



Secretarial Department

April 02, 2026

The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 SYMBOL – FEDFINA	BSE Limited Phiroze Jeejeebhoy Towers, Floor 25, Dalal Street, Mumbai – 400 001 Scrip code: 544027
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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 CRISIL:

Name of the Credit Rating Agency	Facilities/ Instruments	Amount (Rs. crore)	Existing Rating	Revised Rating
CRISIL Ratings	Non Convertible Debentures	1,250	Crisil AA+/Stable	Crisil AA+/Stable (Reaffirmed)
CRISIL Ratings	Commercial Paper	2,500	Crisil A1+	Crisil A1+ (Reaffirmed) for Rs. 2,500 crores (Enhanced from Rs. 2,000 Crore)

The rating rationale from the credit rating agency is enclosed.

This information is also being uploaded on the website of the Company.

You are requested to take the same on record.

Thanking you,

For **Fedbank Financial Services Limited**

Parthasarathy Iyengar

Company Secretary & Compliance Officer

Mem. No.: A21472

Encl.: As above

Rating Rationale

April 01, 2026 | Mumbai

Fedbank Financial Services Limited

Ratings reaffirmed, Rated amount enhanced for Commercial Paper

Rating Action

Rs.1250 Crore Non Convertible Debentures	Crisil AA+/Stable (Reaffirmed)
Rs.2500 Crore (Enhanced from Rs.2000 Crore) Commercial Paper	Crisil A1+ (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil AA+/Stable/Crisil A1+' ratings on the debt instruments of Fedbank Financial Services Ltd (Fedfina).

The rating continues to factor in the strong support from the parent, The Federal Bank Ltd (Federal Bank; 'Crisil AAA/Stable/Crisil A1+'). Majority ownership, strategic importance and shared brand imply a strong moral obligation on Federal Bank to support Fedfina both on an ongoing basis as well as in the event of distress. The rating also factors in Fedfina's comfortable capitalization. These strengths are partially offset by moderate seasoning of the portfolio and moderate, albeit growing, scale of operations.

Analytical Approach

For arriving at the ratings, Crisil Ratings has assessed the standalone credit risk profile of Fedfina and factored in strong managerial and financial support from the parent, Federal Bank. The parent will continue to provide strong support to Fedfina, considering the strategic importance of the entity and the high moral obligation on account of majority shareholding and shared name.

Key Rating Drivers - Strengths

Strategic importance to, and strong expectation of support from, the parent

Fedfina is a subsidiary of Federal Bank and an integral part of its business strategy and will therefore remain strategically important to the bank. Till date, Federal Bank's cumulative equity contribution towards Fedfina is Rs 471 crore, and the bank holds 60.8% stake in the company as on December 31, 2025. Being a subsidiary of Federal Bank, Fedfina enjoys the benefits of shared brand name along with financial and operational support from its parent. Further, the bank exercises high degree of strategic oversight over Fedfina and there is visible management integration between the entities, denoted by senior management representation of Federal Bank on the board of Fedfina.

Over the medium term, the expectation of financial, operational and managerial support from the parent, towards Fedfina, remains intact. And the latter will remain strategically important to the bank.

Comfortable capitalisation

The company's capital position is comfortable, evidenced by an overall CAR of 20.47%, as on December 31, 2025. Tier 1 and overall CAR stood at 18.92% and 21.92%, respectively, as on March 31, 2025. Networth has seen healthy growth driven by equity raise and internal accruals. It stood at Rs 2,806 crore as on December 31, 2025 as compared to Rs 2,547 crore as on March 31, 2025 (Rs 2,261 crore as on March 31, 2024). Rs 600 crore was raised through Initial Public Offer (IPO) in fiscal 2024. The company had also earlier raised capital through rights issue of Rs 79.20 crore in fiscal 2021, and Rs 200 crores in fiscal 2022.

Gearing was 4.0 times as on December 31, 2025 (4.0 times as on March 31, 2025), having risen marginally from 3.6 times as on March 31, 2024. While expected to inch up as operations gain scale, gearing is expected to remain below 6.5 times over the medium term.

Key Rating Drivers - Weaknesses

Moderate, albeit growing, scale of operations

Portfolio assets under management (AUM) has grown at a healthy pace of ~25% CAGR over the last 3 fiscals, reaching Rs 17,500 crore on December 31, 2025, indicating moderate size. The company primarily operates in the retail loan segments such as gold loan (45% of AUM as on December 31, 2025), medium ticket LAP (31%), unsecured business loans (2%), affordable mortgage (21%), and others (1%). Medium ticket LAP has an average ticket size of ~ Rs 60 lakhs, whereas affordable mortgage loans have average ticket size of ~ Rs 13 lakhs. In fiscal 2025, the company stopped unsecured lending and slowed down disbursements in affordable mortgage segment due to asset quality issues. Within mortgage, the company is expected to focus on medium ticket LAP in the short term. Over the near to medium term, the company intends to increase the share of co-lending business specifically in the LAP and Gold Loan portfolio.

The management plans to expand its branch network for gold loans in the next few fiscals, which is expected to increase in proportion in the portfolio. The ability to scale up while maintaining controlled delinquency levels will be closely monitored.

Moderate portfolio seasoning

Most of the asset portfolios constituting Fedfina's overall AUM have a longer tenure (tenure of over 3 years), except gold loans (tenure up to 1 year). Also, many of these segments cater primarily to self-employed borrowers. Given the significant growth observed in the past two to three years – most of these portfolios have not witnessed a complete credit cycle.

Affordable mortgage segment saw rapid growth from small base of Rs 1,407 crore as after fiscal 2022 to Rs 3,668 crore as after fiscal 2025. As this portfolio has started to mature, there was a rise in delinquencies. GNPA for this book increase from 2.1% to 4.1% in fiscal 2025. Then the company slowed down disbursements in this segment, AUM as on 31st December 2025, is Rs 3,734 crore. As on this date, GNPA for this book has increased further to 5.3%. At overall portfolio level, GNPA is steady at around 2.1% as on 31st December 2025 compared to 2.0% as on 31st March 2025.

Profit after tax (PAT) for fiscal 2025 also saw moderation to Rs 225 crore (return on average managed assets (RoMA) of 1.5%) from Rs 245 crore (RoMA of 2.1%) in fiscal 2024, driven by rise in credit costs stemming from additional provisions taken on stage-3 loans in weaker performing affordable mortgage segment. Credit costs have reduced in fiscal 2026 till date, leading to improvement in profits to Rs 243 crore (RoMA of 1.8%).

This caused the company to tighten underwriting norms and improve collection infrastructure for the affordable mortgage segment. Steps taken include verticalised collections team, linking sales incentives to collections in initial months, suspension of disbursements to weak performing geographies, sectors, etc. The impact of these process changes on the asset quality of affordable mortgage segment is to be seen.

As the book gains more vintage, the company's ability to maintain sound asset quality metrics across business cycles while scaling the business, remains to be tested.

Liquidity Strong

As of December 31, 2025, the asset-liability management profile was comfortable with positive cumulative mismatches in all the buckets up to next 5 years.

As on February 28, 2026, liquidity remains strong with Rs 213 crore of cash and cash equivalents as well as Rs 1,178 crore in the form of liquid investments in mutual funds, government securities and fixed deposits. Against this, the company has potential debt repayments of Rs 1,880 crore for the next two months through April 2026. Out of payment of Rs 1,880 crore, CC/WCDL of Rs 287 crore and CP of Rs 575 crore is due during the said period and is expected to be rolled over.

Short-term nature of gold loans (less than one year), which was 45% of the AUM as on September 30, 2025, offers healthy collections. Liquidity profile benefits from by expected funding support extended by the parent, Federal Bank.

Outlook Stable

Crisil Ratings believes Fedfina will remain strategically important to Federal Bank and will continue to benefit from its strong support and high moral obligations from the parent. The company also has comfortable capitalisation driven by equity raise and internal accruals.

Rating sensitivity factors

Upward factors

- Significant improvement in market position led by increase in scale of operations while maintaining comfortable gearing
- Sustenance of improvement in earnings profile with ROMA remaining at around 3.0% on steady state basis.

Downward factors

- Decline in support from Federal Bank, either by way of decline in ownership in Fedfina below 51% or in the strategic importance of the company to the parent
- Significant and continuous increase in delinquency, impacting profitability

About the Company

ited (Fedfina) is a non-deposit accepting, systemically important non-banking finance company (NBFC-ND-SI). The company was incorporated in the state of Kerala in April 1995 and commenced operations in August 2010 after receiving

the NBFC license from RBI. It is primarily engaged in the lending business with a diversified portfolio consisting of gold loans, loan against property, home loans and business loans. Fedfina is a retail-focused NBFC promoted by Federal Bank Limited (Federal Bank). Federal Bank, a commercial bank with significant presence in the private sector holds 61% stake in Fedfina along with True North Fund, a renowned PE firm based in Mumbai, that holds the other 8.6% stake through its fund (True North Fund VI LLP) as on December 31, 2025.

The company has 730 branches in 17 states and union territories and AUM of Rs 17,500 crore as on December 31, 2025. Profit after tax (PAT) increased to Rs 244 crore in fiscal 2024 from Rs 180 crore in fiscal 2023, with moderation to Rs 225 crore in fiscal 2025. The company reported a PAT of Rs 243 crore for quarter ended December 31, 2025. Return on managed assets (RoMA) remained stable at 2.1% in fiscal 2024 and 2023, driven by lower credit cost of 0.6% of average managed assets. Fiscal 2025 saw moderation in RoMA to 1.5%, driven by heightened credit cost of 1.4% of average managed assets. RoMA for 9M fiscal 2026 stands at 1.8%

Key Financial Indicators

As on / for the fiscal period ending	Unit	2025 (A)	2024 (A)	2023 (A)
Total reported assets	Rs crore	13,249	11,138	9,071
Total income (net of interest expense)	Rs crore	1,226	943	743
PAT	Rs crore	225	245	180
Gross Stage 3 assets	%	2.0%	1.7%	2.0
Return on managed assets	%	1.5%	2.1%	2.1

As on / for the fiscal period ending	Unit	Dec-25 (UA)	Dec-24 (UA)
Total reported assets	Rs crore	14,453	12,646
Total income (net of interest expense)	Rs crore	972	904
PAT	Rs crore	243	154
Gross Stage 3 assets	%	2.1%	1.9%
Return on managed assets*	%	1.8%	1.4%

*annualised

UA: unaudited, A: audited

Any other information: Not applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

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Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Commercial Paper	NA	NA	7-365 days	2500.00	Simple	Crisil A1+
INE007N07058	Non Convertible Debentures	14-Aug-24	Linked to Repo	14-Aug-28	200.00	Simple	Crisil AA+/Stable
INE007N07066	Non Convertible Debentures	06-Jan-26	Linked to Repo	05-Jan-29	200.00	Simple	Crisil AA+/Stable
NA	Non Convertible Debentures [#]	NA	NA	NA	850.00	Simple	Crisil AA+/Stable

[#] Yet to be issued

Annexure - Rating History for last 3 Years

Instrument	Current			2026 (History)		2025		2024		2023		Start of 2023
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Commercial Paper	ST	2500.0	Crisil A1+		--	18-12-25	Crisil A1+	04-10-24	Crisil A1+	30-10-23	Crisil A1+	Crisil A1+
			--		--	03-10-25	Crisil A1+	21-05-24	Crisil A1+	28-09-23	Crisil A1+	--
			--		--		--	02-01-24	Crisil A1+		--	--
Non Convertible Debentures	LT	1250.0	Crisil AA+/Stable		--	18-12-25	Crisil AA+/Stable	04-10-24	Crisil AA+/Stable		--	--
			--		--	03-10-25	Crisil AA+/Stable	21-05-24	Crisil AA/Positive		--	--
			--		--		--	02-01-24	Crisil AA/Positive		--	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria

[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

[Criteria for factoring parent, group and government linkages](#)

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