



IPO DETAILS

#IPOlogy

Tamilnad Mercantile Bank Limited



Issue Opens

5th Sep 22, Mon

Issue Closes

7th Sep 22, Wed

Min. Lot Size

28 Shares

Issue Price Band

₹500 - ₹525

Industry

Banking

Issue size

Fresh Issue:

15.84 Mn Equity Shares
(₹8,316.00 Mn)

OFS:

NIL

Face Value

₹10

Listing at

NSE, BSE

Objectives of the Issue

To augment tier-I capital base to meet future capital requirements.

To receive the benefits of listing the shares on the stock exchanges.

Rationale

Considering the FY22 BVPS of ₹389.47 on a post issue basis, the company is going to list at a P/B of 1.35x with a market cap of ₹83,135 mn. whereas its peers namely City Union Bank and CSB Bank are trading at P/B of 2.03x and 1.67x respectively.

We assign "Subscribe" rating to this IPO as the company has a strong portfolio of advances and deposits from a diversified customer base including retail customers, agricultural customers, and MSMEs. Also, it is available at reasonable valuation as compared to its peers

Rating

SUBSCRIBE

APPLY NOW

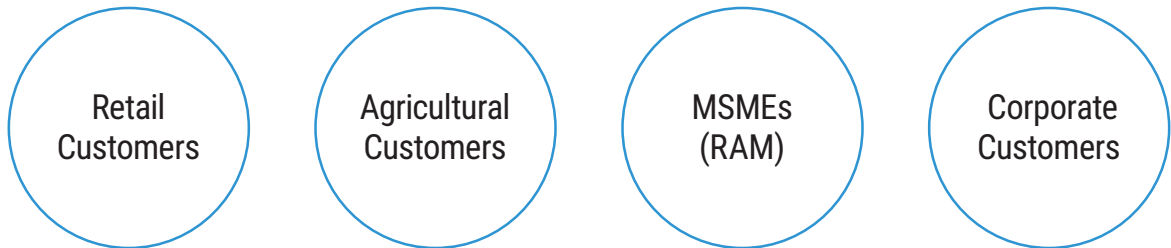


Tamilnad Mercantile Bank Limited

Company Overview

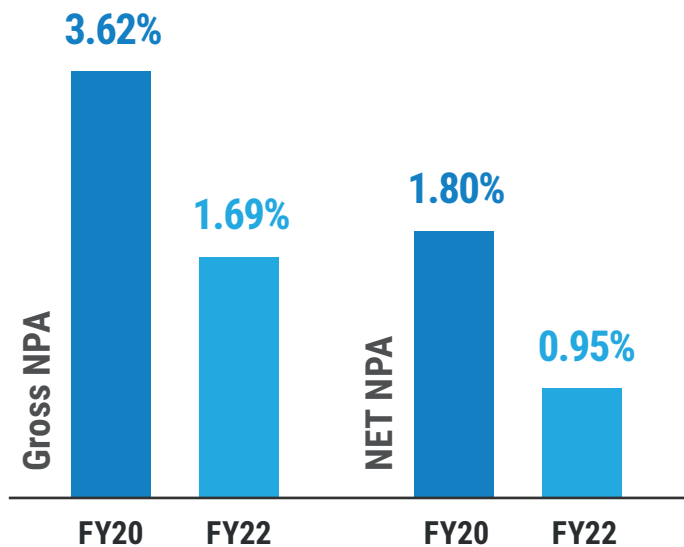
Tamilnad Mercantile Bank Ltd. is one of the oldest and leading private sector banks in India with a history of almost 100 years.

Advances Portfolio Consists of Lending



Which contributes 20.39%, 29.70%, 37.38% and 12.53% respectively to the overall advances as on March 31, 2022

Improved Asset Quality



9.33%

CAGR of Overall Advances
Portfolio Increase
From Fiscal 2020 - Fiscal 2022

20%

CAGR of Deposits
Growth
From Fiscal 2020 - Fiscal 2022



Company's Network

As on March 31, 2022, company had a network of 509 branches, 12 administrative offices, 1,141 ATMs, 282 CRMs, and 101 E-lobbies. The company have wide presence in south India and further diversifying their branches in other states of India, with 90 branches located in the states of Maharashtra, Gujarat, Karnataka and Andhra Pradesh respectively.



Customer Base

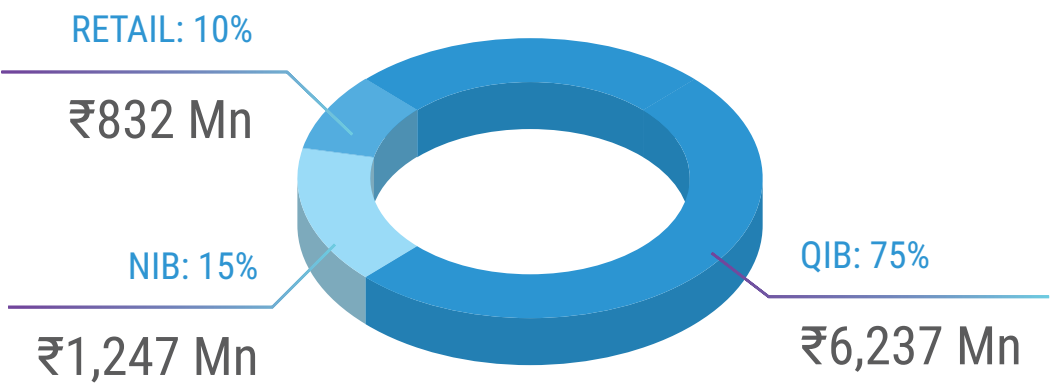
The overall customer base of the bank is approx 5.08 million as of March 31, 2022. The 4.05 Mn or 79.78% of customers have been associated with the bank for a period of more than five years and have contributed to 350,142.39 Mn or 77.93% to deposits and 219,022.26 Mn or 64.90% to advances portfolios as of March 2022.



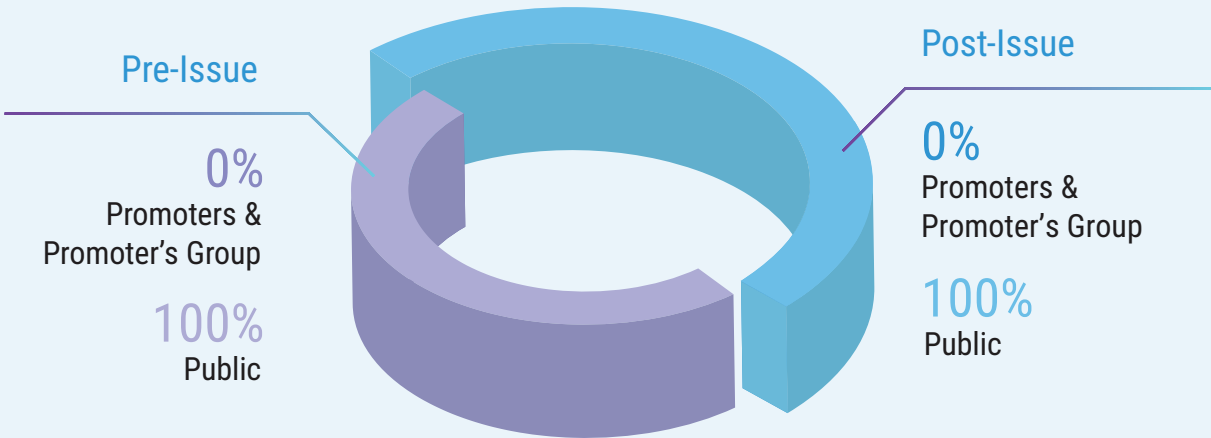
Tamilnad Mercantile Bank Limited

Issue Details

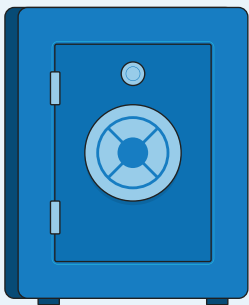
Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹)



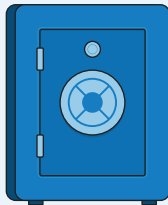
2,800 Mn

Authorized Equity
Share Capital



1,425 Mn

Paid-Up Capital
(Pre-Offer)



1,584 Mn

Paid-Up Capital
(Post-Offer)



Tamilnad Mercantile Bank Limited

Valuations and Peer Comparison

Market Cap
₹83,135 Mn

Market Cap
₹133,200 Mn

Market Cap
₹37,460 Mn

P/B Ratio

1.35x

Tamilnad Mercantile
Bank Ltd.

2.03x

City Union Bank Ltd.

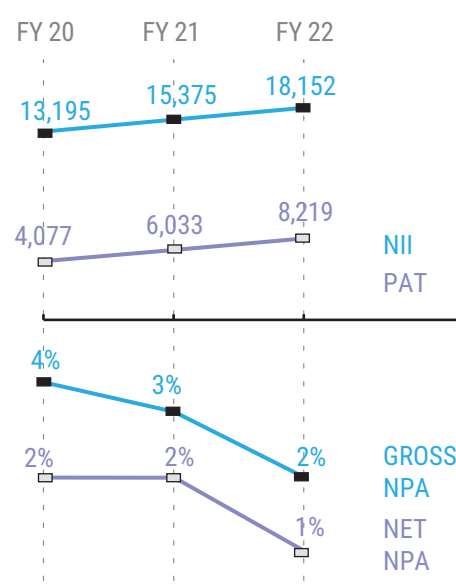
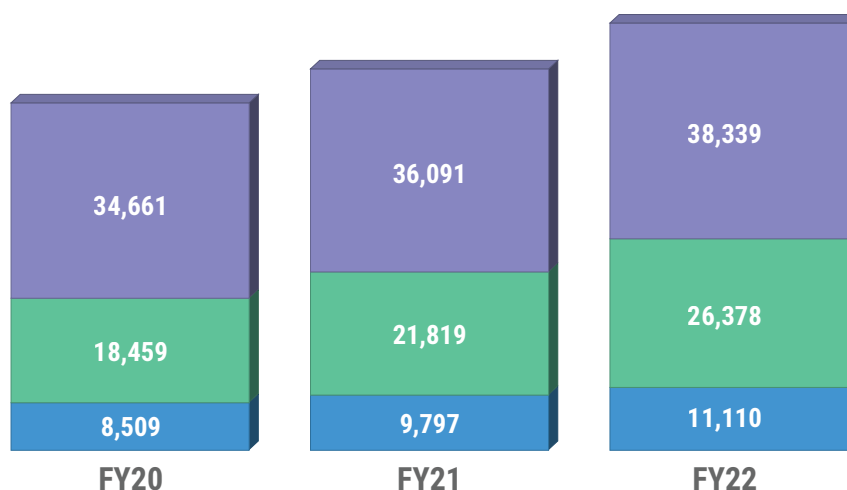
1.67x

CSB Bank Ltd.

Market Cap data of listed securities as on September 2, 2022

Financial Snapshot (in ₹ Mn)

Interest Income
Total Income
Total Expenses





Tamilnad Mercantile Bank Limited

Business Insights



Competitive Strengths

- Strong legacy, loyal customer base, and focus on improving servicing framework
- Strong presence in Tamil Nadu with focus to increase presence in other strategic regions
- Advances with focus on MSME, agricultural and retail segments
- Consistently growing deposit base with focus on low-cost retail CASA
- Professionally managed Bank with experienced senior management team and board of directors
- Strong asset quality, underwriting practices and risk management policies and procedures
- Consistent financial performance



Business Strategy

- Continue to strengthen product portfolios across deposits and advances
- Transformation through technology to improve efficiency and customer experience
- Continue to improve asset quality



Risks

- The company has regional concentration in southern India, especially Tamil Nadu. Any adverse change in the economic, political, or geographical conditions of Tamil Nadu and other states in which the company operates can impact its results of operations.
- An increase in portfolio of NPAs may materially and adversely affect business and results of operations.

Promoters and Management Details

K. V. Rama Moorthy - MD & CEO

Niranjana Sankar A. - Non-Executive Director

S.R. Ashok - Non-Executive Director

Asok Kumar P.C.G. - Non-Executive Director

Nirranjan Kani D.N. - Non-Executive Director