

RBI/2008-09/388

DNBS (PD) CC.No.136 /03.10.001/2008-09

February 18, 2009

All Non-Deposit taking Non-Banking Finance Companies with assets size of Rs. 100 crore and above.

Dear Sir,

Framework for addressing the liquidity constraints of NBFCs

The Government of India has approved a scheme for providing liquidity support to eligible NBFCs-ND-SI through a Special Purpose Vehicle (SPV) for meeting the temporary liquidity mismatches in the operations. NBFC-ND-SI

- (i) should have CRAR as per extant guidelines
- (ii) should have made net profit in the preceding two years
- (iii) Net NPAs as on last Balance Sheet date should not be more than 5 percent

IDBI SASF Trust has been notified as Special Purpose Vehicle for undertaking this operation.

The SPV will purchase the short term papers from eligible NBFCs-ND-SI to meet temporary liquidity mismatches. The instruments will be CPs and NCDs, with a residual maturity of not more than three months and rated as investment grade. CPs would have to comply with extant RBI guidelines on the subject. The facility would not be available for any paper issued after March 31, 2009 and the SPV would cease to make fresh purchases after June 30, 2009 and would recover all dues by September 30, 2009.

NBFCs-ND-SI may approach the Trust in the matter at the following address:

The Executive Director
Stressed Assets Stabilisation Fund
IDBI Bank
10th Floor, IDBI Tower
WTC Complex, Cuffe Parade
Mumbai 400 005

Yours faithfully,

(A. S. Rao)
Chief General Manager