

CSB BANK LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.270.05 (As on 23rd June 2023)

TARGET PRICE : Rs.338.00

FACE VALUE : Rs.10

BSE CODE : 542867

NSE CODE : CSBBANK





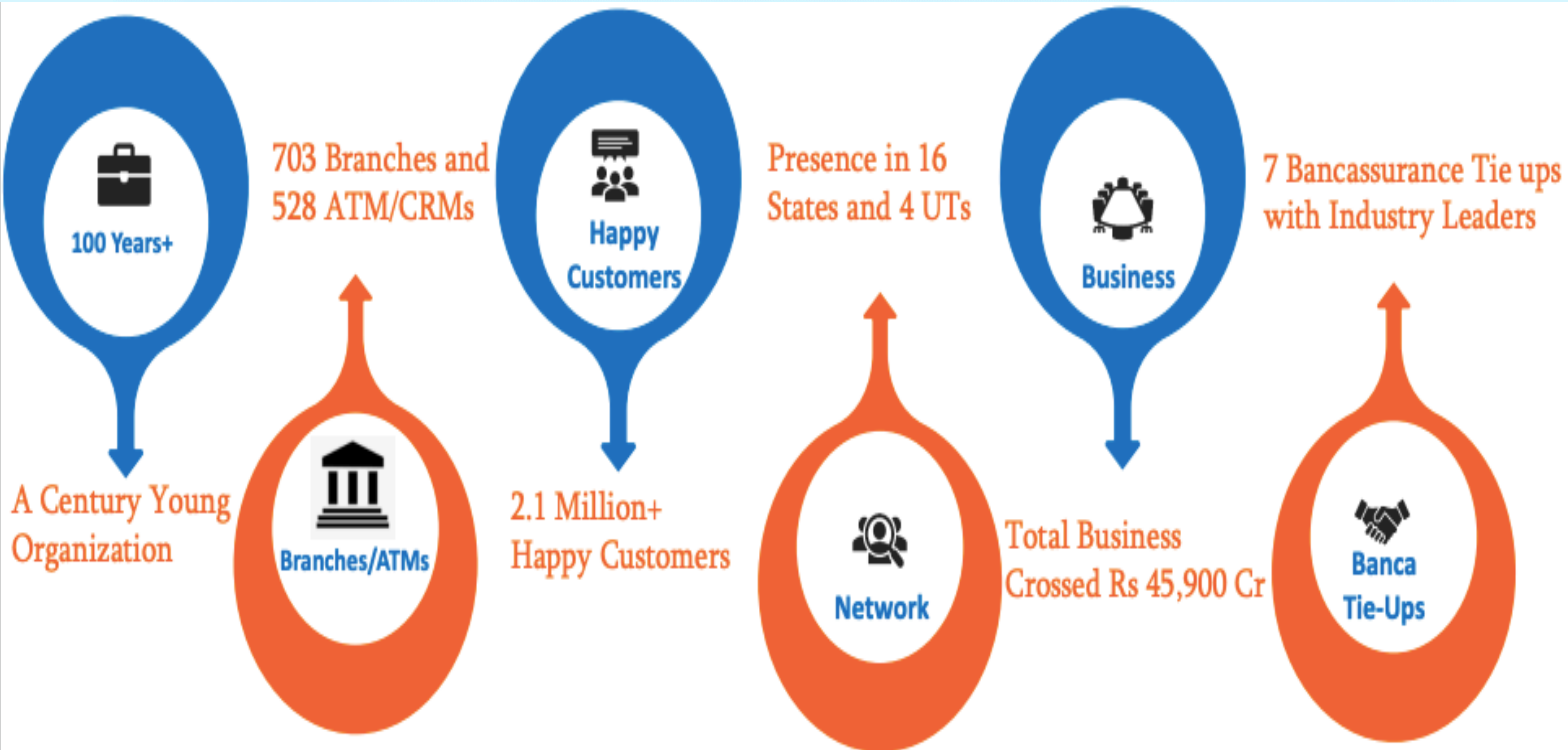
**WE WITNESSED
ALL THESE
EVOLUTIONS**
CELEBRATING THE LEGACY OF 102 YEARS!



CSB Bank Ltd. had its modest beginning in November 1920 and is currently the oldest private sector bank in Kerala. During this century long period, the Bank has grown from strength to strength, adapting admirably to the far-reaching social, political and economic changes that have taken place during the period. It was in the year 1969 that the Bank became a Scheduled Bank, as it was included in the Second Schedule of Reserve Bank of India Act. In 1972, it came out of its traditional bastion and opened its first branch in Chembur, Mumbai. “A Class” Scheduled Bank status was attained by the Bank in the year 1975 and it entered the field of International Banking in the same year. The Bank has implemented strategic changes in business model as a full service new age private sector bank backed by its globally reputed promoter – FIH Mauritius Investments Ltd, a Company wholly owned by Fairfax India Holdings Corporation (Fairfax India), part of Fairfax Group.

ABOUT THE COMPANY

Currently, the bank has 704 branches (excluding three service branches and three asset recovery branches) and 534 ATMs (including onsite and Offsite) spread across 16 states, 4 union territories. For efficient administration, the Bank has organised all its branches under 11 Zonal offices. The Bank delivers its products and services through multiple delivery channels that include branches, ATMs, internet and mobile banking. The Bank has a client base of more than 2.15 million customers. CASA portfolio constitutes 32.18% of its total deposits as on 31.03.23. With the intention of making the right proposition to the right customer at the right time, tailor made banking products have been designed to cater to the specific banking needs of various sections of the society. Currently, the Bank has four principal business areas, namely, (a) SME Banking, (b) Retail Banking, (c) Corporate Banking and (d) Treasury Operations.



Profitability

PAT

Rs 547 Cr

↑ 20% QoQ ↑ 19% YoY

NII

Rs. 1334 Cr

↑ 15% QoQ ↑ 16% YoY

RoA

2.06%

↑ 10 bps QoQ ↑ 16 bps YoY

NIM

5.48%

↓ 4 bps QoQ ↑ 21 bps YoY

EPS

Rs 31.55

↑ Rs2.44 QoQ ↑ Rs5.12 YoY

Growth

Deposits

Rs.24506 Cr

↑ 21% YoY

Advances

Rs. 21489 Cr

↑ 28% YoY

Business

Rs. 45995 Cr

↑ 25% YoY

Gold

Rs 9701 Cr

↑ 48% YoY

CD Ratio

87.69%

↑ 476 bps YoY

Capital

CRAR

27.10%

↑ 120 bps YoY

Tier I

25.87%

↑ 152bps YoY

BVPS

Rs 176

↑ Rs 32 YoY

LCR

123%

Comfortable Liquidity

NSFR

155%

Stable NSFR

Asset Quality

GNPA

Rs. 263 Cr

↓ Rs27 Cr YoY

GNPA %

1.26%

↓ 55 bps YoY

NNPA

72 Cr

↓ Rs35 Cr YoY

NNPA %

0.35%

↓ 33 bps YoY

PCR

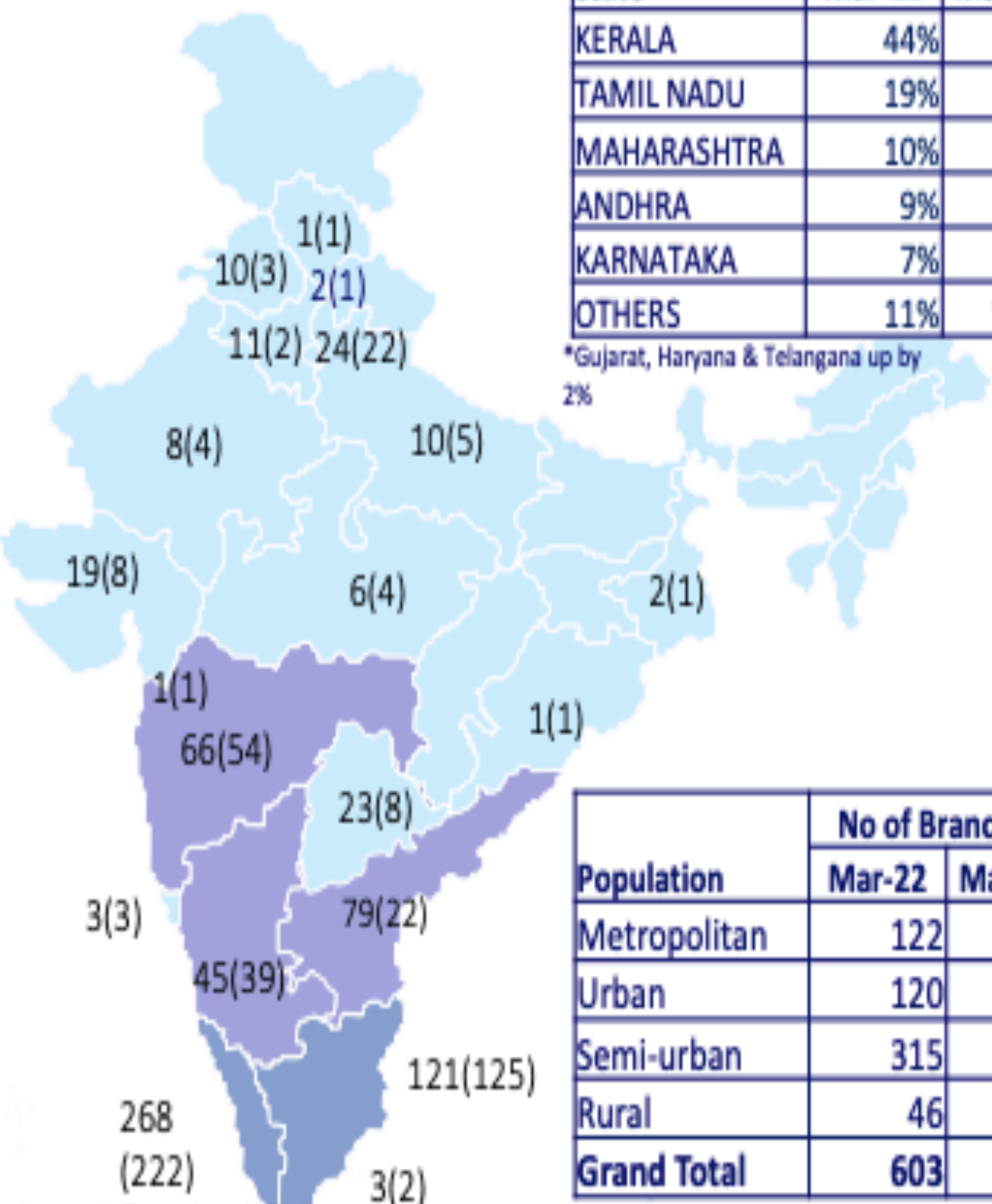
92.11%

↑ 243 bps YoY

Branch Distribution

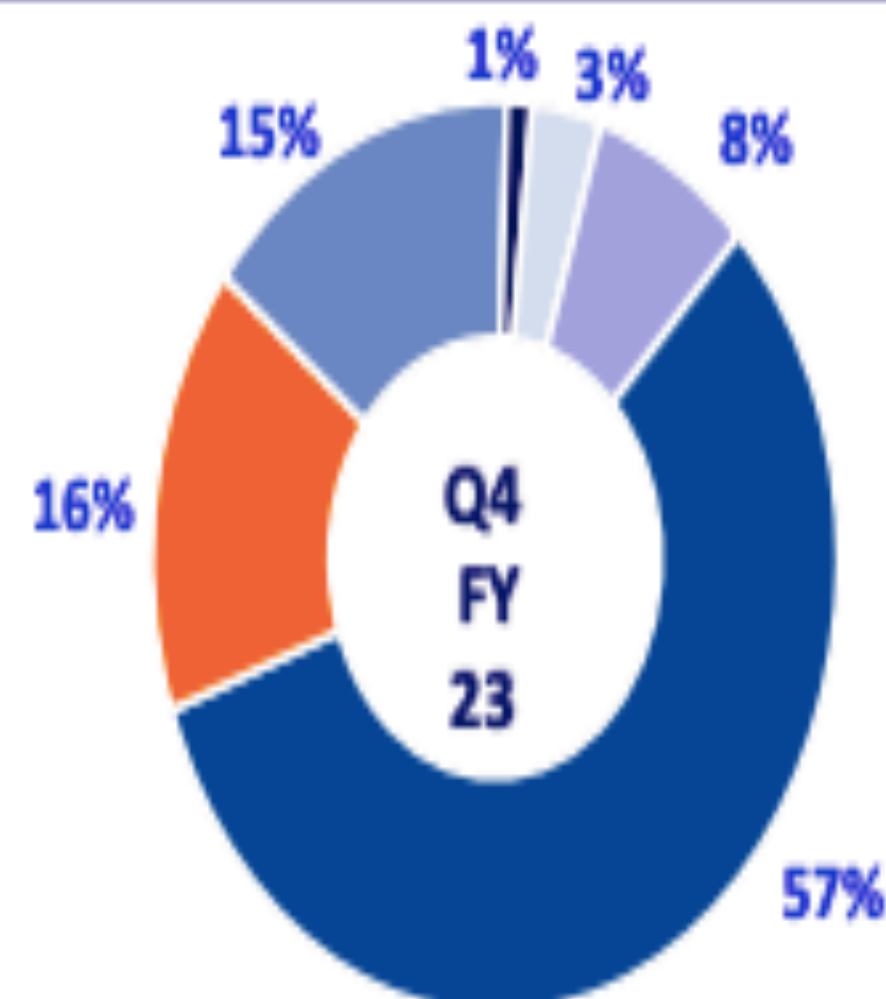
State	% distribution	
	Mar-22	Mar-23
KERALA	44%	38%
TAMIL NADU	19%	17%
MAHARASHTRA	10%	9%
ANDHRA	9%	11%
KARNATAKA	7%	6%
OTHERS	11%	*19%

*Gujarat, Haryana & Telangana up by 2%

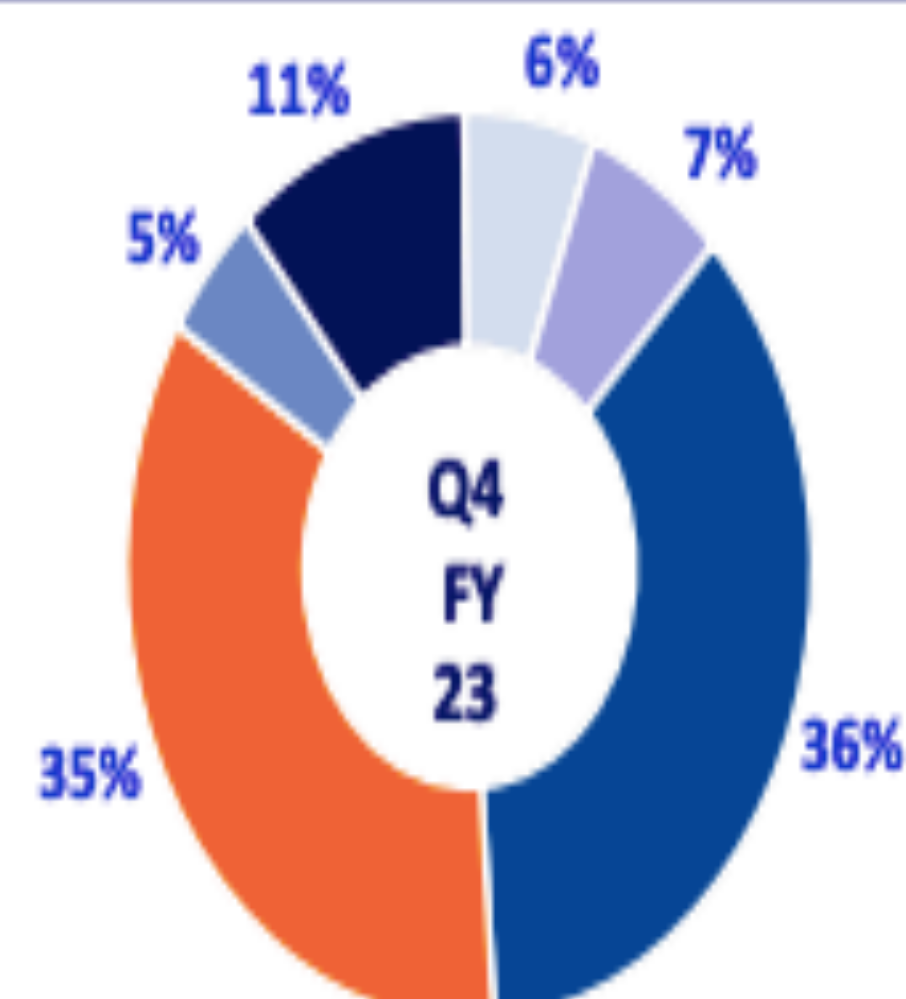


Legend: Branches (ATM)

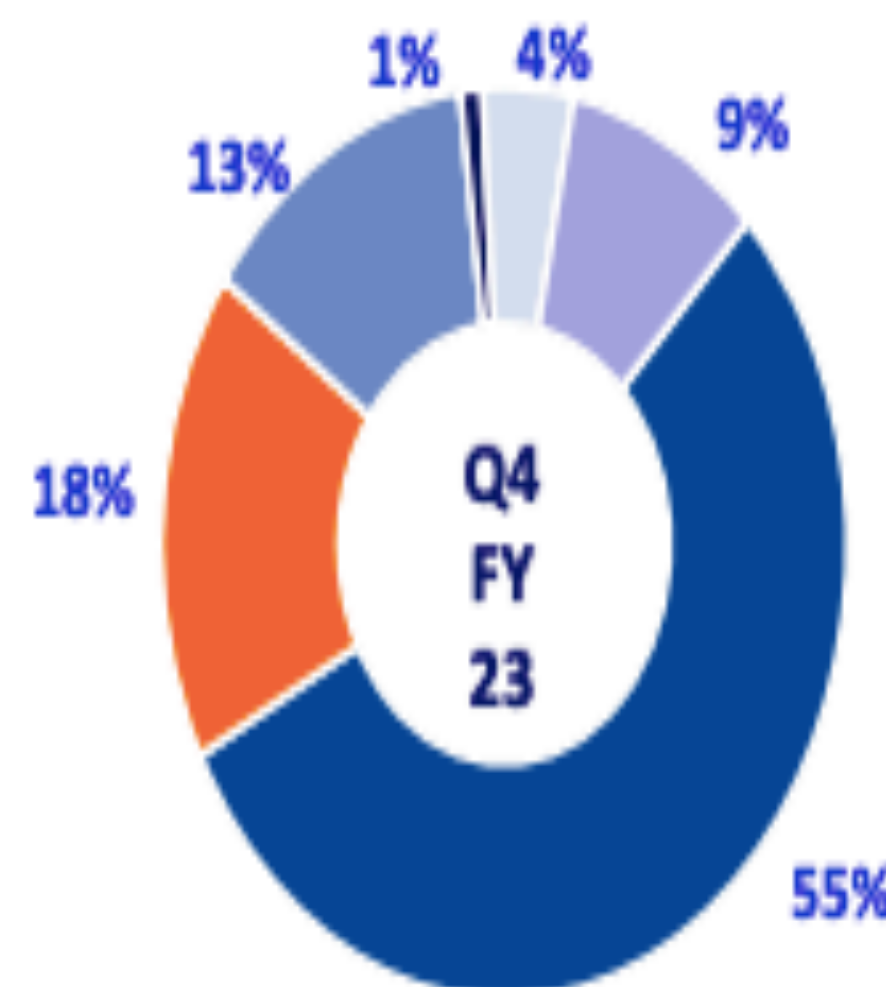
CASA



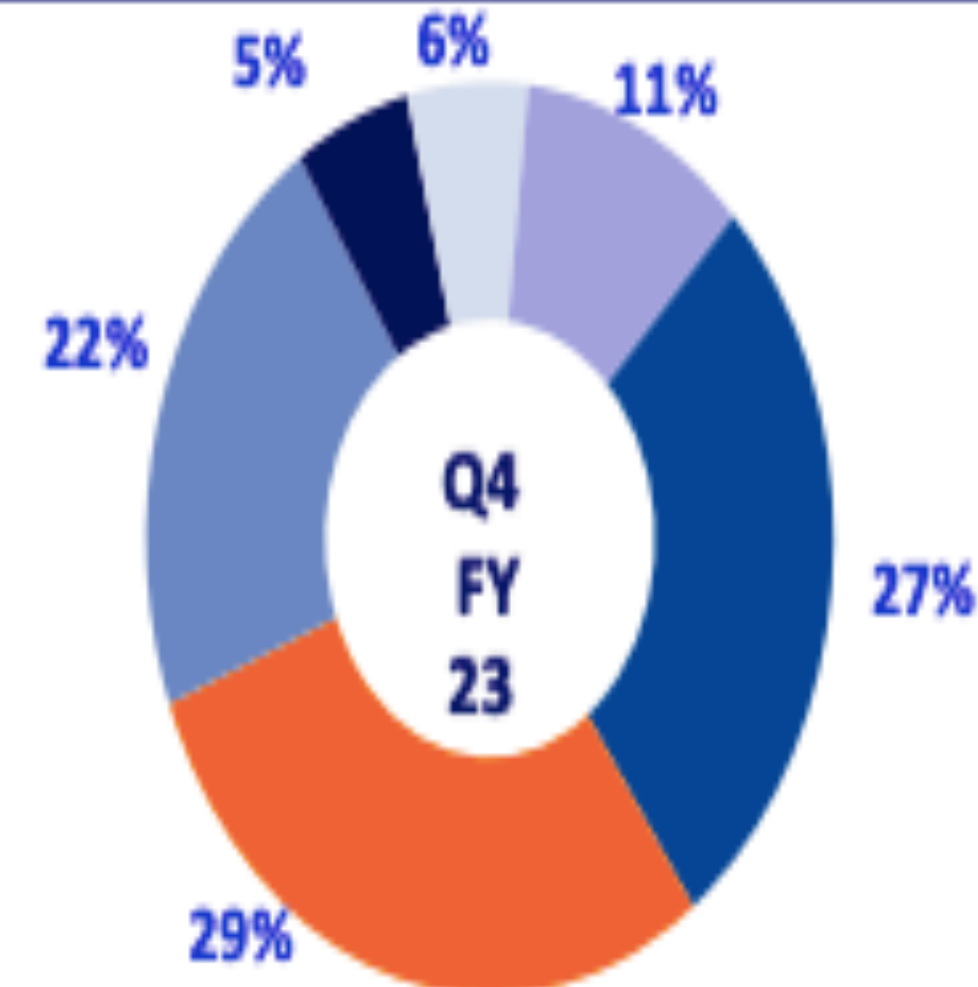
Gold Loans



Total Deposits



Total Advances

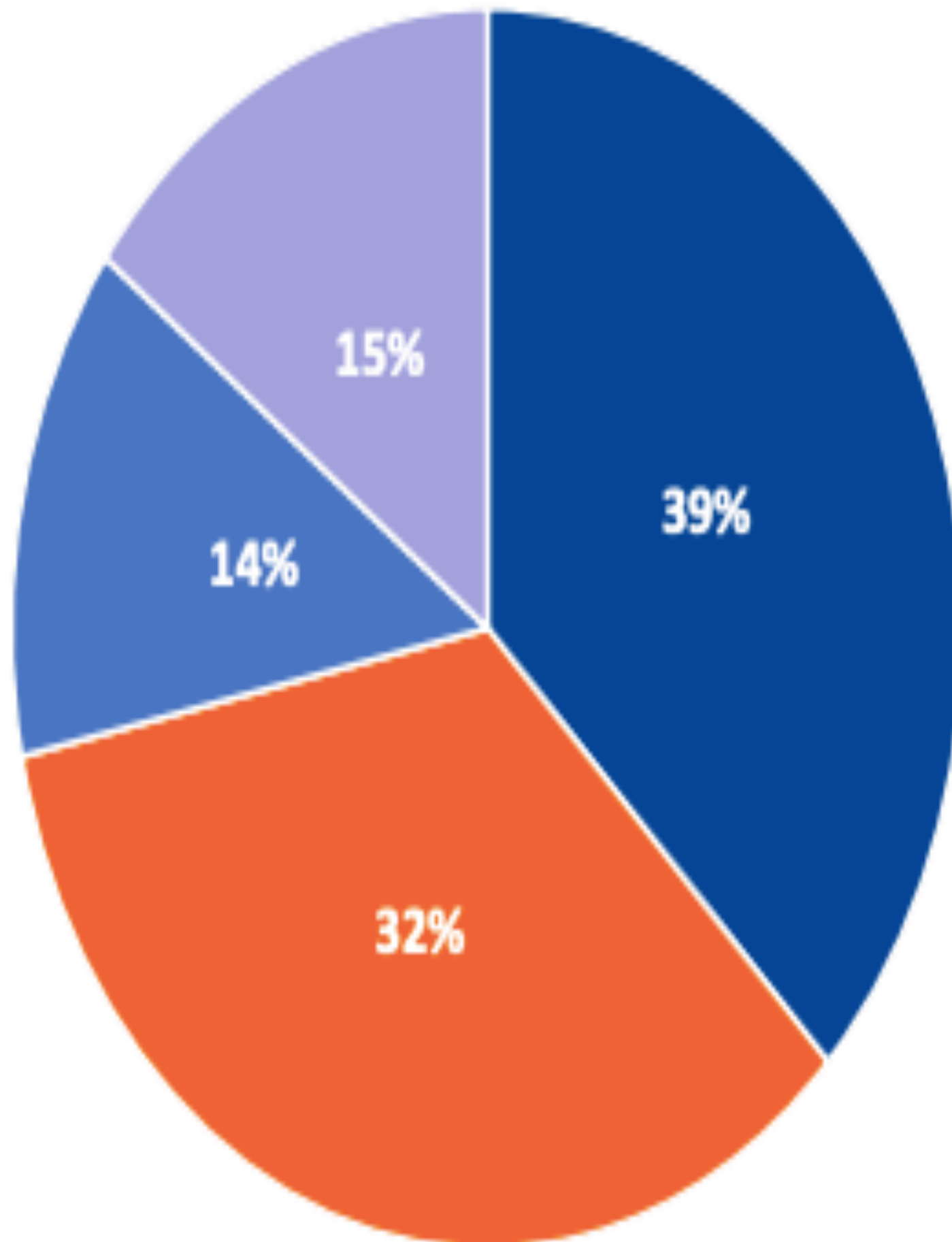


■ Kerala
 ■ Tamil Nadu
 ■ Maharashtra
 ■ Andhra
 ■ Karnataka
 ■ Others

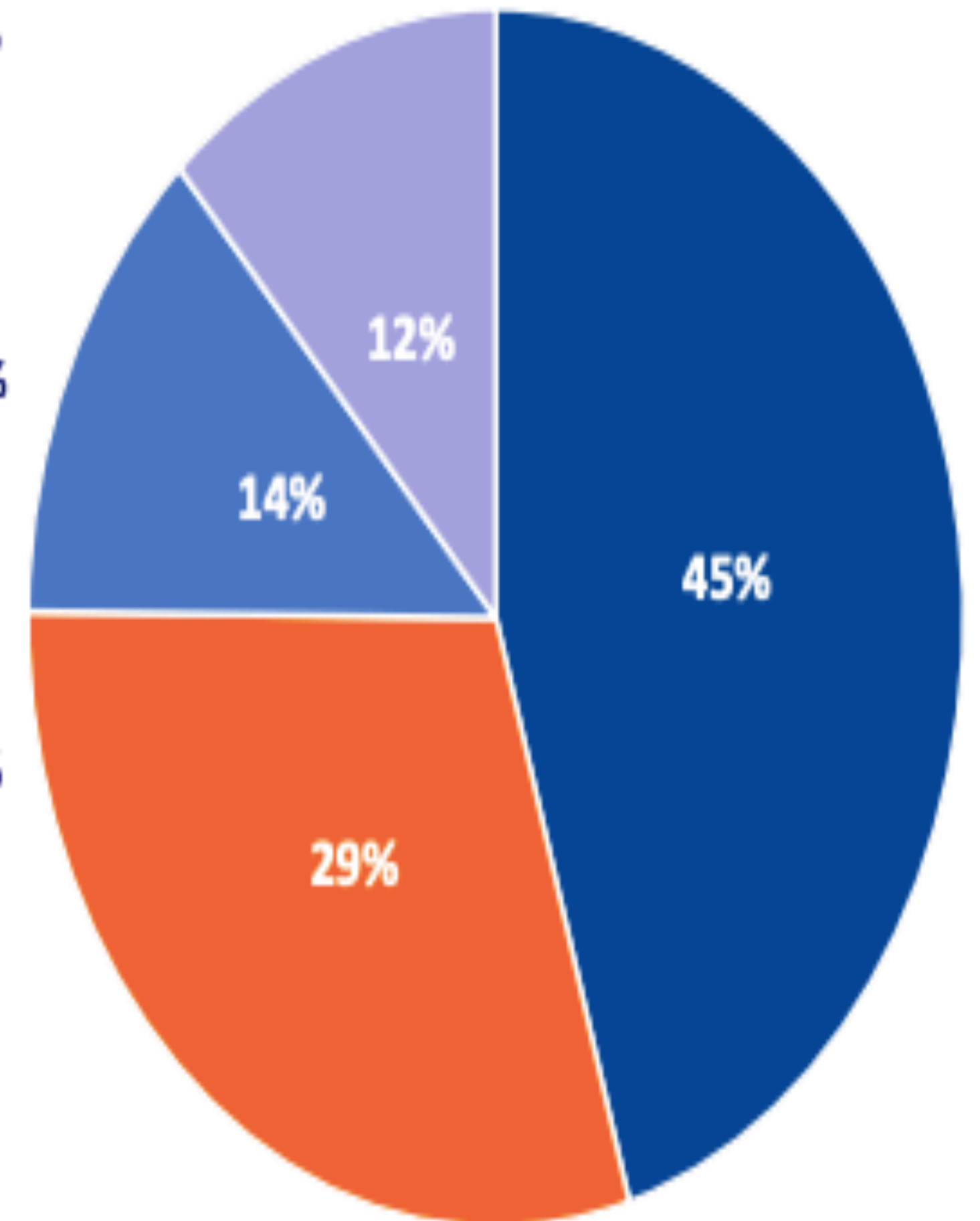
Advance Mix

(Amt in Cr)

Q4 FY 22



Q4 FY 23



6570

Gold Loans

9701

48%

5444

Corporate Loans

6332

16%

2279

Retail Loans

2966

30%

2449

SME Loans

2491

2%

64% of Assignments loans are gold DA,
Retail Loans includes 32% Agri, 16% MFI, 5% HL, 5% TW, 2% EL & 40% others incl PL& Lap

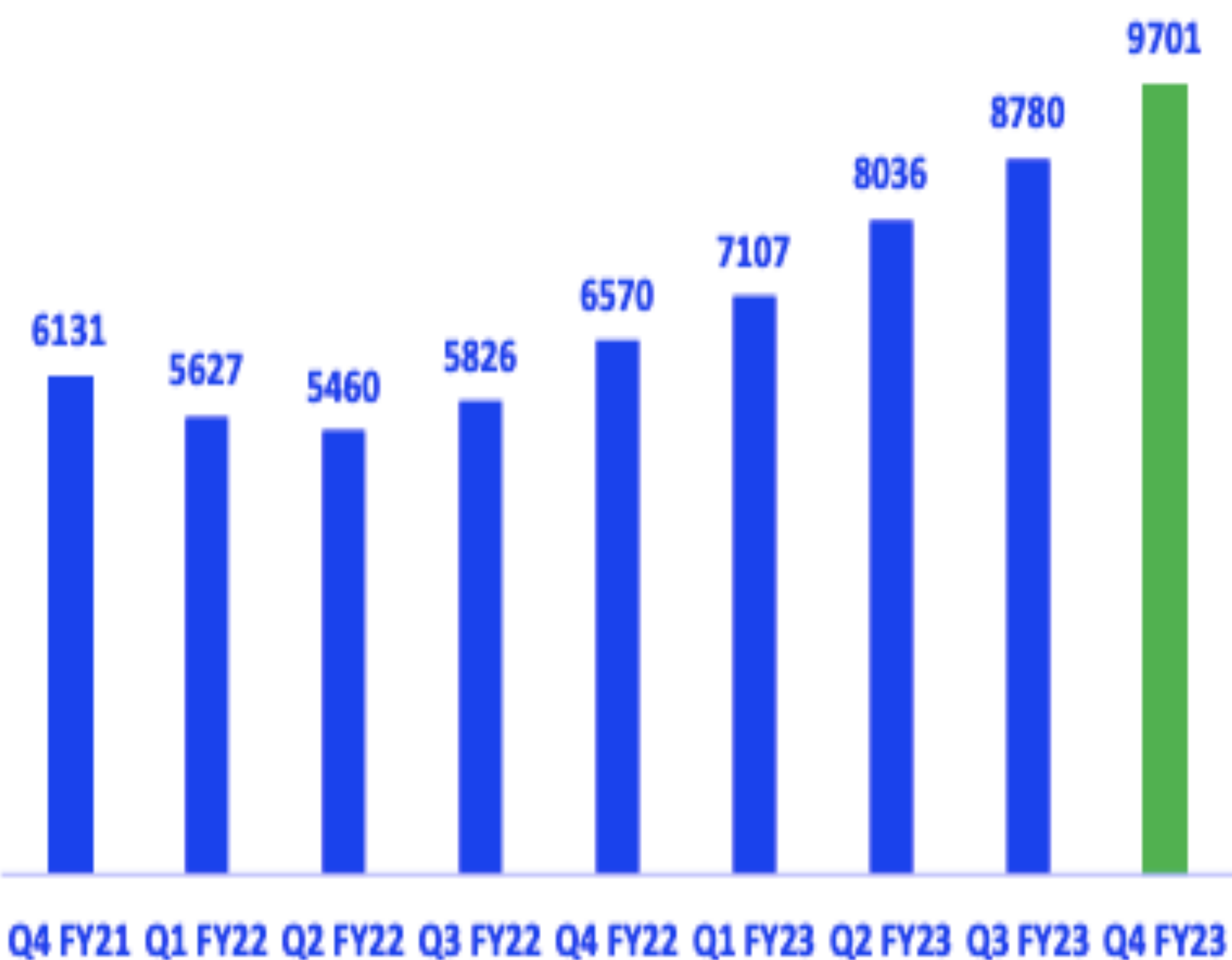
Retail Loans includes 34% agri, 13% MFI, 9% HL, 8% TW, 3% EL & 33% Others incl PL& Lap

Gold Loan – Our DNA

(Amt in Cr)

Portfolio Movements

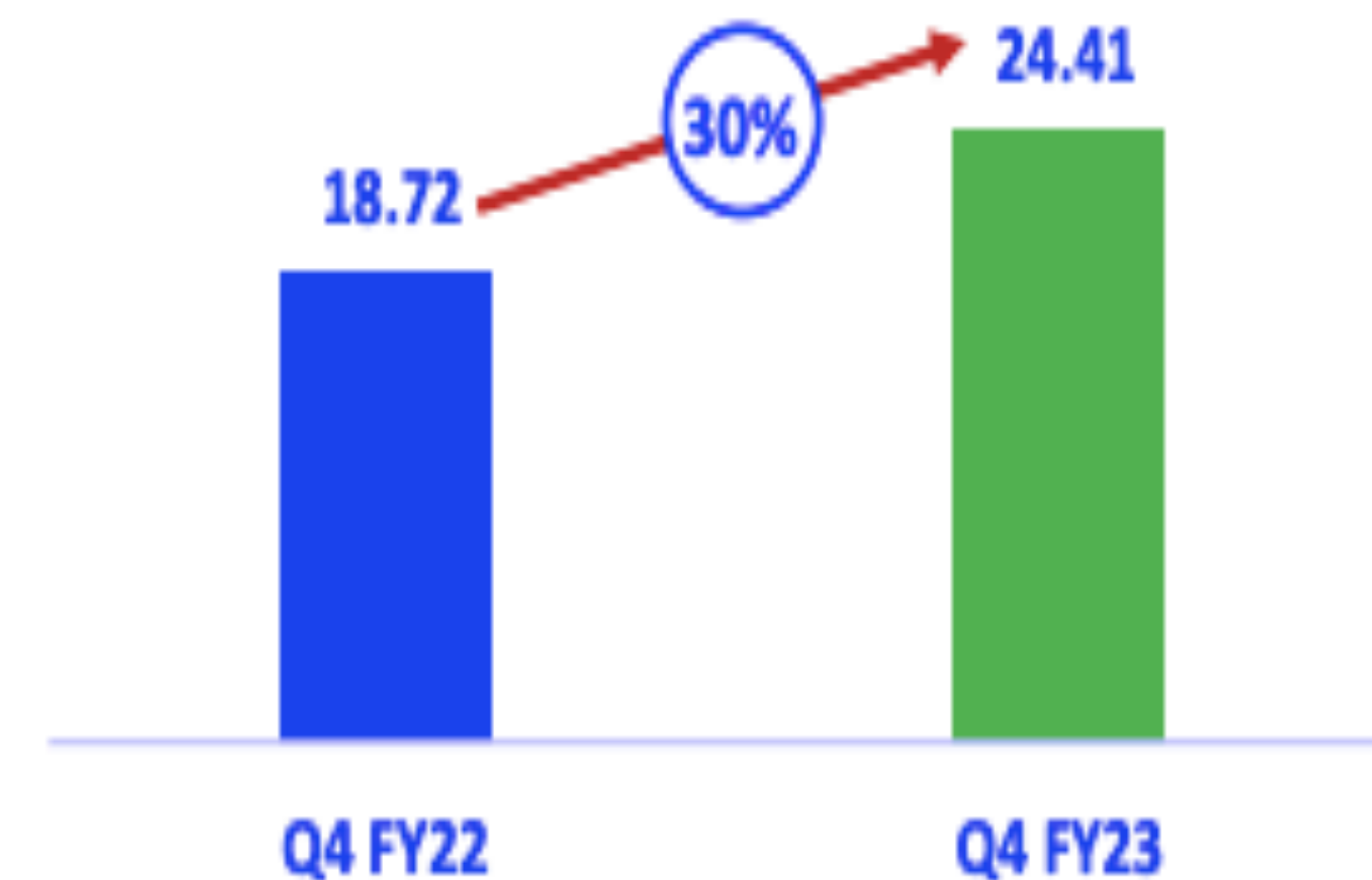
↑ 48% YoY ↑ 10% QoQ



Portfolio Quality



Tonnage

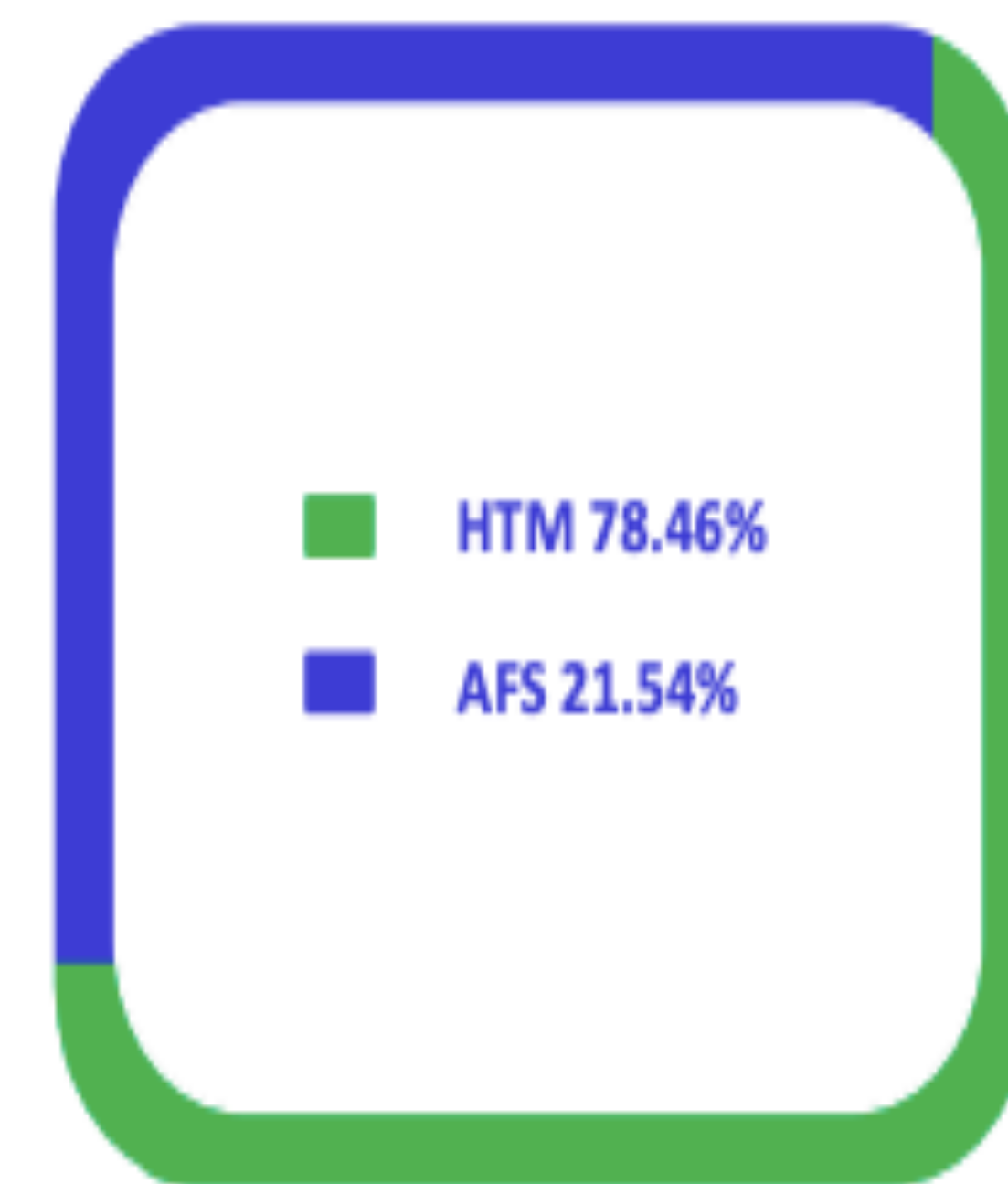
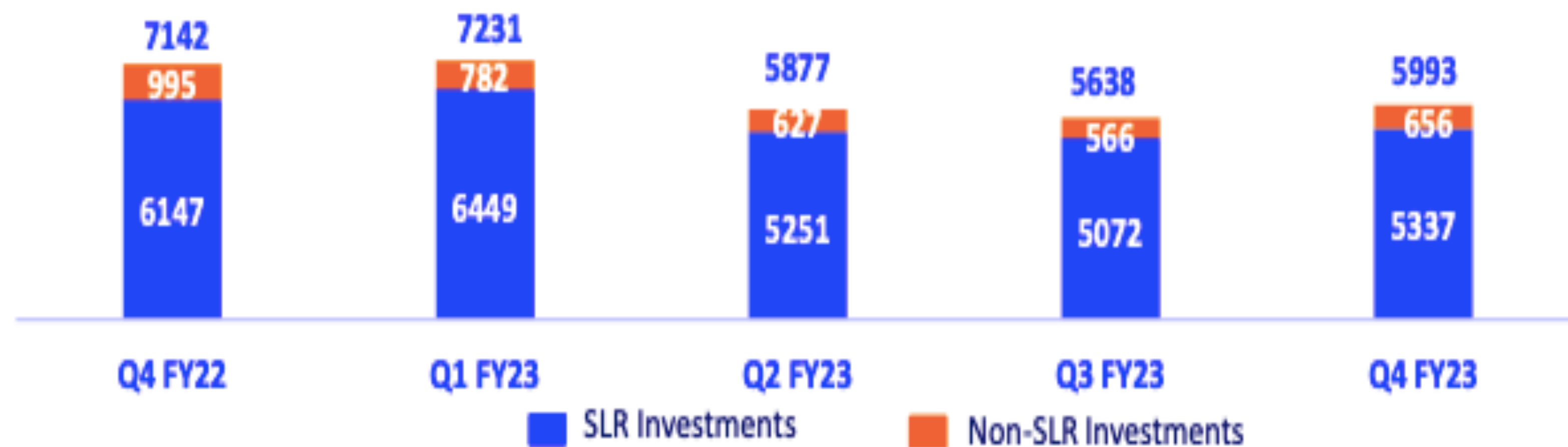


No of Accounts (in Lakhs)



Investments

(Amt in Cr)

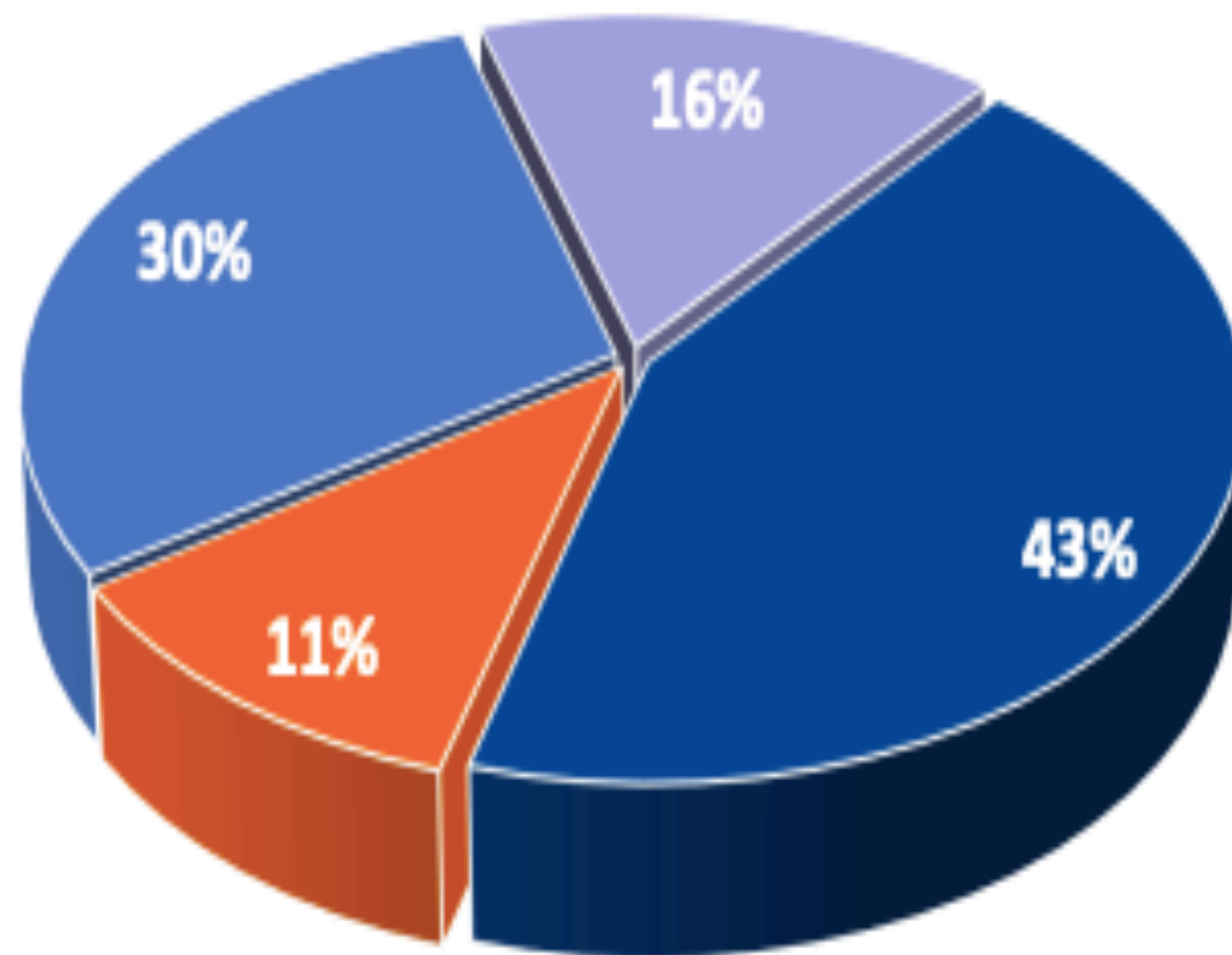


M Duration

AFS	HTM	Total
0.37	5.61	4.57

Sector Wise Exposure

Sector Wise Exposure



- Agriculture and Allied Activities
- Industry
- Services
- Retail & Others

Industries	% to Gross advances
Textiles	3.15%
Food Processing	1.80%
Infrastructure	1.38%
Construction	1.01%
Basic Metal and Metal Products	0.73%
Chemicals and Chemical Products (Dyes, Paints, etc)	0.60%
Beverages (excluding Tea & Coffee) and Tobacco	0.44%
All Engineering	0.43%
Vehicles, Vehicle Parts and Transport Equipments	0.43%
Rubber, Plastic and their Products	0.27%
Leather and Leather products	0.26%
Paper and Paper Products	0.21%
Gems and Jewellery	0.14%
Wood and Wood Products	0.09%
Cement and Cement Products	0.03%
Mining and Quarrying	0.01%
Other Industries	0.22%

Services	% to Gross advances
NBFCs	8.81%
HFC	4.68%
Wholesale & Retail Trade	3.19%
Tourism, Hotel and Restaurants	1.69%
Real Estate Activities	1.32%
Transport Operators	0.63%
Computer and Related Activities	0.30%
MFIs	0.23%
Other Services	8.76%

Digital Touch Points



1,352 Installations



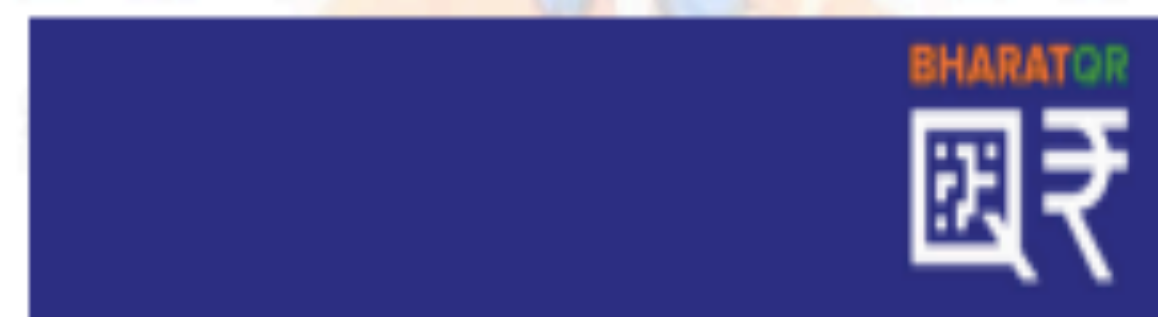
7.10 lacs + Debit Cards



4.60 lacs+ Net Banking users



528 ATM Network



6,170+ QR Installations



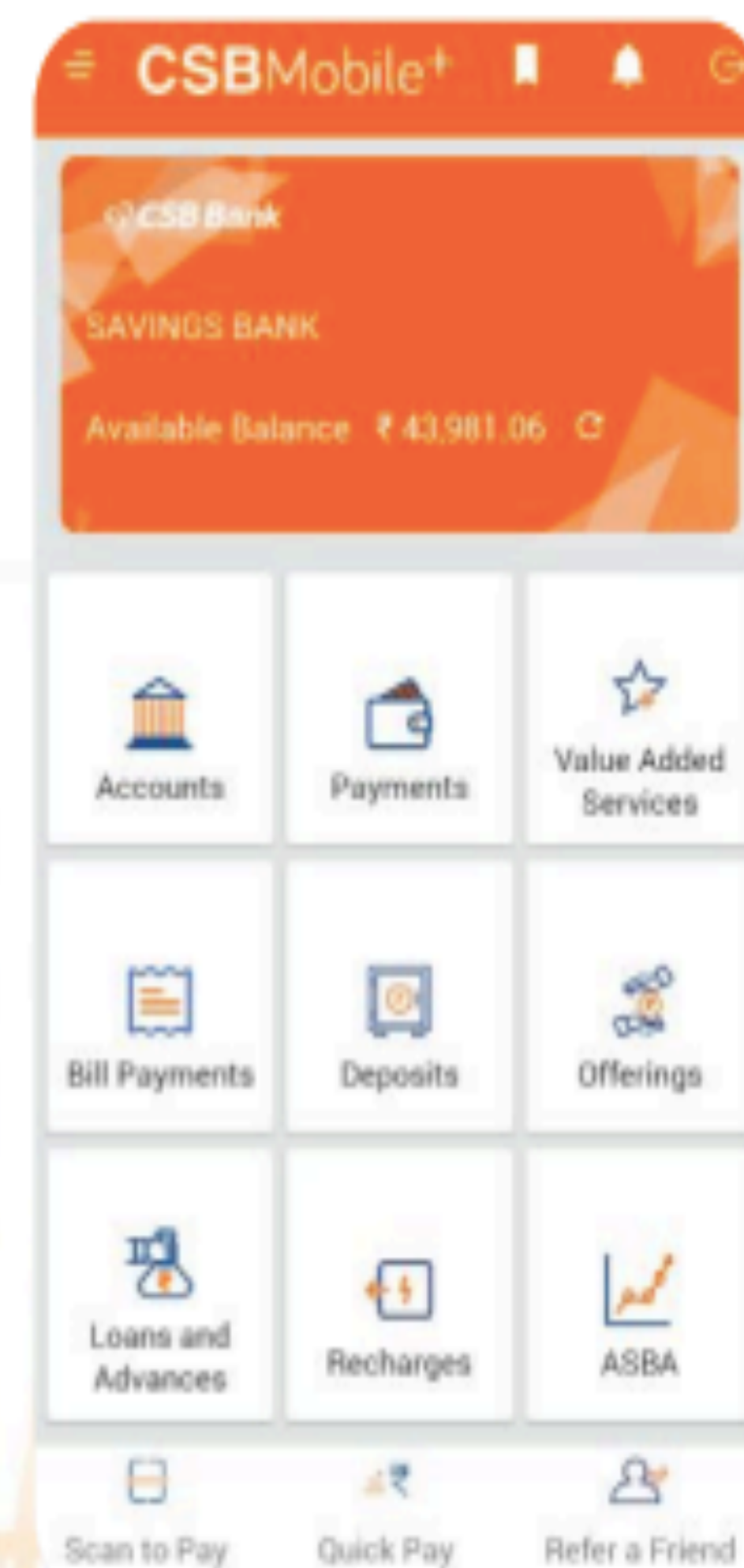
92,927+ ePassbook Downloads



78,660+ Prepaid Cards



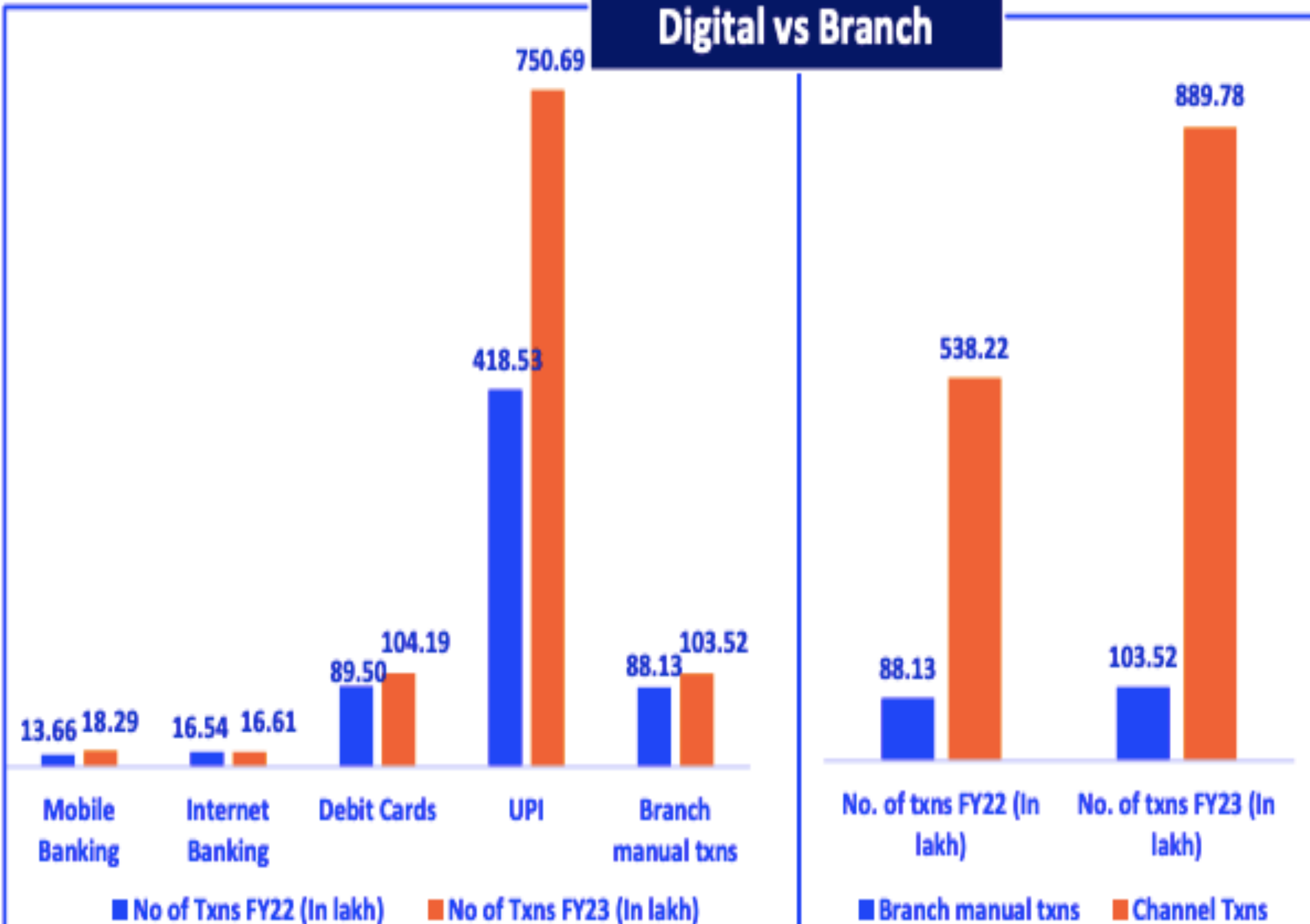
1.38 lac+ UPI Downloads



4.47 lacs+ Mobile Banking Users

Channel Transactions

Digital vs Branch



	No. of txns	
	FY22 (In lakh)	FY23 (In lakh)
Mobile Banking	13.66	18.29
Internet Banking	16.54	16.61
Debit Cards	89.50	104.19
UPI	418.53	750.69
Branch txns	88.13	103.52
Total Channel Transactions	538.22	889.78
% of channel txns	85.93%	89.58%

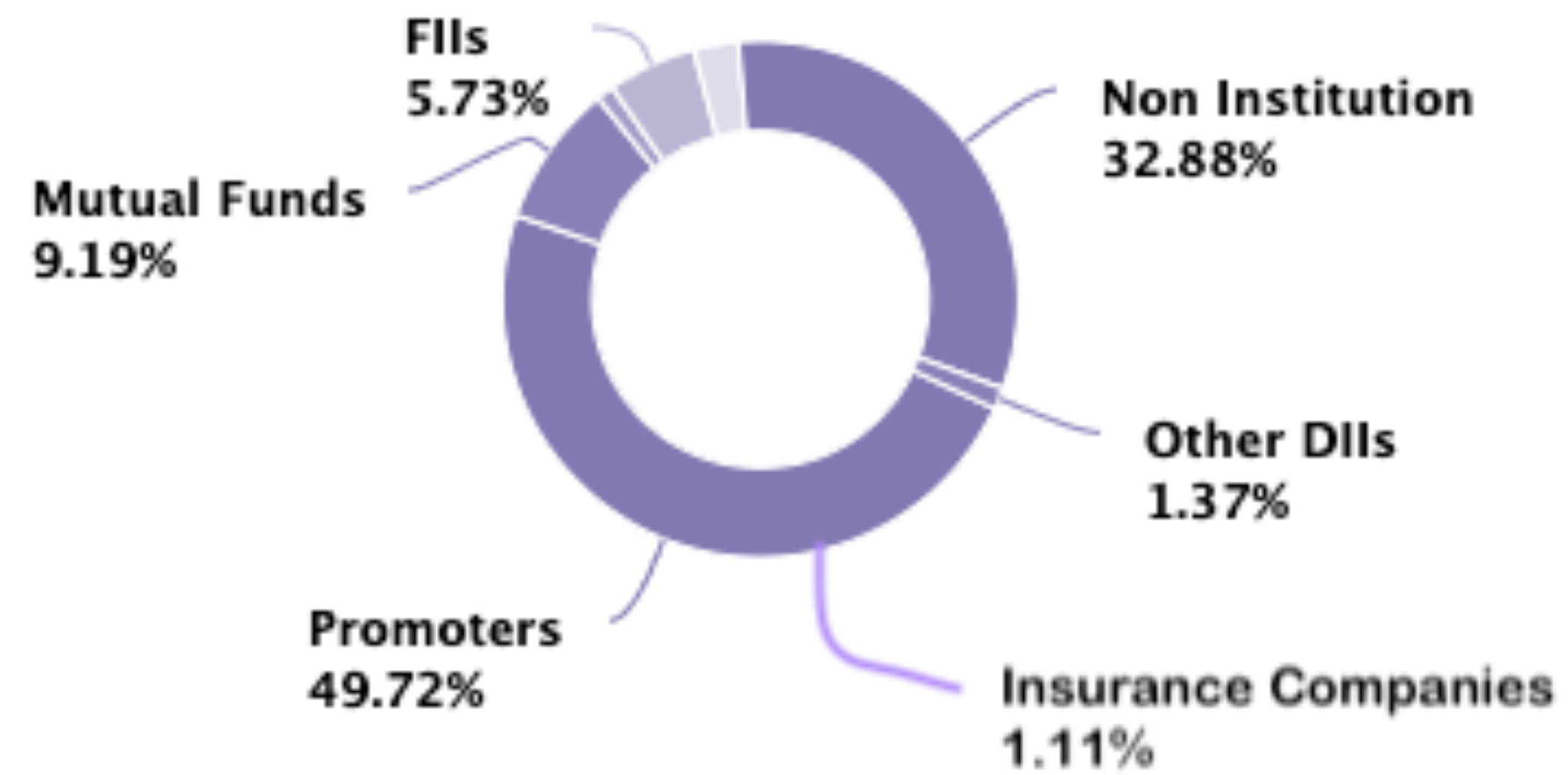
Yearly Results

YEARLY RESULTS OF CSB BANK (in Rs. Cr.)	MAR '23	MAR '22	MAR '21	MAR '20	MAR '19
INTEREST EARNED					
(a) Int. /Disc. on Adv/Bills	1,888.13	1,597.28	1,375.95	1,162.11	968.62
(b) Income on Investment	404.61	380.91	459.30	309.87	347.37
(c) Int. on balances With RBI	11.15	18.25	5.06	37.91	2.37
(d) Others	15.76	41.87	31.99	--	29.16
Other Income	316.01	251.84	400.81	221.61	135.92
EXPENDITURE					
Interest Expended	985.81	885.01	930.91	917.60	907.56
Employees Cost	558.51	481.87	496.23	331.27	384.43
Other Expenses	383.94	304.50	232.76	202.06	161.55
Depreciation	--	--	--	--	16.53
Operating Profit before Provisions and contingencies	707.40	618.77	613.21	280.57	13.36
Provisions And Contingencies	-26.21	4.53	320.66	146.58	210.78
P/L Before Tax	733.61	614.24	292.55	133.99	-197.42
Tax	186.25	155.75	74.15	121.27	--
P/L After Tax from Ordinary Activities	547.36	458.49	218.40	12.72	-197.42
Net Profit/(Loss) For the Period	547.36	458.49	218.40	12.72	-197.42
Equity Share Capital	173.54	173.54	173.54	173.51	85.97
Reserves Excluding Revaluation Reserves	2,878.07	2,324.64	1,852.22	1,630.94	536.56
EPS BEFORE EXTRA ORDINARY					
Basic EPS	31.55	26.43	12.59	0.88	-23.73
Diluted EPS	31.55	26.43	12.59	0.88	-23.73
EPS AFTER EXTRA ORDINARY					
Basic EPS.	31.55	26.43	12.59	0.88	-23.73
Diluted EPS.	31.55	26.43	12.59	0.88	-23.73
NPA RATIOS :					
i) Gross NPA	262.56	289.51	393.49	409.43	530.62
ii) Net NPA	71.82	106.99	168.81	216.94	240.68
i) % of Gross NPA	1.26	1.81	2.68	3.54	4.87
ii) % of Net NPA	0.35	0.68	1.17	1.91	2.27
Return on Assets %	2.06	2.13	0.99	0.07	-1.13

Key Financial Ratios

KEY FINANCIAL RATIOS OF CSB BANK (in Rs. Cr.)	MAR 23	MAR 22	MAR 21	MAR 20	MAR 19
PER SHARE RATIOS					
Basic EPS (Rs.)	31.55	26.43	12.59	0.88	-23.73
Diluted EPS (Rs.)	31.55	26.43	12.59	0.88	-23.73
Cash EPS (Rs.)	31.54	28.61	14.93	2.09	-21.04
Book Value [Excl. Reval Reserve]/Share (Rs.)	184.60	143.96	116.73	104.00	148.17
Book Value [Incl. Reval Reserve]/Share (Rs.)	184.60	152.78	125.63	113.00	166.53
Dividend/Share (Rs.)	0.00	0.00	0.00	0.00	0.00
Operating Revenue / Share (Rs.)	133.67	117.46	107.89	87.02	156.74
Net Profit/Share (Rs.)	31.54	26.42	12.59	0.73	-22.96
PER EMPLOYEE RATIOS					
Interest Income/ Employee (Rs.)	0.00	43,71,244.48	44,79,173.44	47,12,504.68	44,90,221.26
Net Profit/ Employee (Rs.)	0.00	9,83,259.70	5,22,488.52	39,715.04	-6,57,844.72
Business/ Employee (Rs.)	0.00	7,72,09,900.06	8,03,30,538.28	8,47,59,777.78	8,57,68,444.52
PER BRANCH RATIOS					
Interest Income/ Branch (Rs.)	0.00	3,38,02,840.80	3,65,68,251.95	3,67,36,897.81	3,21,60,272.08
Net Profit/ Branches (Rs.)	0.00	76,03,548.92	42,65,628.91	3,09,603.41	-47,11,675.42
Business/ Branches (Rs.)	0.00	59,70,64,285.24	65,58,23,535.16	66,07,55,055.96	61,42,98,572.79
KEY PERFORMANCE RATIOS					
ROCE (%)	2.48	2.47	2.69	1.51	0.08
CASA (%)	0.00	33.65	32.19	29.17	27.84
Net Profit Margin (%)	23.59	22.49	11.66	0.84	-14.65
Operating Profit Margin (%)	9.97	10.38	-9.74	-13.83	-24.73
Return on Assets (%)	1.87	1.80	0.93	0.06	-1.16
Return on Equity / Networth (%)	17.08	18.35	10.78	0.70	-15.49
Net Interest Margin (X)	4.57	4.54	4.03	3.13	2.60
Cost to Income (%)	41.82	41.20	49.43	46.27	52.12
Interest Income/Total Assets (%)	7.95	8.03	8.02	8.00	7.96
Non-Interest Income/Total Assets (%)	1.08	0.97	1.71	1.17	0.80
Operating Profit/Total Assets (%)	0.79	0.83	-0.78	-1.10	-1.97
Operating Expenses/Total Assets (%)	3.23	3.10	3.12	2.82	3.32
Interest Expenses/Total Assets (%)	3.38	3.49	3.98	4.86	5.36
VALUATION RATIOS					
Enterprise Value (Rs. Cr)	28,085.35	24,919.31	23,868.06	18,092.96	0.00
EV Per Net Sales (X)	12.11	12.23	12.75	11.98	0.00
Price To Book Value (X)	1.33	1.47	1.99	1.14	0.00
Price To Sales (X)	1.84	1.80	2.16	1.36	0.00
Retention Ratios (%)	100.00	100.00	100.00	100.00	100.00
Earnings Yield (X)	0.13	0.12	0.05	0.01	0.00

Shareholding Pattern an on Mar'23



Summary

- ❖ With deliverance of fine performance in Q4 of FY'23, the Bank's Interest Earned increase by 28.24% i.e. Rs.528.67 crs in Mar'23 on contrary to Rs.412.24 crs in Mar'22. However, the Net Profits grew up by 19.64% i.e. Rs.156.34 crs in Mar'23 versus Rs.130.67 crs in Mar'22.
- ❖ Viewing fair financials and its consistent performance, the Company is available at a good price of Rs.270.05 with its 52 week low at Rs.178.00 and 52 week high at Rs.297.70.
- ❖ Since the Promoters are holding majority stake around 49.72% as well as its robust valuations, indicates that the Management is committed to growth of the Company.
- ❖ In Public Shareholding as on Mar'23, the FIIs and the Other DIIs altogether stood with 7.10% stake. Whereas, the Mutual Fund Houses stood with 9.19% holdings in the Company.
- ❖ CSB Bank Ltd. is held by SBI MF, PGIM MF, SUNDARAM MF, EDELWEISS MF, BANK OF INDIA MF, LIC MF, AXIS MF and a few more.
- ❖ On standalone basis, Return on Equity (ROE), Return on Capital Employed (ROCE) & Current Account and Savings Account (CASA) were registered around 17.08%, 2.48% & 32.18% respectively as on Mar'23.

Disclosure

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I, Amiteshwar Singh, am the proprietor of M/S Amiteshwar.in. I am a Research Analyst registered with SEBI having registration no. INH100010013. I provide services through my website www.researchlyne.com which is primarily focused on research of Multi-Cap stocks of India.

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