

## CSB Bank Rs 410-cr IPO oversubscribed by 87 times, HNIs see massive 165x subscription

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Updated : Nov 27, 2019 03:40 PM IST | Source: Moneycontrol.com

The Rs 410-crore public issue of private sector lender CSB Bank continued to receive overwhelming response from investors of all categories on November 26, the last day of bidding. The IPO has been oversubscribed by 86.93 times as it has received bids for 100.44 crore equity shares against its issue size of 1.15 crore shares (excluding the anchor book), as per latest exchanges data showed.

The retail investors continued to pour in money since the day one as their reserved portion, which is generally 10 percent of total issue size, was oversubscribed 44.53 times. The portion set aside for non-institutional investors was subscribed 164.68 times and that of qualified institutional buyers by 62.18 times.

The public issue, which was opened for subscription on November 22 with a price band of Rs 193-195 per share, consists of a fresh issue of shares to raise up to Rs 24 crore and an offer for sale of 1.97 crore shares by existing investors.

All brokerages advised subscribing the issue given the new management which brought capital and execution strength, though there were concerns of rising NPA level in the past.

"CSB's performance has not been encouraging in the past with the rise in NPA level. However, new promoter and strong management bring capital and execution strength on the table which bodes well for future growth as well as earnings. Therefore, we assign a subscribe recommendation to the stock," IICI Direct said.

Further, at the IPO price band of Rs 193-195, the stock is available at a P/BV of around 2.2x at the upper band on first half of FY20 basis, the brokerage added.

"CSB Bank has seen a remarkable turnaround after the new promoter took charge of its affairs in FY19. FIHM is originally promoted by Canadian billionaire Prem Vatsa, known for making strategic investments turning businesses around. The impact is visible in the second half of FY20 numbers where CSB returned to the black after posting losses for three consecutive years," IndiaNivesh said.

The brokerage expects CSB Bank to embark on a growth trajectory of over 20 percent on business and profitability for the next couple of years. "There is ample scope for it to get re-rated at higher a multiple of 2.5x to 2.7x P/BV after listing. We recommend subscribe," it said.

CSB Bank is one of the oldest private sector banks in India with a history of over 98 years and a strong base in Kerala along with a significant presence in Tamil Nadu and Karnataka. The bank is promoted by FIH Mauritius Investments Ltd (FIHM). FIHM is a wholly-owned subsidiary of Fairfax India Holdings Corporation. The bank offers a wide range of products and services to its customer base of 13 lakh (as on FY19) aided by 412 branches, with focus on SME, retail and NRI customers.

As of September 30, 2019, CSB has advances of Rs 11,298 crore. Geographically, the company has around 83 percent exposure towards three states viz. Kerala, Tamil Nadu and Karnataka. CSB has 412 branches across 16 states and four union territory with an employee base of 3,001 as of FY19. The bank has healthy CASA deposits of around Rs 4,372 crore with CASA ratio of 28.2 percent as of September 30, 2019.