▶ Hopes of Easing Global Interest Rates, Crude Prices Bode Well for India: MoF ▶ G20 Virtual Summit may Discuss Earlier Pledges & Fresh Issues: P 11

THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY AND IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE TO SECURITIES.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION OR DISTRIBUTION





(Please scan this QR code view the Red Herrin

FEDBANK FINANCIAL SERVICES LIMITED

Our Company was incorporated as Federate Francis Carbonics Limited or April 1, 1985 in Assail as Model in a public limited company would be Companied. As 1985, and was granted a coefficial of composition by the Regulator Companies. As in American Company was incorporated in the Carbonic Car

OUR PROMOTER: THE FEDERAL BANK LIMITED

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF FEDBANK FINANCIAL SERVICES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION (THE "OFFER FOR SALE") AND AN OFFER FOR SALE OF UP TO 35,161,723 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION (THE "OFFER FOR SALE").

AGGREGATING UP 10 %, NUMBLICHN (THE "PRESHISSUE") AND AN OFFER PAID AN OFFER PRICE OF UP 10 33,161,725 EQUITY SHARES AGGREGATING UP 10 (1) 6 MILLION (THE "OFFER PURSALE").

THIS OFFER INCLUDES A RESERVATION OF UP 10 (1) 6 MILLION SHARES AGGREGATING UP 10 70 10 MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEE (1) FOR THE OFFER PRICE TO ELIGIBLE EMPLOYEE RESERVATION PORTION "IN CONSULTATION WITH THE BRLMS, MAY OFFER A DISCOUNT "O, 10 MILLION FOR SHARES OF THE OFFER PRICE TO ELIGIBLE EMPLOYEE BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE BIDDING IN THE EMPLOYEE BIDDING IN THE BIDDING IN THE EMPLO

DETAILS OF THE	OFFER FOR SALE BY THE SELLING SHARE	HOLDERS, AND THEIR RESPECTIVE WEIGHTED AVERAGE COST OF ACQUISI	TION PER EQUITY SHARE	
NAME OF SELLING SHAREHOLDER	TYPE	NO. OF EQUITY SHARES OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*	
The Federal Bank Limited	Promoter	Up to 5,474,670 Equity Shares aggregating up to ₹[•] million		
True North Fund VI LLP	Investor Selling Shareholder	Up to 29,687,053 Equity Shares aggregating up to ₹[•] million	46.27	

^{*}As certified by M/s R U Kamath & Co by way of their certificate dated November 21, 2023.

We are a systemically important non-banking financial company ("NBFC ND-SI") registered with RBI. Our products includes mortgage loans such as housing loans; small ticket loan against property; and medium ticket loan against property, unsecured business loans, and gold loans. We are a retail focused non-banking financial company catering to the micro, small and medium enterprises and emerging self-employed individuals sectors.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations

QIB Portion: Not more than 50% of the Net Offer | Non-Institutional Portion: Not less than 15% of the Net Offer | Retail Portion: Not less than 35% of the Net Offer Employee Reservation Portion: Up to [•] Equity Shares aggregating up to ₹ 100 Million

PRICE BAND: ₹ 133 TO ₹ 140 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.

THE FLOOR PRICE IS 13.30 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 14.00 TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FINANCIAL YEAR 2023 FOR THE COMPANY AT THE UPPER END OF THE PRICE BAND IS AS HIGH AS 25.04 AS COMPARED TO AVERAGE INDUSTRY PEER GROUP PE RATIO OF 25.57.

BIDS CAN BE MADE FOR A MINIMUM OF 107 EQUITY SHARES AND IN MULTIPLES OF 107 EQUITY SHARES THEREAFTER.

A DISCOUNT OF ₹ 10 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION

In accordance with the recommendation of independent Directors of our Company, pursuant to their resolution dated November 16, 2023, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in 'Basis for Offer Price' section on pages 111 to 122 of the RHP

In making an investment decision, potential investors must rely on the information included in the RHP and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS

Weighted average cost of acquisition of all shares transacted in three years, eighteen months and one year immediately preceding the Red Herring Prospectus.

Period	Weighted Average Cost of Acquisition (in ₹)	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in ₹)	
Last 1 year	126.85	1.10	30.00 - 140.00	
ast Eighteen months 125.79		1.11	30.00 - 140.00	
Last 3 years	94.78	1.48	30.00 - 140.00	

^{*}As certified by M/s R U Kamath & Co by way of their certificate dated November 21, 2023

Business Risk

Though we have experienced growth in recent years, we may not be able to sustain our growth or manage it effectively or execute our growth strategy effectively. The
following table sets forth our total revenue, profit after tax, asset under management ("AUM"), number of branches and their respective year-on-year growths for the
periods indicated:

Particulars	0.100,000,000,000,000	As of and for three-months period ended June 30,		As of and for Fiscal			Year-on-Year growth	
	2023	2022	June 2023 v. June 2022	2023	2022	2021	2023 v. 2022	2022 v. 2021
Total Revenue (₹ in million)	3,678.68	2,560.48	43.67%	12,146.80	8,836.37	6,975.66	37.46%	26.67%
Profit after Tax (₹ in million)	538.83	437.57	23.14%	1,801.33	1,034.59	616.84	74.11%	67.72%
AUM (₹ in million)	94,342.08	66,444.22	41.56%	90,696.04	61,872.04	48,624.31	46.59%	27.25%
Number of Branches	584	516	13.18%	575	516	359	11.43%	43.73%

- Our business depends on a well-regarded and widely known brand, as well as the brand and reputation of our Promoter, Federal Bank, and the Federal Bank group entities, and any failure to maintain, protect and enhance our brand would harm our business.
- Our business and operations are dependent on our ability to timely access cost effective sources of funding. Disruption in our sources of funding could have an adverse effect on our business, results of operations and financial condition.
- We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.
- 5. A significant portion of our business is derived from our gold. As we handle high volumes of cash and gold jewelry in a dispersed network of branches, we are exposed to operational risks, including employee negligence, fraud, petty theft, burglary and embezzlement, which could harm our results of operations and financial position.
- Our inability to adequately assess and recover the assessed or full value of property collateral or amounts outstanding under defaulted mortgage loans in a timely manner, or at all, could adversely affect our business, results of operations and financial condition.
- We may be unable to maintain the quality of our loan portfolio or manage the growing loan portfolio which may result in significantly larger nonperforming assets and provisions
- Conflicts of interest may arise out of certain common business objectives shared by our Promoter and us.
- After the completion of the Offer, our Promoter may be able to exert significant influence over our Company which may limit your ability to influence the outcome of matters submitted for approval of our Shareholders

Concentration Risk:

 We have a huge concentration of loans to emerging self-employed individuals ("ESEI") and micro, small and medium enterprises ("MSME"), and as of June 30, 2023, ESEI and MSME comprise 45.22% and 64.75% of our total loan profiles, respectively. The risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition.

11. As on June 30, 2023, 93.65% of our gross AUM was located in Gujarat, Maharashtra, Telangana, Andhra Pradesh, Tamil Nadu, Karnataka, Puducherry and Delhi. Accordingly, our operations are concentrated in six states and two union territories and any adverse developments in these regions could have an adverse effect on our business and results of operations.

Finance Risk:

- 12. Our inability to maintain our capital adequacy ratio could adversely affect our business, results of operations and our financial performance. As per the NBFC Scale Based Directions, we are required to maintain CRAR of not less than 15.00% of aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. As of June 30, 2023, our CRAR was 19.71%
- 13. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition.
- We have had negative cash flows in the past and may continue to have negative cash flows in the future.

Regulatory and Litigation

- 15. We are subject to periodic inspections by The Reserve Bank of India ("RBI"). In the past, the RBI has imposed penalties for certain non-compliances with its observations. Non-compliance with the observations of the RBI could adversely affect our business, financial condition, results of operations and cash flows
- 16. We operate in a highly regulated industry, and we have to adhere to various laws, rules and regulations. Accordingly, legal and regulatory risks are inherent and substantial in our business. Any changes in the laws, rules and regulation applicable to us may adversely affect our business, financial condition and results of operations.
- 17. There are pending litigations against our Company and our Promoter. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business, cash flows and reputation.

- 18. The Company will not receive any proceeds from the Offer for Sale.
- 19. We are subject to competition with commercial, regional rural and cooperative banks and if we do not compete effectively with such entities, our business, results of operations, cash flows and financial condition could be adversely affected.
- 20. Weighted average cost of acquisition compared to Floor Price and Cap Price:

Past Transactions	Weighted average cost of acquisition (in ₹)	Floor Price	Cap Price	
Based on the Primary Transactions	70.00	1.90	2.00	
Based on the Secondary Transactions in last 18 months	140.00	0.95	1.00	

- 21. Weighted Average Return on Net Worth for Fiscals 2023, 2022 & 2021 is 10.87%
- 22. Average cost of acquisition of Equity Shares for the Selling Shareholders namely, The Federal Bank Limited is ₹ 19.45 and True North Fund VI LLP is ₹ 46.27 and Offer Price at upper price Band is ₹140.00
- 23. The Offer Price, market capitalization to total turnover and price to earnings ratio based on the Offer Price of our Company, may not be indicative of the market price of our Company on listing or thereafter.
- Our Equity Shares have never been publicly traded, and after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop.
- 25. Company has issued Equity Shares during the preceding one year at a price that may be below the Offer Price.
- The four BRLMs associated with the Offer have handled 74 public issues in the past three financial years, out of which 20 issues closed below the offer price on listing date.

Name of the BRLMs	Total public issues	Issues closed below the issue price on listing date
ICICI Securities Limited*	24	8
BNP Paribas*	0	0
Equirus Capital Private Limited*	4	1
JM Financial Limited*	19	3
Common issues handled by the BRLMs	27	8
Total	74	20

*Issues handled where there were no common BRLMs

BID/OFFER **PROGRAMME**

BID/OFFER OPENS TODAY

BID/OFFER CLOSES ON: FRIDAY, NOVEMBER 24, 2023^



Mandatory in public issues. No cheque will be accepted

rch 28, 2023."

REGISTRAR TO THE OFFER

BNP PARIBAS

equirus

LINKIntime

Place: Mumbai Date: November 21, 2023

FEDRANK FINANCIAL SERVICES LIMITED is proposing, subject to applicable statutory and regulatory required Stock Exchanges, read-with the addordum dated November 21, 2023 to the root herring prospectus. The RNP is and the release of the BRUAR is a CICL'S Securities Limited, ENP Partical, Expursa Capital Private Limited and AIT-financial was the security or noticed than a CICL Securities Limited, ENP Partical, Expursa Septial Private Limited and AIT-financial was the security or hold for the CICL Securities CICL Securities Limited and AIT-financial AIT-finan