



IPO INSIGHTS



Fedbank Financial Services Limited

Issue Dates - Opens: 22-11-2023 | Closes: 24-11-2023

IPO Note	<ol style="list-style-type: none"> Fedbank Financial Services Limited provides Gold Loans, Home Loans, Loan Against Property (LAP) and Business Loan Services. Fedbank is a retail-focused non-banking finance company (NBFC), with the second lowest cost of borrowing among the micro, small, and medium enterprises (MSMEs), gold loan, and MSME & gold loan peer set in India in Fiscal 2023.
Rating	★★★ (Good)

IPO SNAPSHOT

Issue Size	₹ 1092.26 Crores
Issue Type	Book Built Issue IPO
Fresh Issue	₹ 600.77 Crores
Offer for Sale	₹ 492.26 Crores
Face Value Per Share	₹ 10
Price Band Per Share	₹133 to ₹140
Minimum Lot Size	107 shares
Listing On	BSE, NSE
Registrar to the Issue	Link Intime India Private Ltd

IPO SNAPSHOT–Fedbank Financial Services Limited

About the Company

- The Company has the third fastest AUM growth among NBFCs in the peer set in India with a three year CAGR of 33% between Fiscals 2020 and 2023, and the fourth fastest year-on-year AUM growth of 42% for three-months period ended June 30, 2023.
- The Company is among five private bank promoted NBFCs in India. They are the fastest growing gold loan NBFC in India among the peer set as of March 31, 2023, and had the fastest year-on-year growth among gold loan NBFCs in India as of June 30, 2023.
- The Company's product range includes mortgage loans such as housing loans, small ticket loans against property (LAP), and medium ticket LAP, unsecured business loans, and gold loans.
- The Company also has a Phygital doorstep model, a combination of digital and physical initiatives, for providing customized services to customers across all the products.
- As of March 31, 2023, Fedbank Financial Services has offices in 191 districts in 16 states and union territories in India through 575 branches with a strong presence in Southern and Western regions of India including Andhra Pradesh (including Telangana) and Rajasthan.
- As on June 30, 2023, 86.24% of our total Loan Assets are secured against tangible assets, namely gold or customer's property.

Competitive Strengths

- Present in large, underpenetrated markets with strong growth potential
- Focused on retail loan products with a collateralized lending model targeting individuals and the emerging MSME sector
- Strong underwriting capability and presence in select customer segment combined with robust risk management capabilities focused on effective underwriting and collections
- Experienced, cycle tested management team
- Well diversified funding profile with an advantage of lower cost of funds
- Technology driven company with scalable operating model

Financials (₹ in Crores)

Particulars	31-3-2021	31-3-2022	31-03-2023	Y-o-Y	2 - Yrs CAGR
NII	658.11	821.89	1110.17	35%	29.88%
PAT	61.68	103.46	180.13	74%	70.89%
PAT Margin	9.4%	12.6%	16.2%		

Valuation

- Attributing Annualized FY23 Earnings asking P/E = 25

Peers

Company Name	P/E ratio
Aptus Value Housing	28.58
IIFL Finance	15.53
Five Star Business Finance	37.54
Manappuram Finance Limited	8.06
Muthoot Finance Limited	15.39
SBFC Finance Limited	48.33

Promoters

- Federal Bank Limited

Objects of the issue

- Augmentation of the Bank's Tier-1 capital base to meet the Bank's future capital requirements

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