

Corporate Debt Restructuring (CDR)

Ref.DBS.FID No. C-2 /01.11.00/ 2001-02

August 25, 2001

To
The CEOs of the All-India Term Lending and Refinancing Institutions

Dear Sir,

Corporate Debt Restructuring (CDR)

We forward herewith a copy of the circular DBOD.BP.BC.15 /21.04.114/2000-01 dated 23 August 2001 on the captioned subject, alongwith its enclosure detailing the CDR System for implementation.

2. It would be observed therefrom that a three-tier structure of the CDR System, which is a non-statutory, voluntary mechanism, based on the debtor-creditor and inter-creditor agreements, is envisaged to provide a transparent mechanism for restructuring of corporate debts of viable corporate entities affected by internal or external factors, outside the purview of BIFR, DRT and other legal proceedings. The CDR System is to be applied only to multiple banking / syndicates / consortium accounts, in the standard and sub-standard category, with outstanding exposure of Rs.20 crore and above with the banks and financial institutions.
3. It may please be noted that the regulatory treatment of the accounts restructured under the CDR System would be governed by the instructions contained in the Circular DBS.FID.N.C-19/01.02.00/2000-01 dated 28 March 2001, as amended, issued to the financial institutions. The disclosure in respect of the accounts restructured under the CDR System should also be made by the FIs in their published annual reports under the "Notes to accounts", as per para 7 of the Annexure to the aforesaid DBOD Circular.
4. A copy of the circular may please be placed before the Board of Directors of your institution at its next meeting.
5. Please acknowledge receipt.

Yours faithfully,

(K. C. Bandyopadhyay)
Chief General Manager