Secretarial Department

November 06, 2026

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai- 400 001

Symbol: FEDFINA

Scrip Code: 544027

Dear Sir/Madam,

Sub: Intimation of Credit Rating of facility / instrument of the Company under Regulations 30 and 51 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to the provisions of the Regulations 30 and 51 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations, if any, please find below the details of the Credit Rating of facility / instrument of the Company by ICRA Limited:

Name of the Credit Rating Agency	Facilities / Instruments	Current rated Amount (Rs. Crore)	Existing Rating	Revised Rating
ICRA Limited	Non-convertible debenture (NCD) programme	500.00	-	[ICRA]AA+ (Stable); Assigned
ICRA Limited	Subordinated debt	750.00	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable); Reaffirmed
ICRA Limited	Commercial paper	2,500.00	[ICRA]A1+	[ICRA]A1+; Reaffirmed

The report from the credit rating agency along with rationale is enclosed.

The above is submitted for your kind information and appropriate dissemination.

Thanking you,

Yours faithfully,
For **Fedbank Financial Services Limited**
PARTHASARATHY RAJAGOPAL IYENGAR
Digitally signed by PARTHASARATHY RAJAGOPAL IYENGAR
Date: 2026.11.06 16:52:30 +05'30'
Parthasarathy Iyengar
Company Secretary & Compliance Officer
Membership No.: A21472

Encl.: As above

November 06, 2026

Fedbank Financial Services Limited: [ICRA]AA+ (Stable) assigned to NCDs; ratings reaffirmed for CP and subordinated debt

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Non-convertible debenture (NCD) programme	0.00	500.00	[ICRA]AA+ (Stable); assigned	SEBI
Subordinated debt	750.00	750.00	[ICRA]AA+ (Stable); reaffirmed	SEBI
Commercial paper	2,500.00	2,500.00	[ICRA]A1+; reaffirmed	RBI
Total	**3,250.00**	**3,750.00**		

**Instrument details are provided in Annexure I*

 # SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

Rationale

The rating action factors in the strong parentage of Fedbank Financial Services Limited (FFSL) with Federal Bank Limited (FBL) holding a 60.6% stake as of September 2026. The company is expected to remain FBL's subsidiary and shall continue to benefit from managerial, operational and financial support from the bank, when required. The ratings consider FFSL's adequate capitalisation profile with a gearing of 4.7 times, and a capital-to-risk weighted assets ratio (CRAR) of 21% as of September 2026.

FFSL's key loan products include gold loans, medium-ticket loan against property (MT-LAP; average ticket size of Rs. 0.65 crore), small-ticket LAP (ST-LAP; average ticket size of Rs. 0.15 crore), and home loans (HLs). The company's assets under management (AUM) increased at a compound annual growth rate (CAGR) of 34.3% during March 2022 to March 2026. It has significantly downsized its unsecured business loan segment to 0.6% of the AUM as of September 2026 from 15% in March 2024. FFSL had assigned and derecognised 100% of its unsecured business loan book in FY2026 in view of the stress witnessed in this segment.

While FFSL's earnings were impacted in FY2025 due to stress in the unsecured business loan and ST-LAP segments, the profitability profile has since improved, with the return on average managed assets (RoMA) increasing to 1.7% in FY2026 and 2.1% in H1 FY2027 from 1.5% in FY2025. Going forward, FFSL is expected to focus on secured loan products – MT-LAP, ST-LAP and gold loans. The company's portfolio seasoning is moderate, especially in the long-tenured product segments, namely LAP and HLs, which accounted for 45% of the AUM as of September 2026. Gold loan delinquencies rose in H1 FY2027, primarily due to customer behavioural adjustments following the introduction of regular servicing loan products in the FY2027. However, given the fully collateralised nature of the portfolio and the company's established auction-led recovery processes, the increase is not expected to have a substantial impact on credit costs. Nevertheless, FFSL's ability to maintain the asset quality across its other segments, i.e. LAP and HL, as these portfolios season, remains monitorable.

The Stable outlook on the rating reflects ICRA's opinion that FFSL would benefit from its association and support from FBL. The outlook further factors in the expectation of stable asset quality and controlled leverage, while the company continues to benefit from the strategic, operational and financial support available from its parent.

Key rating drivers and their description

Credit strengths

Strong parentage with FBL holding ~61% – FFSL is a subsidiary of FBL, which had a 60.6% stake as of September 2026 (60.8% as of March 2026). The company is expected to remain FBL's subsidiary and shall continue to benefit from managerial, operational and financial support from the bank, when required. FBL's Managing Director (MD) & Chief Executive Officer (CEO) and Executive Director are on FFSL's board. The company has received financial support from the bank in the form of regular capital infusions (Rs. 471 crore since inception). FBL also provides credit lines, with outstanding debt of Rs. 1,200.1 crore (8% of FFSL's borrowings) as of September 2026.

Adequate capitalisation profile – FFSL's capitalisation profile is adequate, with a gearing of 4.7 times (managed gearing of 6.5 times) and CRAR of 21% as of September 2026 (4.7 times and 22.4%, respectively, as of March 2026). Over the last few years, the company has raised equity capital at regular intervals, including the latest infusion via an initial public offering (IPO) in November 2023, which has helped support its growth plans. ICRA expects FFSL's leverage to remain at comfortable levels.

Improving earnings profile – FFSL's earnings profile strengthened in H1 FY2027, with net profitability (profit after tax (PAT)/average managed assets) improving to 2.1% from 1.7% in FY2026, following the moderation in FY2025. This was supported by the favourable shift towards higher-yielding gold loans, which contributed to the increase in the net interest margin (NIM) to 6.5% from 6.1% during the above-mentioned period. Better operating leverage and lower credit costs also supported profitability, with credit costs declining to 0.5% of average managed assets in H1 FY2027 from 0.6% in FY2026, after remaining elevated in FY2025. The increasing share of higher-yielding secured products, along with the strengthening of the collection infrastructure, particularly for the LAP portfolio, is expected to support FFSL's profitability over the near-to-medium term.

Credit challenges

Moderate portfolio seasoning and customer profile – FFSL's portfolio seasoning remains moderate, particularly in the mortgage segment, which constituted about 45% of AUM as of September 2026, amid continued strong portfolio growth. The AUM expanded at a 3-year CAGR of 30% to Rs. 20,153 crore as of March 2026 and further to Rs. 22,035 crore as of September 2026. The company primarily caters to self-employed non-professional borrowers with moderate credit profiles, although a sizeable proportion of the borrowers have bureau scores above 700. Going forward, FFSL intends to focus on secured retail segments, primarily mortgage and gold loans. It has discontinued unsecured business loan disbursements and assigned the Rs. 1,261-crore unsecured business loan portfolio in FY2026 following stress in the segment.

FFSL's softer bucket delinquencies in the gold loan segment increased in H1 FY2027, with the 30+ days past due (dpd) rising to 1.8% as of September 2026 from 0.4% as of March 2026. This was primarily due to customer behavioural adjustments following the introduction of regular servicing loan products during the current year. However, given the fully collateralised nature of the portfolio and the company's established auction-led recovery processes, the impact on credit costs is likely to be moderated. FFSL also continues to actively run down its legacy ST-LAP and residual unsecured portfolios, which historically accounted for a disproportionate share of delinquencies and credit costs. It reported annual write-offs of Rs. 134 crore in FY2026 and Rs. 59 crore in H1 FY2027, reflecting the continued clean-up of legacy stressed assets. The stage 3 provision coverage remain at 35.4% as of September 2026 (32.3% as of March 2026), while overall provisions declined to 1.5% of on-book loans from 1.8% during this period. Going forward, the rapid growth in the relatively less-seasoned portfolio and moderate borrower credit profile remain monitorable, notwithstanding the increasing focus on secured lending.

Environmental and social risks

Environmental considerations: Given the service-oriented business of FFSL, its direct exposure to environmental risks/material physical climate risks is not significant. Lending institutions are exposed to environmental risks indirectly through their portfolio of assets, though such risks are not material for FFSL as its lending operations primarily encompass gold loans and LAP. There is an increasing interest from policymakers towards identifying the exposure of financing companies to carbon emissions through their financing activities. This process is, however, in an early stage and ICRA expects any adverse implications to manifest only over a longer time horizon, giving financing companies adequate time to adapt and minimise the credit implications.

Social considerations: With regard to social risks, data security and customer privacy are among the key sources of vulnerability for lending institutions as material lapses could be detrimental to their reputation and invite regulatory censure. FFSL has not faced any significant lapses in this regard. It serves the financing needs of a relatively underserved category of borrowers, which supports social inclusion and economic development.

Liquidity position: Strong

The company had on-balance sheet liquidity (cash and bank balance and investments) of Rs. 1,408.2 crore and sanctioned and unavailed bank lines of Rs. 1,913.0 crore, as on September 30, 2026, compared to principal repayments (including working capital demand loans) of Rs. 2,742.0 crore falling due in the subsequent three months. Additionally, the presence of a sizeable share of short-term assets (gold loans; 54% of AUM as of March 2026) supports the liquidity profile. ICRA notes that FFSL has good financial flexibility as it is a subsidiary of FBL. This, coupled with the high likelihood of support from the parent, augurs well for the company's liquidity profile.

Rating sensitivities

Positive factors – The long-term rating could be positively impacted in case of an improvement in FBL's credit risk profile. A substantial increase in FFSL's scale of operations from the current level and a sustained improvement in its asset quality and earnings performance while maintaining adequate capital buffers shall also augur well for the credit profile.

Negative factors – Pressure on the ratings could arise in case of a weakening in the credit profile of the parent or a significant change in the shareholding or a major decline in the linkages with the parent. Pressure may also arise in case of a significant increase in leverage or deterioration in the earnings profile and asset quality on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating methodology for non-banking finance companies
Parent/Group support	The ratings factor in FFSL's strong parentage, as it is a subsidiary of FBL, and the well-demonstrated track record of support. The ratings consider the managerial, operational and financial support from FBL, as evident from the common board members, regular capital infusions, credit lines, business sourcing arrangements and shared brand name
Consolidation/Standalone	Standalone

About the company

Fedbank Financial Services Limited (FFSL) is registered with the Reserve Bank of India (RBI) as a non-deposit taking non-banking financial company (NBFC). It was incorporated in 1995 and received a licence to operate as an NBFC in 2010. FFSL is a subsidiary of Federal Bank Limited (FBL), which had held a 100% stake in the company until FY2018. TrueNorth LLP acquired a 17% stake in FFSL in FY2019 and another 9% (total 26%) in FY2020. As on September 30, 2026, Federal Bank Limited remained the promoter and majority shareholder with a 60.6% stake. Following the sale of its entire holding through a block deal in May 2026, TrueNorth no longer holds a stake in the company, while Nomura India Investment has emerged as a significant institutional shareholder with a 6.9% stake.

FFSL primarily provides gold loans, LAP and HLs. As on September 30, 2026, it had a presence in 18 states/Union Territories with an 831-branch network including 706 gold loan branches and 125 micro, small and medium enterprise (MSME) hubs. The AUM stood at Rs. 22,035 crore as on September 30, 2026 (Rs. 20,153 crore as on March 31, 2026).

Key financial indicators

Fedbank Financial Services Limited	FY2025	FY2026	H1 FY2027
	Ind-AS	Ind-AS	Ind-AS
Total income	2,080	2,227	1,390
Profit after tax	225	344	245
Total managed assets	17,415	22,912	24,632
Return on managed assets	1.5%	1.7%	2.1%
Gearing (times)	4.1	4.7	4.7
Managed gearing (times)	5.7	6.7	6.5
Gross stage 3*	2.0%	1.9%	1.8%
CRAR	21.9%	22.4%	21.0%

*Source: Company, ICRA Research; Amount in Rs. crore; All ratios as per ICRA's calculations; *Calculated on on-book AUM*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Nov 06, 2026	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	2,500.00	[ICRA]A1+	Dec 22, 2025	[ICRA]A1+	Feb 26, 2025	[ICRA]A1+	Feb 26, 2024	[ICRA]A1+
				Mar 16, 2026	[ICRA]A1+	-	-	-	-
Subordinated debt	Long term	750.00	[ICRA]AA+ (Stable)	Mar 16, 2026	[ICRA]AA+ (Stable)	-	-	-	-
NCD programme	Long term	500.00	[ICRA]AA+ (Stable)						

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Simple
Subordinated debt	Simple
NCD	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
INE007N14EQ1	**Commercial paper**	20-Feb-26	7.72%	18-Feb-27	100.00	[ICRA]A1+	RBI
INE007N14EQ1	**Commercial paper**	23-Feb-26	7.72%	18-Feb-27	100.00	[ICRA]A1+	RBI
INE007N14ES7	**Commercial paper**	25-Feb-26	7.80%	25-Feb-27	100.00	[ICRA]A1+	RBI
INE007N14ET5	**Commercial paper**	25-Feb-26	7.80%	22-Feb-27	100.00	[ICRA]A1+	RBI
INE007N14EU3	**Commercial paper**	27-Feb-26	7.82%	29-Jan-27	100.00	[ICRA]A1+	RBI
INE007N14EX7	**Commercial paper**	06-Mar-26	7.82%	05-Mar-27	100.00	[ICRA]A1+	RBI
INE007N14EW9	**Commercial paper**	02-Mar-26	7.82%	02-Mar-27	75.00	[ICRA]A1+	RBI
INE007N14EV1	**Commercial paper**	02-Mar-26	7.82%	22-Jan-27	125.00	[ICRA]A1+	RBI
INE007N14EZ2	**Commercial paper**	12-Mar-26	7.82%	28-Jan-27	25.00	[ICRA]A1+	RBI
INE007N14FE4	**Commercial paper**	19-May-26	8.10%	16-Nov-26	15.00	[ICRA]A1+	RBI
INE007N14FI5	**Commercial paper**	24-Jul-26	7.97%	27-Nov-26	100.00	[ICRA]A1+	RBI
INE007N14FK1	**Commercial paper**	27-Jul-26	7.97%	26-Nov-26	50.00	[ICRA]A1+	RBI
INE007N14FN5	**Commercial paper**	12-Aug-26	7.30%	12-Nov-26	100.00	[ICRA]A1+	RBI
INE007N14FO3	**Commercial paper**	18-Aug-26	7.25%	17-Nov-26	150.00	[ICRA]A1+	RBI
INE007N14FQ8	**Commercial paper**	10-Sep-26	7.12%	09-Dec-26	200.00	[ICRA]A1+	RBI
INE007N14FS4	**Commercial paper**	12-Oct-26	7.10%	08-Dec-26	50.00	[ICRA]A1+	RBI
INE007N14FR6	**Commercial paper**	12-Oct-26	7.10%	10-Dec-26	200.00	[ICRA]A1+	RBI
INE007N14FT2	**Commercial paper**	16-Oct-26	7.25%	14-Dec-26	150.00	[ICRA]A1+	RBI
Yet to be placed	**Commercial paper**	NA	NA	7-365 days	660.00	[ICRA]A1+	RBI
INE007N08031	**Subordinated debt**	24-Mar-26	8.85%	21-Oct-33	250.00	[ICRA]AA+ (Stable)	SEBI
INE007N08049	**Subordinated debt**	24-Mar-26	8.90%	21-Nov-33	200.00	[ICRA]AA+ (Stable)	SEBI
Yet to be placed	**Subordinated debt**	NA	NA	NA	300.00	[ICRA]AA+ (Stable)	SEBI
Yet to be placed	**NCD**	NA	NA	NA	500.00	[ICRA]AA+ (Stable)	SEBI

Source: Company; CP data as on March 13, 2026

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3358
ashish.modani@icraindia.com

Deep Inder Singh
+91 124 4545 830
deep.singh@icraindia.com

R Srinivasan
+91 44 4596 4315
r.srinivasan@icraindia.com

Vansh Madaan
+91 124 4545 882
vansh.madaan@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

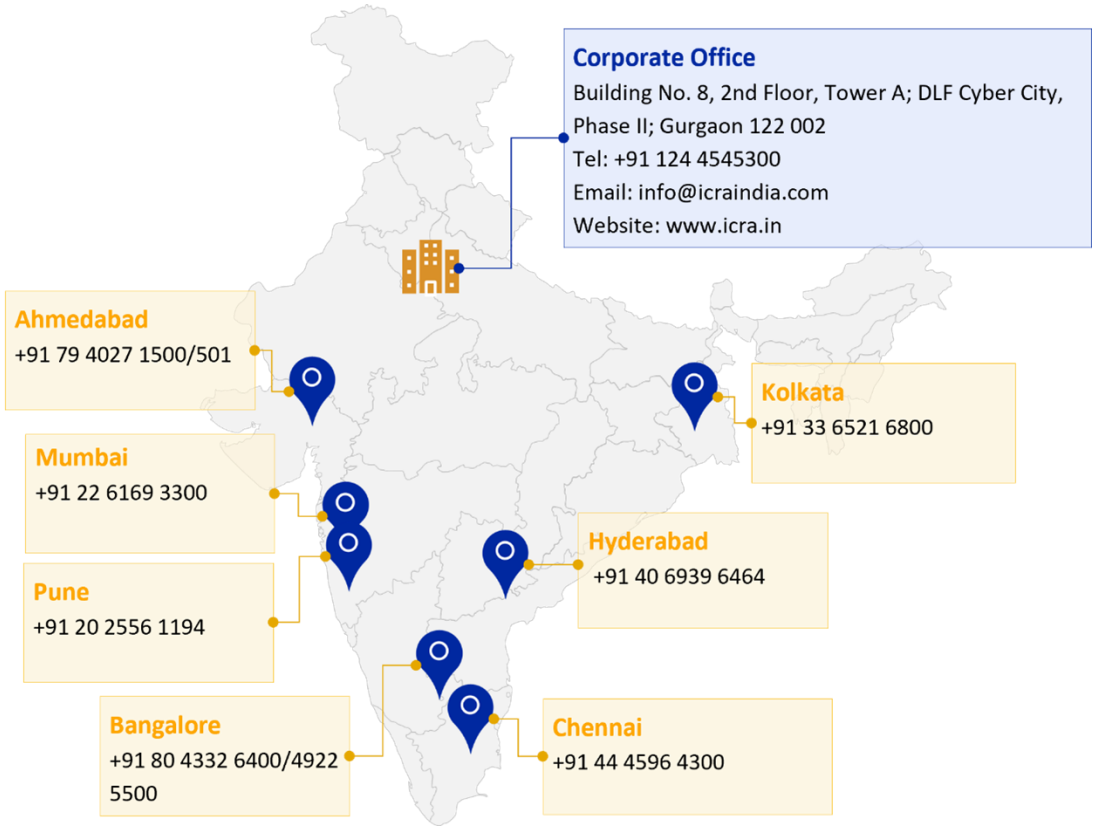
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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