other than related parties	77,209,976
Particulars	Amount
ii. Net Non-Performing Assets	
a) Related Parties	-

<p>b) Other than related parties **</p>	<p>49,973,823</p>
<p>iii. Assets acquired in satisfaction of debt</p>	<p>-</p>
<p>**Net of deduction on account of Provision for non-performing assets aggregating to Rs. 27,236,153</p>	

FORM MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Registered Office: M-5 Magnum House-1, Mezzanine Floor, Community Centre Karampura, Opp Milan Cinema, New Delhi 110015

Name of the company: Aye Finance Private Limited

CIN: U65921DL1993PTC283660

Name of the Member (s):

Registered address:

E-mail Id :

Folio No./ Client Id & DP ID :

I, being the Member(s) of ___ equity shares and ___ CCPS of the above named company, hereby appoint:

1. Name:

Address:

E-mail Id:

Proxy's Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on 27th September, 2018 at 10:00 A.M. at Syndicate Room, Department of Management Studies, Vishwakarma Bhawan, 4th Floor, IIT Campus, Hauz Khas, New Delhi-110016, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No-

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2018 and the Reports of the Directors' and Auditors' and Secretarial Auditors' thereon.
2. To ratify the appointment of Auditors and to fix their Remuneration

Signed this ___ day of ___, 2018

Signature of shareholder

Note: This form of proxy in order to be effective should be duly completed and

deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix Revenue Stamp

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AYE FINANCE PRIVATE LIMITED**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the 25th Annual General Meeting, convened on Thursday, the 27th day of September at 10:00 A.M. at Syndicate Room, Department of Management Studies, Vishwakarma Bhawan, 4th Floor, IIT Campus, Hauz Khas, New Delhi-110016.

Reg. Folio No: _____ DP ID No: _____

Client ID No: _____ No. of Shares _____

Name and Address of Equity Shareholder:

Name and address of Proxy (to be filled by person attending on behalf of Equity Shareholder):

Signature

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OUR CUSTOMER STORIES



Mr. Jayaprakash is our Yelahanka Branch Customer belonging to the Power Loom Cluster of the City. He has been running the Silk Saree Weaving Manufacturing business for past 6 years from his self owned factory. He had 3 power looms but wanted to expand his business by installing another power loom machine. He had ample space and enough demand for his product to go for this expansion. The only thing lacking was the funds to purchase the machinery. When Aye Finance approached him and shared its affordable and flexible terms of financing, he knew his dream of purchasing that additional machine would come true.

He is now one of our Happy Customer and with his 4 Power Loom Machines he is able to meet the commitment of delivery of finished goods in time and generate higher business income.



Aditya migrated from Gujarat due to family dispute. To get successful in manufactures of sweets and candies, he has shown uncompromising focus on the quality of raw material (sugar, milk powder, coconut powder, etc.) despite lack of funds. The loan from Aye has been a crucial enabler. He now employs 5-6 people, buys superior quality of raw material and has created a brand that is known amongst distributors across Uttar Pradesh, Uttarakhand and Rajasthan. He is currently able to make 28 different varieties of candy during the summer season and the traditional gud patti during the winter months. He envisions that with the continued relation with Aye, he will further expand into manufacturing heart-shaped candy which he says has a huge demand in the market and

wants to utilize the next cycle loan to buy a boiler that will reduce manual intervention in his manufacturing process.



Varissa Khatoon feels extremely proud showing her power loom setup. Her husband had quit the job due to illness and she courageously stepped up and took charge of providing a livelihood to her family. She started a power loom business about 5 years ago. She makes blanket covers and supplies them in the local Meerut market.

Due to non-availability of funds, she used to constantly struggle to keep up with the ever increasing price of thread. But with a loan from Aye, she feels it's a solution to her woes and she uses the money for buying raw materials to keep her business going. She has 4 machines currently, and would like to purchase another machine with the subsequent loan from Aye.