

IPO REVIEW

Issue Details	
Issue Opens	22-Nov-19
Issue Closes	26-Nov-19
Issue Size (Rs. Crore)	409.7
Face value (per equity share)	10
Price Band (Rs.)	193-195
Lot Size (No of Share)	75
No of Shares on Offer (crore)	2.10
QIB (%)	75%
Non-Institutional (%)	15%
Retail (%)	10%
Commencement of Trading	4-Dec-19

Issue Date: 22nd Nov – 26th Nov 2019
Price Band (Rs.): 193 - 195
Lot Size (No. of Share): 75

Company Background

Incorporated in 1920, Kerala based CSB Bank Ltd, formerly known as Catholic Syrian Bank, is one of the oldest private sector banks in India. The bank has a significant presence in Kerala, Karnataka, Tamil Nadu and Maharashtra. Company offers a wide range of products and services to our overall customer base of 1.3 million as on September 30, 2019, with particular focus on SME, Retail, and NRI customers. Company delivers its products and services through multiple channels, including 412 branches (excluding three service branches and three asset recovery branches) and 290 ATMs spread across 16 states and four union territories as on September 30, 2019.

Financials

Particulars	For the year/period ended (in Rs. Crores)			
	Sep'19	FY19	FY18	FY17
Total Revenue	816.7	1483.4	1422.2	1617.5
Profit After Tax	44.27	-65.6	-127.08	-57.9

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	50.09	49.73
Public (incl institutions and employees)	X	X
Total	100.0	100.0

Concerns

- IPO will see the company raise fresh capital of ₹24 crore only, while ₹385.71 crore will be utilized to fully or partially exit of the existing shareholders.
- No long track record of profitability makes uncertainty about future performances. Its business and financial performance could suffer if they are unable to effectively manage the level of its NPAs.

Strengths

- Strong network and well-known brand in South India
- Significant capital base
- Established SME business model
- Retail offering driven by strong Gold Loan Portfolio
- Prudent risk management controls, policies, and procedures
- Grow and diversify the distribution infrastructure in key geographical locations

Our View

Bank's revenues has not grown much in the last 3 years. It has been incurring losses for 3 out of 3.5 years. Its IPO is highly priced. However, Bank future prospects are looking good. It just turned positive (6 months ended Sep-19) in terms of profits. Our view is that investor should wait for few more quarters to watch the performance of the bank and wait for shares to be available at discounted price and then invest. But for those who want to take some risk to benefit from any listing gains, can subscribe this IPO.

Objects of the Issue

CSB Bank intends to utilize the net proceeds from this public issue towards the following objects:

- 1) To augment Bank's Tier-I capital base to meet the Bank's future capital requirements;
- 2) To achieve the benefits of listing the Equity Shares on the Stock Exchanges and Offer for Sale.