



MSEARCH

IPO OFFERING

CSB BANK LTD



Formerly The Catholic Syrian Bank Ltd.

About Company

Recommendation: **Subscribe for listing gains**

Kerala based CSB Bank Limited (CSB), is one of the oldest 99 years private sector banks in India having a strong foothold in south India. CSB is backed by Canadian billionaire's Fairfax India through FIH Mauritius Investments Ltd (FIHM). After RBI's approval in 2018 it has managed to acquire 51% stake resulting in capital infusion of Rs 1,207 Cr. CSB Bank has wide presence in other southern states such as Tamil Nadu and Karnataka along with Maharashtra. It offers a wide range of products and services such as SME banking, Wholesale banking, Retail banking and treasury operations. CSB also has a contractual arrangement to distribute life insurance products of various Insurance companies. It offers wide range of products through multiple channels including 412 branches (excluding 3 service branches and 2 asset recovery branches) and 290 ATMs spread across 16 states and 4 union territories. It has an overall customer base of 1.3 million as on September 30, 2019.

Price Band	: Rs. 193 to 195 per share
Bid Lot size	: 75 Shares
Issue size	: Rs. 409 Cr
Issue Opens	: November 22nd 2019, Friday
Issue Closes	: November 26th 2019, Tuesday
Min App Amount	: Rs. 14,625 /- at upper band

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View:

We believe CSB Bank (CSB) IPO provides good scope of growth as well as a favourable investment opportunity focused in SME and Gold loan portfolio for investors. CSB has posted turnaround results in 6MFY20 and has improved its operational and financial performance compared to its history performance. We believe the bank should do well with the recent capital raise and its strong risk management frameworks. It has to deliver the best on its core strength supported by the private equity Fairfax, which holds promoter stake. On valuation front, at the upper end of the price band, CSB is demanding a market cap of Rs 3382 Cr and valued at a 2.2x P/BV. Considering turnaround performance and focusing on implementation of strategic changes in business model to function efficiently as a full service new age private sector bank backed by FIHM, the Promoter, we stand positive on the investment rationale and recommend investors to **"SUBSCRIBE"** to the issue for short term basis as well as for listing gains.

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