

Catholic Syrian Bank revives IPO plan as bad loans drop

Mumbai, Sept 27: Catholic Syrian Bank, a 96-year-old Indian lender, plans to revive its initial public offering proposal to bolster loan growth in the world's fastest growing major economy.

The Kerala, India-based lender, which had scrapped its listing plan last year, needs to raise ₹1,000 crore (\$150 million) over the next three years, of which ₹400 crore will come from the proposed IPO in 2017, chairman S Santhanakrishnan said by phone on Tuesday. The bank is also in talks to raise money from investors including Fairfax Financial Holdings and the Asian Development Bank, he said.

Narrowing bad debt at the

lender and rising demand for equities is prompting the bank to revive the IPO proposal. India's benchmark S&P BSE Sensex index has risen about 11% in the past six months, luring as many as 51 companies to go in for IPOs. Catholic Syrian is also in the process of raising ₹20 crore from investors including HDFC Standard Life Insurance, Reliance Capital and Edelweiss Tokio Life Insurance.

The bank is in talks with four strategic investors including two investors from the Middle East, Fairfax and ADB, Santhanakrishnan said. Fairfax has sought approval from India's central bank for an investment while ADB is open to

spend as much as ₹400 crore, he said. Fairfax did not immediately respond to an e-mail while ADB declined to comment.

Gross bad loans at Catholic Syrian Bank fell to 5.79% of total advances at the end of June as against 6.14% in the previous year, according to the bank's website. Federal Bank holds a 4.62% stake in the lender while Edelweiss Financial Services owns a 3.17% stake, according to the draft prospectus filed with the regulator last year.

The lender's capital adequacy ratio will increase to above 12% post the fund infusion from around 10.3% now, Santhanakrishnan said. *Bloomberg*