



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2014-2015/588

DNBR(PD)CC.No. 02/SCRC/26.03.001/2014-2015

May 07, 2015

The Chairman / Managing Director /
Chief Executive Officer
All Registered Securitisation Companies /
Reconstruction Companies

Dear Sir,

Resolution period for BIFR/CDR/JLF cases

Please refer to "The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 dated April 23, 2003 (herein after called "the directions") and [circular DNBS.PD.CC.No. 39/SCRC/26.03.001/2014-15](http://www.rbi.org.in/circular/DNBS.PD.CC.No.39/SCRC/26.03.001/2014-15) dated July 01, 2014.

2. In terms of RBI Guidelines (sub- para 7(6)(ii) and (iii) of Master Circular dated July 1, 2014), the maximum resolution period permitted to SCs/RCs for realisation of stressed assets acquired by them is 8 years. However, in most cases of restructuring proposals of stressed assets, as approved by BIFR / CDR / JLF, the repayment period goes beyond a time frame of 8 years. In such cases, SCs/RCs, who are holding a part of the stressed assets, express their inability to go along with the other lenders beyond 8 years due to the regulatory constraints mentioned above and insist on an exit at the end of 5 or 8 years, thereby jeopardizing the restructuring efforts of the majority lenders.

3. It has therefore been decided to make certain modifications to the existing Directions as under:

- (1) For the purpose of the restructuring proposals approved / to be approved by BIFR/CDR/JLF, SC/RCs shall be permitted to accept a resolution period co-terminus with other secured lenders.
- (2) In all such cases, the redemption period of Security Receipts (SRs) held against these assets may be extended to be in congruence with the resolution

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period approved by BIFR/CDR/JLF, subject to the Independent Credit Rating Agencies continuing to positively rate these SRs, i.e. as long as the Net Asset Value of the SRs continue to be positive.

(3) For the purpose of the above sub-paragraphs (1) and (2), the period of realization stipulated under clauses (ii) and (iii) of sub-paragraph (6) of paragraph 7 of the directions shall not be applicable.

4. SCs/RCs may note the above instructions for meticulous compliance.

5. A notification DNBR(PD-SC/RC).No.02/CGM(CDS)/2014-2015 dated May 07, 2015, amending 'The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003' is enclosed.

Yours faithfully,

(C D Srinivasan)
Chief General Manager

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**Reserve Bank of India
Department of Non-Banking Regulation
Central Office
World Trade Centre
Mumbai 400 005**

Notification DNBR(PD-SC/RC) No. 02 /CGM (CDS)/ 2014-2015 dated May 07, 2015

The Reserve Bank of India, having considered it necessary in the public interest, and being satisfied that, for the purpose of enabling the Reserve Bank to regulate the financial system to the advantage of the country and to prevent the affairs of any Securitisation Company or Reconstruction Company from being conducted in a manner detrimental to the interest of investors or in any manner prejudicial to the interest of such Securitisation Company or Reconstruction Company, in exercise of the powers conferred under Section 3, 9, 12 and 13 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, hereby directs that 'The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003' ([Notification No.DNBS.2/CGM \(CSM\)-2003 dated April 23, 2003](#)) (hereinafter called "the directions") shall stand amended with immediate effect, as follows :-

2 In paragraph 22 (i) the existing sub-paragraph shall be numbered as sub-paragraph (1).

(ii) after sub-paragraph(1), the following sub-paragraphs shall be inserted -

(2) For the purpose of the restructuring proposals approved / to be approved by BIFR/CDR/JLF, SC/RCs shall be permitted to accept a resolution period co-terminus with other secured lenders.

(3) In all such cases, the redemption period of Security Receipts (SRs) held against these assets may be extended to be in congruence with the resolution period

approved by BIFR/CDR/JLF, on a case to case basis with the prior approval of RBI, subject to the Independent Credit Rating Agencies continuing to rate these SRs.

(4) For the purpose of sub-paragraphs (2) and (3) the period of realisation stipulated under clauses (ii) and (iii) of sub-paragraph (6) of paragraph 7, shall not be applicable.

(C D Srinivasan)
Chief General Manager