



▶ 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 DIRECTLY OR INDIRECTLY OUTSIDE INDIA. Initial Public Offer of equity shares on the main board of the Stock Exchanges in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2016, as amended ("SEBI ICDR Regulations").



(Please scan this QR code to view the Red Herring Prospectus)

FEDBANK FINANCIAL SERVICES LIMITED

Our Company was incorporated as 'Fedbank Financial Services Limited' on April 17, 1985 in Kerala at Kochi as a public limited company under the Companies Act, 1956, and was granted a certificate of incorporation by the Registrar of Companies, Kerala at Kochi. Our Company received a certificate of commencement of business issued by the Registrar of Companies, Kerala at Kochi dated July 17, 1995. Subsequently, pursuant to a change in our registered office by way of a resolution passed by our shareholders on February 10, 2021, a certificate of registration in relation to the change of state was issued by the Registrar of Companies, Maharashtra at Mumbai on July 26, 2021. For further details on the change in the registered office of our Company, see "History and Certain Corporate Matters" on page 243 of the red herring prospectus dated November 16, 2023 filed with the RoC (together with the addendum to the red herring prospectus dated November 21, 2023, "RHP" or "Red Herring Prospectus"). Our Company is registered with the Reserve Bank of India ("RBI") to carry on the business of a non-banking financial institution without accepting public deposits (certificate of registration no. N-16.00187). For details, see "Government and Other Approvals" on page 437 of the Red Herring Prospectus. Registered and Corporate Office: Kanaka Hall Street, A Wing, 5th Floor, Unit No. S11, Anandhi Kurla Road, Anandhi (East), Mumbai - 400 093, Maharashtra, India. Tel: +91 22 6852 0011. Website: www.fedbank.com. Contact Person: Rajaram Sundaresan, Company Secretary and Compliance Officer. E-mail: call@fedbank.com. Corporate Identity Number: U65910MH1985PLC084653

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") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹6,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 35,161,723 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION (THE "OFFER FOR SALE"). THIS OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹100 MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). OUR COMPANY IN CONSULTATION WITH THE BRLMS, MAY OFFER A DISCOUNT OF UP TO [●] (EQUIVALENT OF ₹[●] PER EQUITY SHARE) OF THE OFFER PRICE TO ELIGIBLE EMPLOYEE BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"), SUBJECT TO NECESSARY APPROVALS AS MAY BE REQUIRED. THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HERINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE [●] AND [●] OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL, RESPECTIVELY.

DETAILS OF THE OFFER FOR SALE BY THE SELLING SHAREHOLDERS, AND THEIR RESPECTIVE WEIGHTED AVERAGE COST OF ACQUISITION 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	19.45
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 include 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
Last 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

1. Though we have experienced growth in recent years, we may not be able to sustain our growth 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	As of and for three-months period ended June 30,		Year-on-Year growth June 2023 v. June 2022	As of and for Fiscal			Year-on-Year growth	
	2023	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.
- 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 non-performing 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:

10. We have a huge concentration of loans to emerging self-employed individuals ("ESEI") and micro, small and medium enterprises ("MSME"),

