

Avendus Capital advises Aye Finance on its INR 310 Crore infusion, led by British International Investment, Waterfield Fund of Funds and A91 Partners

Mumbai, December 14, 2023

Aye Finance, one of India's largest micro-enterprise lenders, has entered into definitive agreements for INR 310 crores in Series F funding, led by UK's development finance institution and impact investor, British International Investment (BII). Waterfield Fund of Funds and Aye's existing shareholder, A91 Partners also participated in the round. The deal closure is subject to completion of standard conditions precedent. Aye has so far raised INR 1,000 crores of equity, underscoring the continued confidence and support from the investment community in the lender's mission and growth trajectory.

Avendus Capital acted as the exclusive financial advisor to Aye Finance on this transaction.

Aye has transformed the MSME lending landscape in India since its inception in 2014 and is one of the most successful small-ticket lenders in this space, providing working capital loans to micro-enterprises. The company is committed to easing access to credit for small businesses and has disbursed INR 8,000 crores to the segment since inception, bringing over 700,000 unorganised businesses into the formal lending ecosystem.

Along with enabling financial inclusion in this historically underserved segment, Aye has also been consistently delivering profits to its investors. The company has over INR 3,600 crores of Asset Under Management and has delivered INR 80 crores of PAT in the first six months of FY24.

Speaking on the occasion, **Sanjay Sharma, Co-founder, MD & CEO, Aye Finance** said, "Aye Finance is on a growth journey and we are delighted to partner with BII who has a deep understanding of the financial services sector in India. This equity raise is a testament to the strong conviction that investors have in a high-quality franchise such as Aye. We believe there is immense potential in lending to underserved microenterprises and the fresh capital will provide a strong fillip to our compounding story. We look forward to this partnership and hope it will help us achieve new heights."

Gaurav Malhotra, Director for Financial Services, British International Investment said, "There are over 64 million MSMEs in India and only 11 per cent of micro enterprises have access to formal credit. Therefore, I am thrilled that through partnering with Aye, we are not only helping to bridge this gap but also enabling micro entrepreneurs and their employees to grow their businesses and incomes. Our investment in Aye Finance underscores our commitment to back companies that have a strong development impact philosophy and promote financial inclusion for India's underserved groups. The team from Aye stands out for its dedication and experience in offering tech-enabled financing solutions with high potential for scalability."

Anshul Agarwal, Managing Director and Co-head, Consumer, Financial Institutions Group & Business Services Investment Banking, Avendus Capital said, "We are delighted to partner with Aye Finance on this transaction. Aye has made significant strides in lending to the underserved and is one of the largest lenders to micro-enterprises, a space with massive growth potential. It is also a testament to the superlative distribution, underwriting and collections

DEAL RELEASE

Release Date: December 14, 2023

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expertise built by Aye over the years. We are confident this partnership will further strengthen the company's position in the MSME lending space and propel it on its next phase of growth."

About Avendus

Avendus Group is a leading financial services firm with a presence in the areas of Investment Banking, Institutional Equities, Wealth Management, Credit Solutions and Asset Management. Established in 1999 in Mumbai, India, Avendus is today present in 10 cities across India, US and Singapore. Avendus partners with the Indian entrepreneur ecosystem to provide differentiated solutions that enable clients to meet their strategic aspirations.

Avendus Capital, the investment banking arm, is consistently ranked among the top investment banks in the country on the back of its in-depth domain understanding and a best in the class track record of domestic and cross-border transactions. Avendus' wide range of clients is testimony to its ability to serve its corporates throughout their life cycle – from growth stage funding to large-sized transactions, M&A advisory and access to public markets.

Avendus Capital Inc located in New York is an Avendus Group entity offering M&A and Private Equity syndication services to clients in the US.

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