



IPO INSIGHTS



Capital Small Finance Bank Limited

Issue Dates - Opens: 07-02-2024 | Closes: 09-02-2024

IPO Note	<ol style="list-style-type: none"> Capital Small Finance Bank Limited is a a small finance bank. Capital SFB became the first non-NBFC microfinance entity to receive the SFB license. The Company has a strong presence in semi-urban and rural areas with a branch-based operating model.
Rating	★ ★ ★ (Good)

IPO SNAPSHOT

Issue Size	₹ 523.07 Crores
Issue Type	Book Built Issue IPO
Fresh Issue	₹ 450 Crores
Offer for Sale	₹ 73.07 Crores
Face Value Per Share	₹ 10
Price Band Per Share	₹445 to ₹468
Minimum Lot Size	32 shares
Listing On	BSE, NSE
Registrar to the Issue	Link Intime India Private Ltd

IPO SNAPSHOT – Capital Small Finance Bank Limited

About the Company

- Incorporated in 1999
- Capital Small Finance Bank targets middle-income customer segments with an annual income of ₹0.4-5 million. They aim to be the primary banker for these customers through a mix of product offerings, customer service, physical branches, and digital channels.
- In 2015, Capital SFB became the first non-NBFC microfinance entity to receive the SFB license. The company has a strong presence in semi-urban and rural areas with a branch-based operating model.
- As of March 31 and June 30, 2023, respectively, 99.82% and 99.84% of the bank's loan book was secured, with 85.16% and 84.66% of loans secured by immovable properties.
- The bank's branches were predominantly located in rural and semi-urban areas, covering 24 districts, and serving approximately 75.90% of the total customers, both in terms of credit and deposits. This suggests that the bank has a well-defined niche catering to the middle-income group, with a special emphasis on rural and semi-urban areas.
- They have a quality asset portfolio which is testament of our streamlined underwriting processes, credit assessment efficient collections and risk management capabilities.
- They have leveraged their technological capabilities to increase the scale of digital interactions and digital transactions with their customers.

Competitive Strengths

- Retail focused liability franchise with a high share of CASA
- Secured and diversified advances portfolio
- Streamlined credit assessment processes and risk management practices
- Customer centric approach and understanding of target customers
- Consistent track record of growth with constantly improving operational and profitability metrics
- Professional and experienced leadership team

Financials (₹ in Crores)

Particulars	31-3-2021	31-3-2022	31-03-2023	Y-o-Y	2 - Yrs CAGR
NII	198.61	255.28	321.98	26%	27.33%
PAT	40.78	62.57	93.60	50%	51.50%
PAT Margin	20.5%	24.5%	29.1%		
Net NPA	1.13%	1.36%	1.36%		

Valuation

- Attributing Annualized FY23 Earnings asking P/E = 17.67

Peers

Company Name	P/E ratio
IDFC First Bank	21.28
AU Small Finance Bank Limited	28.48
Equitas Small Finance Bank Limited	22.15
Ujjivan Small Finance Bank Limited	9.83
Suryoday Small Finance Bank Limited	22.32
ESAF Small Finance Bank Limited	10.32

Note : P/E ratio is calculated as closing share price as on 5th January, 2024.

Promoters

- Sarvjit Singh Samra
- Amarjit Singh Samra
- Navneet Kaur Samra
- Surinder Kaur Samra
- Dinesh Gupta

Objects of the issue

- Augmenting the capital base to meet future capital requirements.

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