



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2013-2014/522

DNBS (PD) CC. No.36/ SCRC/26.03.001/ 2013-2014

March 19, 2014

The Chairman/Managing Director/Chief Executive Officer

All registered Securitisation Companies/Reconstruction Companies

Dear Sir,

Restructuring Support Finance- participation by investors

Please refer to “The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003” dated April 23, 2003 (herein after called Guidelines) and [DNBS.PD \(SC/RC\) CC. No. 13/26.03.001/2008-09 dated April 22, 2009](#).

2. At present Securitisation Companies/ Reconstruction Companies (SC/ RCs) in terms of Section 7(2) of the SARFAESI Act, 2002, may acquire financial assets out of funds raised from the Qualified Institutional Buyers (QIBs). However, in the wake of recommendations of the Key Advisory Group (KAG) constituted by the Government of India on the SC/RCs and provisions contained in the Framework for Revitalizing Distressed Assets in the Economy, dated January 30, 2014, it has been decided to allow SC/ RCs to utilize a part of funds raised under a scheme from the QIBs for restructuring of financial assets acquired under the relative scheme subject to following conditions:

- i. Securitisation Companies or Reconstruction Companies (SC/ RCs) with acquired assets in excess of Rs. 500 crore can float the fund under a scheme which envisages the utilization of part of funds raised from QIBs in terms of Section 7(2) of the SARFAESI Act, 2002, for restructuring of financial assets acquired out of such funds.
- ii. The extent of funds that shall be utilized for reconstruction purpose should not be more than 25% of the funds raised under the scheme in terms of Section 7(2) of the SARFAESI Act, 2002. The funds raised to be utilized for reconstruction (within the ceiling of 25%) should be disclosed upfront in the scheme. Further,

the funds utilized for reconstruction purposes should be separately accounted for.

- iii. Every Securitisation Company or Reconstruction Company shall frame a policy, duly approved by the Board of Directors, laying down the broad parameters for utilization of funds raised from QIBs under such a scheme.

Yours sincerely,

(N.S. Vishwanathan)
Principal Chief General Manager