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## Overview of the AYE Finance Background and Services

AYE Finance is a Gurgaon-based NBFC which is into lending business to Micro, Small and Medium Enterprises (MSME) founded in 2014 which has near 300 employees. Business model: mission: To deliver innovative and customer centered financial amenities to MSMEs through expert team, new and effective technology and robust processes, to assist increase the growth into the new-age India.

Background & motivation: Finance requirement of MSME sector in India has been estimated to be over Rs. 5 trillion. Due to operational and ROI constraints most banks and financial services companies turn their head and do not entertain these demands.

Fundings: AYE Finance's age is over 4 years and it is in the position of Late stage venture and has received total funding of INR 538.5 Crores in 11 funding rounds till now. Announced Date Transaction Name Money Raised (INR) Lead Investors Jul 26, 2018 Debt Financing 68.6 Cr MicroVest, Triple Jump Jun 11, 2018 Series C 147.5 Cr Capital G Apr 13, 2018 Debt Financing 30 Cr BlueOrchid Finance Feb 19, 2018 Debt Financing 25 cr - Jan 24, 2018 Debt Financing 40 Cr Northern Arc Sept 27, 2017 Debt Financing 44 Cr Triodos Investment Management May 25, 2017 Debt Financing 54.9 Cr SAIF Partners May 10, 2017 Debt Financing 20.6 Cr State Bank of India Nov 21, 2016 Series B 70 Cr LGT Impact Ventures Dec 8, 2015 Series A 20.6 Cr SAIF Partners Feb 23, 2015 Seed Round 6.86 Cr SAIF

Partners methodology: MSME sector can be classified into manufacturing, trading, services and agriculture. AYE Finance thrives in providing unparalleled service in these four sectors by providing incentives like:

- Informal and loosely defined documentation.
- No need of prior credit repayment history.
- Working capital cycles are very short.
- Funding is specific for each industry.

AYE Finance uses an innovative Underwriting method in which indeterminate risk is carefully assessed and it is graded through a hybrid appraisal technique that uses Data Science, which provides ground insights of an industry cluster. Industry cluster is the group of firms that are similar and related to each other and share common market in a defined geographic area. They have come up with most distinctive methodology "Industry Cluster Enterprise (ICE)" which delivers deeper insights specific to the numerous industries that they service. The experts in AYE Finance use this methodology to document the prominent features of each industry cluster, its profit margins, cash cycles, productivity level, and characteristics of the supply chain. The MSME customers of AYE Finance use informal bookkeeping and minimal documentation. Hence, AYE Finance assess business cash flow through alternate methods such as estimation of Valid & Invalid bills, number of machines used in the business, number of employees and the other production estimates. The overall assessment of this industry understanding is then programmed in the Underwriting Engine. They also use a range of redesigns tools to triangulate with a pllication information of a loan to approve the loan. The methodology of ICE has three strong pillars on which it stands and performs perfectly. These three pillars are innovation in

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Credit, Technology and Analytics.

## **Credit Appraisals:**

- The experts in AYE Finance estimate the client's willingness and ability to repay. They also measure the client's traceability.
- The method is original and nifty, which delays credit risks based on the components of probability and impact of a default.
- The parameters used in this methodology are industry specific with specified tolerance levels.

## **Technology:**

- Focus on automation on low cost delivery and controls.
- Online integration with Credit Bureaus and business reference validations
- All systems are comprehensive to measure and increase sales productivity
- Systems with metrics to optimize Turn around time.

## **Analytics:**

- Thorough analysis of credit habits and seasonal swings in business
- Data analytics of financial, behavioural and psychometric parameters
- Analysis of industry specific early warnings triggers.
- Credit scoring for repeating and new customers.

## **Products:**

### **For micro businesses:**

Mortgage loans: Loan Amount: Rs 10 to 25 lacs

Repayment Period: 2 years to 7 years

Interest Rate: 19% – 24% per annum

Secured against mortgage over marketable real property and working business assets

Loan amount: Rs. 50,000 to Rs. 300,000

Repayment Period: 6 months to 3 years

Interest Rate: 26% – 28% per annum

Secured against working assets of business Add-On Loan: Seasonal and festival loan requirement of Rs. 50,000 to Rs. 100,000

Repayment period: 2 months to 6 months

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Interest Rate: 22% – 28% per annum

Existing loan customers with a good repayment track record can apply after 6 months of taking their 'Primary' loan.

Secured against the existing assets under the 'Primary' loan. For Institutions and Small Business: This loans that will enable the clients to purchase fixed assets and working business Assets, to construct or renovate business facilities or for debt consolidation: for institutions and small businesses.

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