CHAPTER 4

STRUCTURE OF CORPORATE DEBT RESTRUCTURING (CDR)
CHAPTER 4

THE CDR STANDING FORUM, & CDR GROUP

4.1 THE CDR STANDING FORUM

CORPORATE DEBT RESTRUCTURING - MECHANISM IS DIVIDED INTO THREE TIERS AS UNDER:1

Corporate Debt 1. A representative General Body of all Financial Institutions and Banks participating in the Corporate Debt Restructuring - system.

Standing Forum & its Core Group

2. Comprised of-

A. Permanent Members:

a) C & MD of IDBI, Chairman of SBI, Chairman of ICICI Bank Limited, Chairman of IBA and Executive Director of RBI;2

b) C & MDs of all banks and Financial Institutions participating in the Corporate Debt Restructuring system.

B. Ad-hoc Members: UTI, GICI and UCI, having assumed exposure on certain borrowers, may participate in Corporate Debt Restructuring on case specific basis.

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1 Website of IDBI

2 Website of RBI

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3. Self-empowered body to lay down policies and guidelines for Corporate Debt Restructuring - mechanism;

4. Has a Corporate Debt Restructuring -core group carved out of itself;

A. This core group comprises Chief Executives of IDBI, ICICI Bank Limited, SBI, Bank of Baroda, Bank of India, PNB, IBA and Deputy Chairman of IBA representing foreign banks in India and a representative of RBI.

B. This Group is to assist the Standing Forum in convening the meetings and taking decisions relating to policy on behalf of the Standing Forum to address operational difficulties experienced in the functioning of Corporate Debt Restructuring Empowered Group.

C. This Group is to provide PERT chart for processing of cases referred to the Corporate Debt Restructuring system and decide on the modalities for enforcement of the time frame.

D. Role of this group is to lay down guidelines to ensure that overoptimistic projections are not assumed while preparing / approving restructuring proposals especially with regard to capacity utilization, price of products, profit margin, demand, availability of raw materials, input-output ratio and likely impact of Imports / international cost competitiveness.

Corporate Debt 1. Consisting of -
Restructuring A. Standing Members: E. Ds. / equivalents of
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Empowered Group

IDBI, ICICI Bank Limited and SBI;

B. Participating Members: E.D.-Level representatives of Financial Institutions / Banks who have an exposure to the concerned borrower;

2. While the standing members will facilitate the conduct of the Group's meetings, voting will be in proportion to the exposure of the lenders only.

3. The participating institutions / banks have to approve a panel of senior officers to represent them in the Corporate Debt Restructuring Empowered Group and ensure that they depute officials only from among the panel to attend the meetings of CDR Empowered Group. Further, nominees who attend the meeting pertaining to one account should invariably attend all the meetings pertaining to that account instead of deputing their representatives.

4. These representatives to have general authorization by the Boards of respective institution / bank to take a decision on restructuring on behalf of the bank in respect of individual corporates.

5. The Corporate Debt Restructuring Empowered
Group will consider the preliminary report of all cases of requests of restructuring, submitted to it by the Corporate Debt Restructuring Cell.

6. After the Empowered Group decides that restructuring of the company is prima-facie feasible and the enterprise is potentially viable in terms of the policies and guidelines evolved by Standing Forum, the detailed restructuring package will be worked out by the Corporate Debt Restructuring Cell in conjunction with the Lead Institution.

7. However, if the lead institution faces difficulties in working out the detailed restructuring package, the participating Banks / Financial Institutions should decide upon the alternate Institution / Bank which would work out the detailed restructuring package at the first meeting of the Empowered Group when the preliminary report of the Corporate Debt Restructuring Cell comes up for consideration.

8. The Corporate Debt Restructuring Empowered Group would be mandated to look into each case of debt restructuring, examine the viability and rehabilitation potential of the Company and approve the restructuring
package within a specified time frame of 90 days, or at best within 180 days of reference to the Empowered Group. The Corporate Debt Restructuring Empowered Group shall decide on the acceptable viability benchmark levels on the following illustrative parameters, which may be applied on a case-by-case basis, based on the merits of each case:

- Return on Capital Employed (ROCE),
- Debt Service Coverage Ratio (DSCR),
- Gap between the Internal Rate of Return (IRR) and the Cost of Fund (CoF),
- Extent of sacrifice

9. Corporate Debt Restructuring Empowered Group will meet on two or three occasions in respect of each borrowal account. This will provide an opportunity to the participating members to seek proper authorizations from their CEO/ED, in case of need, in respect of those cases where the critical parameters of restructuring are beyond the authority delegated to him/her.

10. The decisions of the CDR Empowered Group shall be final. If restructuring of debt is found to be viable and feasible and approved by the Empowered Group, the
company would be put on the restructuring mode. If restructuring is not found viable; the creditors would then be free to take necessary steps for immediate recovery of dues and I or liquidation or winding up of the company, collectively or individually.

1) The Corporate Debt Restructuring Standing Forum and the Corporate Debt Restructuring Empowered Group will be assisted by a Corporate Debt Restructuring Cell in all their functions.

2) The CDR Cell will make the initial scrutiny of the proposals received from borrowers / lenders, by calling for proposed rehabilitation plan and other information and put up the matter before the CDR Empowered Group, within one month to decide whether rehabilitation is prima facie feasible.

3) If found feasible, the Corporate Debt Restructuring Cell will proceed to prepare detailed Rehabilitation Plan with the help of lenders and, if necessary experts to be engaged from outside. If not found prima facie feasible, the lenders may start action for recovery of their dues.
4) All references for corporate debt restructuring by lenders or borrowers will be made to the Corporate Debt Restructuring Cell.

5) It shall be the responsibility of the lead institution I major stakeholder to the corporate, to work out a preliminary restructuring plan in consultation with other stakeholders and submit to the Corporate Debt Restructuring Cell within one month.

6) Corporate Debt Restructuring Cell will have adequate members of staff deputed from banks and financial institutions. The CDR Cell may also take outside professional help.

7) This cell may conduct a meeting of the concerned lenders to take a final view / decide terms of restructuring.

The Corporate Debt Restructuring Standing Forum, the Corporate Debt Restructuring Empowered Group and Corporate Debt Restructuring Cell shall be initially housed in IDBI and thereafter at a place as may be decided by the Standing Forum. All financial institutions and banks shall share the administrative and other costs. The sharing pattern shall be as determined by the Standing Forum. The initial cost in operating the CDR mechanism including Corporate Debt Restructuring Cell will be met by IDBI initially for one year and then from contribution from the financial institutions and banks in the Core Group at the rate of Rs.50 Lakh each
and contribution from other institutions and banks at the rate of Rs.5 Lakh each.

The CDR Standing Forum, the top tier of the CDR Mechanism in India, is a representative general body of all Financial Institutions and Banks participating in CDR system. The Forum comprises Chief Executives of All-India Financial institutions and Scheduled Banks and excludes Regional Rural Banks, co-operative banks, and Non-Banking Finance Companies.

It is a self-empowered body which lays down policies and guidelines to be followed by the CDR Empowered Group and CDR Cell for debt restructuring and ensures their smooth functioning and adherence to the prescribed time schedules for debt restructuring.

It provides an official platform for both creditors and borrowers (by consultation) too amicably and collectively evolves policies and guidelines for working out debt restructuring plans in the interest of all concerned.

The Standing Forum monitors the progress of the CDR Mechanism. It can also review individual decisions of the CDR Empowered Group and CDR Cell. The Forum can also formulate guidelines for dispensing special treatment to cases which are complicated and are likely to be delayed beyond the time frame prescribed for processing. The Forum meets at least once every six months.
CDR STANDING FORUM

The CDR Standing Forum would be the representative general body of all financial institutions and banks participating in CDR system. All financial institutions and banks should participate in the system in their own interest. CDR Standing Forum will be a self-empowered body, which will lay down policies and guidelines, and monitor the progress of corporate debt restructuring.

The CDR Core Group is carved out of the CDR Standing Forum to assist the Forum in convening the meetings and taking decisions relating to policy, on behalf of the Forum. The Core Group consists of Chief Executives of IDBI, SBI, ICICI Bank, BOB, BOI, PNB, Indian Banks Association (IBA) and Deputy Chairman of IBA representing foreign banks in India.

The Core Group lays down the policies and guidelines to be followed by the CDR Empowered Group and CDR Cell for debt restructuring. The guidelines also suitably address operational difficulties experienced in the functioning of the CDR Empowered Group. The CDR Core Group also decides on the modalities for enforcement of the time frame. The Core Group also lays down guidelines to ensure that over-optimistic projections are not assumed while preparing / approving restructuring proposals especially with regard to capacity utilization, price of products, profit margin, demand, and availability of raw materials, input-output ratio and likely impact of imports / international cost competitiveness.

MEMBERS OF THE CORE GROUP

Chairman & Managing Director, Industrial Development Bank of India
Chairman, State Bank of India
FUNCTIONS OF CDR STANDING FORUM, CDR CORE GROUP

1. The CDR Standing Forum shall lay down the policies and guidelines for implementing the CDR System and monitor and supervise the CDR System. It can also review any individual decisions of the CDR Empowered Group and CDR Cell.

2. The CDR Standing Forum will provide an official platform for the Lenders to amicably evolve policies and guidelines for working out debt Restructuring Schemes in the interest of all concerned. However, the Eligible Borrower may be consulted as may be deemed necessary.

3. The CDR Core Group will lay down the policies and guidelines to be followed by the CDR Empowered Group and CDR Cell for debt restructuring. The CDR Core Group shall prescribe the procedure for processing of cases referred to the CDR Cell and decide on the modalities for enforcement of the time frame.

4. The CDR Core Group shall exercise its discretion in dealing with the willful defaulters in cases other than cases involving frauds or diversion of funds with malafide intentions and satisfy itself that the Eligible Borrower is in a position to rectify the willful default after giving an opportunity to the Eligible Borrower under the CDR mechanism.
5. The CDR Core Group shall be entitled by way of circulation among its members,

(a) To approve the proposals for extending the time beyond the stipulated time for finalizing the Restructuring Scheme;

(b) To recommend for taking up the restructuring of the corporate debt of the Eligible Borrower which had made a reference to the Board for Industrial and Financial Reconstruction (BIFR); and

(c) To grant in-principle approval to undertake re-workout of the Restructuring Schemes of those Eligible Borrowers which were approved earlier and also to undertake restructuring of the debts of the Eligible Borrower whose Reference was either rejected or closed.

6. The CDR Empowered Group will examine the Restructuring Scheme referred to it by the CDR Cell and, after due deliberation, approve, modify or reject such Restructuring Scheme. The CDR Empowered Group shall, while considering such Restructuring Scheme follow the policies and guidelines framed by the CDR Standing Forum/CDR Core Group from time-to-time. The decisions of the CDR Empowered Group shall be final and binding on parties subject to an appeal only to the CDR Core Group as provided under Section 13 hereunder.

7. The CDR Cell shall function as the administrative and secretarial set up for the CDR System. The CDR Cell shall follow such procedures as would be laid down by and shall be subject to the supervision and directions of the CDR Core Group.

8. The CDR Cell shall receive the references, conduct such preliminary enquiries as may be deemed necessary, associate itself in preparing
and finalizing proposals for Restructuring Schemes in consultation with Referring Lender/s, consideration thereof by the CDR Empowered Group and assist the CDR Standing Forum, CDR Core Group and CDR Empowered Group in their functions for implementation of the CDR System.

9. The CDR Core Group shall make such rules and regulations and lay down procedures as may be necessary for processing the Restructuring Schemes, holding of meetings, maintenance of registers, accounts, records, secrecy and confidentiality provisions, personnel matters, conditions of service of the staff posted in the CDR Cell and such other matters as may be authorised by the CDR Standing Forum.

10. The rules and regulations framed, policies and guidelines issued or procedures laid down or the decisions taken by the CDR Core Group under the provisions of this Agreement shall be in strict compliance with the guidelines issued by RBI from time-to-time and reported to the CDR Standing Forum at its ensuing meeting.

MEETINGS AND QUORUM FOR MEETINGS OF THE CDR STANDING FORUM, CDR CORE GROUP

1. The CDR Standing Forum shall meet at least once every six months.
2. The CDR Core Group shall meet at such intervals as would be necessary but in any case at least once every quarter.

APPEAL TO THE CDR CORE GROUP

- An appeal against the decisions of the CDR Empowered Group shall lie to the CDR Core Group.
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- The appeal shall be preferred within a period of fifteen (15) days from the date of receipt of letter of the CDR Cell communicating the decision of the CDR Empowered Group and shall contain the grounds on which the decision of CDR Empowered Group is challenged.

- The CDR Core Group may in an appropriate case condone the delay up to a maximum period of fifteen days in filing the appeal on showing sufficient cause for the delay from the last date on which the appeal should have been filed in terms of section 13.2.

- The appeal shall be submitted through the CDR Cell which shall verify the appeal and take further steps to have the date fixed for hearing thereof by the CDR Core Group. The CDR Core Group shall thereafter dispose of the appeal at its immediate next meeting. The CDR Core Group may follow such procedure as may be deemed necessary in this behalf. Provided that the representative of Participating Financial Institution and Bank which is a party to the appeal, shall not participate or vote in the decision making process of the appeal.

- The Lender who is preferring an appeal to the CDR Core Group shall not have a right of personal hearing.

- Any Lender who is not satisfied with the decision of the CDR Core Group may approach CDR Core Group through CDR Cell within 15 days of the communication of the decision seeking a review of the CDR Core Group decision only if any new facts are made available by the aggrieved Lender which require reconsideration by the CDR Core
4.2 CORPORATE DEBT RESTRUCTURING EMPOWERED GROUP

Corporate Debt Restructuring - Empowered Group

1. Consisting of -

C. Standing Members: E. Ds. / equivalents of IDBI, ICICI Bank Limited and SBI;

D. Participating Members: E.D.-Level representatives of Financial Institutions / Banks who have an exposure to the concerned borrower;

2. While the standing members will facilitate the conduct of the Group's meetings, voting will be in proportion to the exposure of the lenders only.

3. The participating institutions / banks have to approve a panel of senior officers to represent them in the Corporate Debt Restructuring Empowered Group and ensure that they depute officials only from among the panel to attend the meetings of CDR Empowered Group. Further, nominees who attend the meeting pertaining to one account should invariably attend all the meetings pertaining to
that account instead of deputing their representatives.

4. These representatives to have general authorization by the Boards of respective institution / bank to take a decision on restructuring on behalf of the bank in respect of individual corporates.

5. The Corporate Debt Restructuring Empowered Group will consider the preliminary report of all cases of requests of restructuring, submitted to it by the Corporate Debt Restructuring Cell.

6. After the Empowered Group decides that restructuring of the company is prima-facie feasible and the enterprise is potentially viable in terms of the policies and guidelines evolved by Standing Forum, the detailed restructuring package will be worked out by the Corporate Debt Restructuring Cell in conjunction with the Lead Institution.

7. However, if the lead institution faces difficulties in working out the detailed restructuring package, the participating Banks / Financial Institutions should decide upon the alternate Institution / Bank which would work out the
detailed restructuring package at the first meeting of the Empowered Group when the preliminary report of the Corporate Debt Restructuring Cell comes up for consideration.

8. The Corporate Debt Restructuring Empowered Group would be mandated to look into each case of debt restructuring, examine the viability and rehabilitation potential of the Company and approve the restructuring package within a specified time frame of 90 days, or at best within 180 days of reference to the Empowered Group. The Corporate Debt Restructuring Empowered Group shall decide on the acceptable viability benchmark levels on the following illustrative parameters, which may be applied on a case-by-case basis, based on the merits of each case:

- Return on Capital Employed (ROCE),
- Debt Service Coverage Ratio (DSCR),
- Gap between the Internal Rate of Return (IRR) and the Cost of Fund (Co F),
- Extent of sacrifice

9. Corporate Debt Restructuring Empowered Group will meet on two or three occasions in respect of each borrowal account. This will provide an opportunity to the participating
members to seek proper authorizations from their CEO/ED, in case of need, in respect of those cases where the critical parameters of restructuring are beyond the authority delegated to him/her.

10. The decisions of the CDR Empowered Group shall be final. If restructuring of debt is found to be viable and feasible and approved by the Empowered Group, the company would be put on the restructuring mode. If restructuring is not found viable; the creditors would then be free to take necessary steps for immediate recovery of dues and/or liquidation or winding up of the company, collectively or individually.

11. The Corporate Debt Restructuring Empowered Group would be mandated to look into each case of debt restructuring examine the viability and rehabilitation potential of the Company and approved the restructuring package within the specified time frame of 90 days or at best within 180 days of reference to the Empowered Group shall decide on the acceptable viability benchmark levels on the following illustrative parameters, which may be applied on a case - by case basis, based on the merits of each cases.
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- Debt Service Coverage Ratio (DSCR),
- Gap between the Internal Rate of Return (IRR) and the Cost of Fund (CoF),
- Cost of Fund (CoF)
- Extent of sacrifice

12. The boards of each Bank / Financial Institutions should authorize its chief Executive Officer (CEO) and / or Executive Director (ED) to decide on the restructuring package in respect of cases referred to the Corporate Debt Restructuring system, with the requisite requirements to meet the controls needs. Corporate Debt Restructuring Empowered Group will meet on two or three occasions in respect of each borrower account. This will provide in case of need, in respect of those cases where the critical parameters of restructuring are beyond the authority delegated to him/ her.

13. The decisions of the Corporate Debt Restructuring Empowered Group shall be final. If restructuring of debt is found to be viable and feasible and approved by the Empowered Group, the Company would be put on the restructuring mode. If restructuring is not found viable, the creditors would than be free to take necessary steps for immediate recovery.
14. The objective of the Corporate Debt Restructuring (CDR) framework is to ensure timely and transparent mechanism for restructuring the corporate debt of viable entities problems, outside the purview of BIFR, DRT and other legal proceedings, for the benefit of all concerned.

15. The Corporate Debt Restructuring Empowered Group will consider the preliminary report of all cases of requests of restructuring, submitted to it by the Corporate Debt Restructuring. After the Empowered Group decides that restructuring of the Company is prima facie feasible and the enterprise is potentially viable in terms of the policies and guidelines evolved by Standing Forum, the details restructuring package will be worked by the Corporate Debt Restructuring Cell in conjunction with the Lead Institution. However, if the participating Banks / financial institutions should decide upon the alternate institution / Bank which would work out the detailed restructuring package at the first meeting of the Empowered Group when the preliminary report of the Corporate Debt
Restructuring Cell comes up for consideration.

The individual cases of corporate debt restructuring are decided by the CDR Empowered Group (EG), which is the second tier of the structure of CDR Mechanism in India. The EG in respect of individual cases comprises Executive Director (ED) level representatives of Industrial Development Bank of India Ltd., ICICI Bank Ltd., State Bank of India as standing members, in addition to ED level representatives of financial institutions (FIs) and banks which have an exposure to the concerned company. The Boards of all institutions / banks authorize their Chief Executive Officers and / or Executive Directors to decide on the restructuring package in respect of cases referred to the CDR system, with the requisite requirements to meet the control needs.

While the Standing Members of EG facilitate the conduct of the Group’s meetings, voting is in proportion to the exposure of the concerned lenders only. In order to make the Empowered Group effective and broad-based and operate efficiently and smoothly, the participating institutions and banks approve a panel of senior officers to represent them in the CDR EG and ensure that they depute officials only from among the panel to attend the meetings of EG. The representative have general authorisation by the Boards of the participating FIs / banks to take decisions on behalf of their organizations regarding restructuring of debts of individual corporates.

The EG considers the preliminary Flash Report of all cases of requests of restructuring, submitted to it by the CDR Cell. After the EG decides that restructuring of a company’s debts is prima facie feasible and the concerned enterprise is potentially viable in terms of the policies and guidelines
evolved by Standing Forum, the detailed restructuring package is worked out by the referring institution in conjunction with the CDR Cell. However, if the referring institution / bank faces difficulties in working out the detailed restructuring package, the participating institutions / banks decide upon the alternate financial institution / bank which would work out the detailed restructuring package at the first meeting of the EG when the Flash Report comes up for discussion.

The EG is mandated to look into each case of debt restructuring, examine the viability and rehabilitation potential of the company and approve the restructuring package within a specified time frame of 90 days, or at best within 180 days of reference to the EG. The EG decides on the acceptable viability benchmark levels on the following illustrative parameters, which are applied on a case-to-case basis, depending on the merits of each case:

- Break-even Point (Operating & Cash)
- Return on Capital Employed
- Debt Service Coverage Ratio
- Internal Rate of Return
- Cost of Capital
- Loan Life Ratio
- Extent of Sacrifice

The EG meets on two or three occasions in respect of each borrower account. This provides an opportunity to the participating members to seek proper authorization from their CEO / ED, in case of need, in respect of those cases where the critical parameters of restructuring are beyond the authority delegated to him/her.
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Having regard to the varied features of the borrower-corporates and their promoters/ sensors, they are classified into four categories for the purpose of stipulation of conditions. Borrower Category -1 comprises companies affected by external factors pertaining to economy and industry. Category-2 borrowers are such corporates/promoters who, besides being affected by the external factors, also have weak resources, inadequate vision and do not have support of professional management. Category-3 borrowers are overambitious who have diversified into related / unrelated fields with / without lenders' permission and those classified in Category-4 are financially undisciplined borrowers. The categorization of borrowers is decided by the EG after ensuring that all conditions being stipulated have been discussed with the borrower concerned by the referring institution.

The decisions of the EG are final. If restructuring of debt is found to be viable and feasible and approved by the EG, the company is put on the restructuring mode. If restructuring is not found viable, then the creditors are free to take necessary steps for immediate recovery of dues and / or liquidation or winding up of the company, collectively or individually.

SANCTION AND IMPLEMENTATION OF APPROVED PACKAGES

In order to enhance the efficacy of CDR Mechanism a realistic time schedule has been prescribed by the CDR Standing Forum. Once the final restructuring plan is approved and confirmed by the Empowered Group, CDR Cell issues a Letter of Approval (LOA) for the Restructuring package to all the concerned lenders within 10 days. The individual lenders are required to sanction the restructuring package within 45 days from the date of issue of LOA and thereafter fully implement it in the next 15 days.
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The status of sanction and implementation of restructuring packages is reviewed at every Empowered Group meeting. However, in order to place greater emphasis on implementation of the approved packages, Standing Committee of Core Group Member Banks constituted by the Core Group takes up close monitoring to ensure that the packages are implemented expeditiously.

The individual cases of corporate debt restructuring shall be decided by the CDR Empowered Group, consisting of ED level representatives of IDBI, ICICI Bank Ltd. and SBI as standing members, in addition to ED level representatives of financial institutions and banks who have an exposure to the concerned company. While the standing members will facilitate the conduct of the Group's meetings, voting will be in proportion to all the exposure of the lenders only. RBI would not be a member of the CDR Standing Forum and Core Group. Its role will be confined to providing broad guidelines.

The success of CDR Mechanism depends essentially on close monitoring of each and every package approved by the CDR Empowered Group (EG). The monitoring mechanism comprises (i) Monitoring Institution (referring institution); (ii) Monitoring Committee; and (iii) external agencies of repute to complement monitoring efforts and also to carry out concurrent audit / valuation etc.

The Monitoring Institution is required to monitor all aspects of implementation of the package and furnish a consolidated report on the status of sanction and implementation of the approved package to CDR Cell every month, in the prescribed format.
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The Monitoring Committee (MC) is company-specific and is constituted by the Empowered Group at the time of approval of a restructuring package. It comprises representatives of the referring bank/institution, one or two other CDR lenders having major exposure in the case, one lender with minor exposure and the CDR Cell. The promoters / representatives of the company besides representatives of the concurrent auditor, lenders' engineer, if considered necessary, are invited for the meetings as special invitees. Whenever larger issues such as relating to sharing of charge, matters relating to working capital tie-up, permission for expansion / modernization, etc. are to be discussed then other lenders including consortium members are invited for the meetings. The concerned companies are required to refer all proposals for expansion, diversification, mergers/demergers, equity raising, one time settlements, partial pre-payment to CDR members / non-CDR lenders to the Monitoring Committee for due scrutiny and recommendation to Empowered Group for taking appropriate decision.

The MC is purely a recommendatory body and does not have powers for according approvals. The Monitoring Committee meetings are expected to be convened by the Monitoring bank/institution every month while the package is under implementation by the concerned lenders and thereafter at an interval of two-three months to review the progress of implementation and also to discuss and resolve outstanding issues connected with the case. The implementation of the package means giving effect to the approved package by the lenders and compliance of the terms and conditions (stipulated in the package) by the borrower / promoter, to ensure that the package is in place in the true spirit of CDR Mechanism. The objective of the CDR is to keep the package working as envisaged and review the need for changes/ corrections required in deserving circumstances. In certain situations, the need for invoking various stipulations of security or events of
default might arise which also is examined by MC and suitable recommendations are made to EG including withdrawal of the package, if necessary.

The Monitoring Committee provides the requisite feedback to the lenders regarding performance of the company vis-a-vis CDR projections, various developments such as industry-level comparison, growth prospects, production / marketing constraints, disputes faced by the company, managerial efficiency, etc. The Monitoring Committee's views / recommendations on various matters concerning the package / company are presented to the CDR Empowered Group by CDR Cell / Monitoring Institution for approval / information. The decisions of the CDR Empowered Group are communicated to the lenders and company / promoter by CDR Cell for action at their end.

The Monitoring Mechanism under CDR plays a dynamic and important role in review of the approved packages, resolution of various issues concerning lenders and borrowers and obtaining feedback on the performance of the company. The monitoring process has greatly contributed to ensuring success of the approved packages.

MEETINGS AND QUORUM FOR MEETINGS OF THE CDR EMPOWERED GROUP

1. The CDR Empowered Group shall meet at such intervals as would be necessary but in any case at least once every month.
2. The quorum requirements for the aforesaid meetings shall, subject to such changes as may be approved by the CDR Standing Forum, be as follows:
CDR Empowered Group
Not less than one-third (1/3rd.) of the total number of members consisting of at least one Standing Member.

IMPLEMENTATION AND MONITORING OF RESTRUCTURING SCHEMES

1. The CDR Empowered Group may constitute through CDR Cell, a Monitoring Committee to oversee the due implementation of the Approved Restructuring Scheme. The Monitoring Committee shall also be empowered to discuss and resolve outstanding issues, if any, within the framework of the Approved Restructuring Scheme and in case any variation/modification to the Approved Restructuring Scheme is felt necessary, the same shall be referred to the CDR Empowered Group for approval. The Monitoring Committee, will meet every month and if necessary more frequently till the package is implemented and thereafter once in three months. The Lender who has made the reference to CDR system or any other Bank/Financial Institution as per the decision of CDR Empowered Group (called as Monitoring Institution) shall report the progress of implementation of the Approved Restructuring Scheme to the CDR Cell on monthly basis. In case of any difficulty in implementation of the Approved Restructuring Scheme, the Monitoring Committee may approach the CDR Empowered Group for necessary direction and/or guidance. In case of any difference in respect of interpretation of the Approved Restructuring Scheme, the decision of the CDR Empowered Group shall be final and binding on the concerned parties.
2. The CDR Cell in consultation with the Referring Lender/Monitoring Lender and/or the members of the Monitoring Committee may place a Review Note before CDR Empowered Group with regard to status of implementation of the package, operational performance, security creation and compliance of terms and conditions of LOA by the concerned Lenders/Eligible Borrower.

ENFORCEMENT MECHANISM

1. If any Lender fails to comply with the Restructuring Scheme approved by the CDR Empowered Group or any direction given by the CDR Core Group or the CDR Empowered Group or fails to comply with any of the terms or conditions herein (hereinafter referred to as "Non-Complying Lender"), any other Lender or the Eligible Borrower may report such non-compliance to the CDR Cell with all relevant details and/or evidence.

2. On receipt of such report or information, the CDR Cell shall bring the matter to the notice of the CDR Empowered Group at its ensuing meeting.

3. CDR Empowered Group will consider the matter and direct the CDR Cell to issue a letter of warning to the Non-Complying Lender to comply/resume compliance within 15 days from the date of such letter, failing which the Non-Complying Lender shall pay by way of compensation, an amount not less than Rupees One Lakh and not more than Rupees Five Lakh, as may be determined by the CDR Core Group. The said amount of compensation shall be credited to the CDR Fund.
4. In case the Non-Complying lender fails to comply within the stipulated time as per section 15.3, the CDR Cell shall place the matter before the CDR Core group for its consideration to determine the quantum of compensation payable by the Non-complying Lender and CDR Cell shall communicate the decision of CDR Core Group to the Non-complying Lender advising to pay the said compensation.

5. The Non-Complying Lender may within 15 days from the date of communication of the decision of the CDR Empowered Group as above, prefer an appeal to the CDR Core Group. The CDR Core Group may on due consideration, take such decision on the appeal as it may deem appropriate which will be final.

6. The Non-Complying Lender shall pay such amount as may be determined by the CDR Core Group by way of compensation and upon failure by the Non-Complying Lender to make the payment, the Non-Complying Lender agrees and authorises the Reserve Bank of India to debit its account to the extent of the amount of compensation and transfer the said amount to the CDR Fund.

7. Each Participating Financial Institution and Bank hereby consents and authorises the Reserve Bank of India upon receipt of intimation by it from the CDR Cell to debit the concerned Participating Financial Institution’s or Bank’s account with the Reserve Bank of India to the extent of additional funds to be provided by it to the Eligible Borrower under the Approved Restructuring Scheme in the event of its becoming a Non-Complying Lender pursuant to the provisions of Section 15 and transferring the amount to the CDR Fund for making disbursements to the Eligible Borrower as per the progress of implementation of the Approved Restructuring Scheme.
### Structure Of Corporate Debt Restructuring

| 1) | The Corporate Debt Restructuring Standing Forum and the Corporate Debt Restructuring Empowered Group will be assisted by a Corporate Debt Restructuring Cell in all their functions. |
| 2) | The CDR Cell will make the initial scrutiny of the proposals received from borrowers / lenders, by calling for proposed rehabilitation plan and other information and put up the matter before the CDR Empowered Group, within one month to decide whether rehabilitation is prima facie feasible. |
| 3) | If found feasible, the Corporate Debt Restructuring Cell will proceed to prepare detailed Rehabilitation Plan with the help of lenders and, if necessary experts to be engaged from outside. If not found prima facie feasible, the lenders may start action for recovery of their dues. |
| 4) | It shall be the responsibility of the lead institution I major stakeholder to the corporate, to work out a preliminary restructuring plan in consultation with other stakeholders and submit to the Corporate Debt Restructuring Cell within |
5) Corporate Debt Restructuring Cell will have adequate members of staff deputed from banks and financial institutions. The CDR Cell may also take outside professional help.

6) This cell may conduct a meeting of the concerned lenders to take a final view / decide terms of restructuring.

The CDR Cell, the third tier of the CDR Mechanism in India, is mandated to assist the CDR Standing Forum and the CDR Empowered Group (EG) in all their functions.

All references for corporate debt restructuring by lenders / borrowers are made to the CDR Cell. It is the responsibility of the lead institution / major stakeholder to the corporate to work out a preliminary restructuring plan in consultation with other stakeholders and submit to CDR Cell. The CDR Cell makes initial scrutiny of the proposals received from the lenders / borrowers, in terms of the general policies and guidelines approved by the CDR Standing Forum, by calling for details of the proposed restructuring plan and other information and place for consideration of the CDR EG within 30 days to decide whether restructuring is prima facie feasible. If found feasible, the referring institution / bank takes up the work of preparing the detailed restructuring plan with the help of other lenders, in conjunction with CDR Cell and, if necessary, experts engaged from outside.
If not found prima facie feasible, the lenders may start action for recovery of their dues.

The EG can approve or suggest modifications to the restructuring plan, but ensure that a final decision is taken within a total period of 90 days. The period can be extended up to a maximum period of 180 days from the date of reference to the CDR Cell, if there are compelling reasons.

The CDR Standing Forum and the CDR Empowered Group will be assisted by a CDR Cell in all their functions. The CDR Cell will make the initial scrutiny of the proposals received from borrowers/lenders, by calling for proposed rehabilitation plan and other information and put up the matter before the CDR Empowered Group, within one month to decide whether rehabilitation is prima facie feasible. If found feasible, the CDR Cell will proceed to prepare detailed Rehabilitation Plan with the help of lenders and, if necessary, experts to be engaged from outside. If not found prima facie feasible, the lenders may start action for recovery of their dues.

STAFF OF THE CDR CELL

The staff of the CDR Cell will be drawn from the Participating Financial Institutions and Banks in such manner and in such numbers as may be determined by the CDR Core Group from time-to-time. The CDR Cell shall be headed by a General Manager or an officer of an equivalent rank or above as may be determined by the CDR Core Group drawn from any Participating Financial Institution or Bank.

REFERENCE TO THE CDR CELL
A reference for corporate debt restructuring (hereinafter referred to as "the Reference") may be made to the CDR Cell in such form as may be prescribed by the CDR Core Group, by:

(a) A Lender or a group of Lenders (hereinafter referred to as "the Referring Lenders") having at least 20% share in the total Principal Outstanding Financial Assistance, in either working capital or term finance, to the Eligible Borrower; or

(b) The Eligible Borrower with the prior consent of a Lender or group of Lenders having at least 20% share in the Principal Outstanding Financial Assistance, in either working capital or term finance, granted by Lenders to the Eligible Borrower.

PARTICIPATION OF NON-MEMBERS IN THE CDR SYSTEM ON TRANSACTION-TO-TRANSACTION BASIS

The Participating Financial Institutions and Banks agree that parties which are eligible and have not joined the CDR System may be permitted by the CDR Empowered Group to join in the Workout of Restructuring Scheme of an Eligible Borrower to whom they have provided Financial Assistance by signing/executing letter of accession on transaction-to-transaction basis, prior to the consideration of the preliminary Restructuring Scheme by the CDR Empowered Group. Upon admission by the CDR Empowered Group, such party shall be deemed to be a Participating Financial Institution or Bank, as the case may be, for the purposes of this Agreement and shall pay Rs. 2 Lakh (Rupees Two Lakh) at the time of signing the Letter of Accession.
STANDSTILL PROVISION

The Participating Financial Institutions and Banks agree and undertake that from the Commencement Date of consideration of Reference for the first time by the CDR Empowered Group at its meeting, the Lenders shall not commence any civil action and/or make best efforts not to proceed with any civil action, if already initiated, against the Eligible Borrower for recovery of their dues in respect of the Financial Assistance. However, the aforesaid standstill provision will be operative for a period of 90 days but may be extended up to 180 days with the specific approval of CDR Core Group from the Commencement Date. This however, shall not preclude the Participating Financial Institutions and Banks from initiating or continuing any action against the Eligible Borrower or its promoters / directors or its officials for criminal offences. During this period, outstanding foreign exchange forward contracts, derivative products etc. can be crystallised, provided such crystallisation is permitted under the Agreement with the Eligible Borrower or the Eligible Borrower is agreeable to such crystallization.

Explanation: For the purpose of this clause, the term "civil action" shall mean such legal action or proceeding against the Eligible Borrower, or against individual(s) extending personal guarantee(s) in respect of the Financial Assistance provided by the Lenders to the Eligible Borrower and includes enforcement of securities created in favour of any Lender by the Eligible Borrower. Notwithstanding the aforesaid, if legal remedies in respect of any claim of a Lender are likely to become barred by law of limitation and the Eligible Borrower or the individual(s) extending personal guarantee(s) fail, refuse or omit to provide confirmation of debt or acknowledgement of liability in respect of it to extend the period of limitation, the Lender shall have the freedom to take such action as may be considered necessary to
preserve its claim against the Eligible Borrower and/or the individual(s) extending personal guarantee(s).

**PROCEDURE UNDER THE CDR SYSTEM**

1. The Referring Lender shall prepare the preliminary Restructuring Scheme and forward the same to the CDR Cell along with the Reference and simultaneously send a copy of the same to each of the Lenders. In case the Reference is made by the Eligible Borrower, the CDR Cell shall require the Lead Institution or the Lenders consenting to the making of the Reference to prepare the preliminary Restructuring Scheme and forward the same to the CDR Cell with a copy to each of the Lenders.

2. The CDR Cell shall, after receipt of the preliminary Restructuring Scheme, prepare a Restructuring Scheme in terms of the general policies and guidelines approved by the CDR Standing Forum and submit the same to the CDR Empowered Group for taking a view on the prima facie feasibility of the said scheme within thirty days from the date of receipt of Reference. The CDR Empowered Group may for sufficient reasons extend the time for submission of the Preliminary Restructuring Scheme by a further period of thirty days.

3. The Eligible Borrower shall execute or the Referring Lender shall cause the Eligible Borrower to execute Debtor-Creditor Agreement and deliver the same to CDR Cell before the scheduled meeting of the CDR Empowered Group for considering the prima facie feasibility of the preliminary Restructuring Scheme.
In case the CDR Empowered Group holds that restructuring of the Eligible borrower is prima facie feasible, the CDR Cell shall proceed with the preparation of a detailed Restructuring Scheme with the assistance of the Referring Lender, Lead Institution and the Eligible Borrower. In case the Referring Lender/Lead Institution faces difficulties in working out the detailed Restructuring Scheme, the CDR Empowered Group shall designate one of the Lenders to work out detailed Restructuring Scheme. If necessary, the CDR Cell either by itself or through the Eligible Borrower may engage an outside expert for any specialised advice required for the Workout. The Eligible Borrower shall bear the fee and other expenses of such outside expert.

The CDR Cell shall finalise the detailed Restructuring Scheme and submit the same to the CDR Empowered Group for its examination and approval. The CDR Empowered Group may on due consideration make such modifications as it may consider necessary and shall take a decision in the matter. The CDR Empowered Group and the CDR Cell shall make endeavour to complete the process of preparing detailed restructuring Scheme and its approval or disapproval by the CDR Empowered Group within ninety (90) days from the Commencement Date.

The CDR Cell shall communicate the decisions of the CDR Empowered Group to the Lenders and the Eligible Borrower.

The CDR Core Group may, at the request of the CDR Cell in appropriate cases, extend the time limit set out in Section 11.5 hereinabove up to a maximum of 180 days from the Commencement Date.
8 Wherever Additional Finance, if any, is envisaged in the Approved Restructuring Scheme, the same shall be provided on pro-rata basis by all the Lenders to the Eligible Borrower whose account is classified as standard or sub-standard.

9 In case detailed Restructuring Scheme of Eligible Borrower whose account is classified as standard or sub-standard, in accordance with the directions or under the guidelines relating to asset classification issued by RBI, by Lenders having exposure of more than 90 percent of the Principal Outstanding Financial Assistance, envisages Additional Finance by Lenders, the Lender(s) [outside the minimum 75 percent by value and 60 percent by number] and the Lender who is not a consenting party to the Approved Restructuring Scheme and does not wish to commit Additional Finance, shall within thirty days of the communication of the decision of CDR Empowered Group, by the CDR Cell:

(a) arrange for its share of additional financing provided by a new or existing Lender in the manner provided in Section 21 of this Agreement; or

(b) Agree to deferment of the first year's interest due to it after the approved Restructuring Scheme becomes effective and payment thereof along with the last installment of the Principal due to the Lender.

10 In case detailed Restructuring Scheme of Eligible Borrower whose account is classified as 'doubtful' in accordance with the directions or under the guidelines relating to asset classification issued by RBI, by the Lenders having more than ten (10) percent in value of the
Principal Outstanding Financial Assistance and the Restructuring Scheme is approved, it will not be necessary for any Lender to take up additional financing under the Approved Restructuring Scheme, unless such Additional Finance has been specifically agreed to be provided by the Lender.

11 Once the Restructuring Scheme is approved it shall be final and binding on the Lenders and the Eligible Borrower, subject to appeal to the CDR Core Group within such time and in the manner as provided hereinafter.

12 After approval of the Restructuring Scheme, if it has become necessary for the Eligible Borrower to approach the appropriate court/tribunal to initiate proceedings under section 391 of Companies Act, 1956 or similar provision under any other law, all the Lenders to the Eligible Borrower shall support such proceedings provided that such proceedings are in conformity with the Approved Restructuring Scheme.

13 Upon approval of the Restructuring Scheme and where it is required to cede/obliged to create charge on the assets of the Eligible Borrower, each of the Participating Financial Institutions and Banks shall convey to other Lenders of an Eligible Borrower, requisite consent or approval for ceding and creation of charge on the assets of the Eligible Borrower in terms of the Approved Restructuring Scheme. However, any Lender having an exclusive charge on the assets of the Eligible Borrower, has the option of agreeing to share its charge with other lenders or retain its exclusive charge over the said assets;
Provided however that,

(a) In case a Lender has a charge only over certain assets exclusively, i.e. it has no security that is shared with any other Lender, and such Lender chooses to retain its exclusive charge on the assets of the Eligible Borrower, it shall not be entitled to require the other Lenders to cede pari passu charge in its favour for that Financial Assistance; and

(b) In case a Lender has an exclusive charge over certain specific assets and also has a charge over certain other assets shared with some or all the other Lenders, then such Lender shall be entitled to pari passu charge over the other assets not charged but proposed to be shared amongst all the Lenders.

14. The CDR Empowered Group may take a decision to adopt uniform documentation for the Restructuring Scheme approved under CDR system or adopt case-specific documentation depending upon the complexity of the restructuring.

15. Each of the Participating Financial Institutions and Banks is fully aware that the Restructuring Schemes approved by the CDR Empowered Group shall be implemented within 4 months from the date of Letter of Approval (LOA) issued by CDR Cell. Any non-action/inaction on the part of any of the Lenders shall be considered as non-compliance and necessary action would be taken under section 15 hereof.
MEETINGS AND QUORUM FOR MEETINGS OF THE CDR STANDING FORUM, CDR CORE GROUP AND CDR EMPOWERED GROUP

(a) The CDR Standing Forum shall meet at least once every six months.

(b) The CDR Core Group shall meet at such intervals as would be necessary but in any case at least once every quarter.

(c) The CDR Empowered Group shall meet at such intervals as would be necessary but in any case at least once every month.

(d) The quorum requirements for the aforesaid meetings shall, subject to such changes as may be approved by the CDR Standing Forum, be as follows:

(a) CDR Standing Forum Ten percent of the total members;

(b) CDR Core Group Three (3) members;

(c) CDR Empowered Group Not less than one-third (1/3rd.) of the total number of members consisting of at least one Standing Member.

EXPLANATION:

For CDR Standing Forum and CDR Core Group, presence of a Board level representative duly authorized by the whole time Chairman and in the absence of whole time Chairman by the Managing Director/CEO of the Participating Financial Institutions and Banks shall be considered for computation of quorum.

SECTION 13. STAFF OF THE CDR CELL

The staff of the CDR Cell will be drawn from the Participating Financial Institutions and Banks in such manner and in such numbers as
may be determined by the CDR Core Group from time-to-time. The CDR Cell shall be headed by a General Manager or an officer of an equivalent rank or above as may be determined by the CDR Core Group drawn from any Participating Financial Institution or Bank.

REFERENCE TO THE CDR CELL

A reference for corporate debt restructuring (hereinafter referred to as “the Reference”) may be made to the CDR Cell in such form as may be prescribed by the CDR Core Group, by:

(a) A Lender or a group of Lenders (hereinafter referred to as "the Referring Lenders") having at least 20% share in the total Principal Outstanding Financial Assistance, in either working capital or term finance, to the Eligible Borrower; or

(b) The Eligible Borrower with the prior consent of a Lender or group of Lenders having at least 20% share in the Principal Outstanding Financial Assistance, in either working capital or term finance, granted by Lenders to the Eligible Borrower.

PARTICIPATION OF NON-MEMBERS IN THE CDR SYSTEM ON TRANSACTION-TO-TRANSACTION BASIS

The Participating Financial Institutions and Banks agree that parties which are eligible and have not joined the CDR System may be permitted by the CDR Empowered Group to join in the Workout of Restructuring Scheme of an Eligible Borrower to whom they have provided Financial Assistance by signing/executing on transaction-to-transaction basis, prior to the consideration of the preliminary Restructuring Scheme by the CDR Empowered Group. Upon admission by the CDR Empowered Group, such
party shall be deemed to be a Participating Financial Institution or Bank, as the case may be, for the purposes of this Agreement and shall pay Rs. 2 Lakh (Rupees Two Lakh) at the time of signing the Letter of Accession.

STAND STILL PROVISION

The Participating Financial Institutions and Banks agree and undertake that from the Commencement Date of consideration of Reference for the first time by the CDR Empowered Group at its meeting, the Lenders shall not commence any civil action and/or make best efforts not to proceed with any civil action, if already initiated, against the Eligible Borrower for recovery of their dues in respect of the Financial Assistance. However, the aforesaid standstill provision will be operative for a period of 90 days but may be extended up to 180 days with the specific approval of CDR Core Group from the Commencement Date. This however, shall not preclude the Participating Financial Institutions and Banks from initiating or continuing any action against the Eligible Borrower or its promoters / directors or its officials for criminal offences. During this period, outstanding foreign exchange forward contracts, derivative products etc. can be crystallised, provided such crystallisation is permitted under the Agreement with the Eligible Borrower or the Eligible Borrower is agreeable to such crystallization.

EXPLANATION:

For the purpose of this clause, the term "civil action" shall mean such legal action or proceeding against the Eligible Borrower, or against individual(s) extending personal guarantee(s) in respect of the Financial Assistance provided by the Lenders to the Eligible Borrower and includes enforcement of securities created in favour of any Lender by the Eligible
Borrower. Notwithstanding the aforesaid, if legal remedies in respect of any claim of a Lender are likely to become barred by law of limitation and the Eligible Borrower or the individual(s) extending personal guarantee(s) fail, refuse or omit to provide confirmation of debt or acknowledgement of liability in respect of it to extend the period of limitation, the Lender shall have the freedom to take such action as may be considered necessary to preserve its claim against the Eligible Borrower and/or the individual(s) extending personal guarantee(s).

CONSTITUTION OF THE CDR FUND

1. A fund to be known as the CDR Fund shall be constituted by crediting the contributions made by the Participating Financial Institutions and Banks and other amounts as herein below mentioned:

- Members of the CDR Core Group, other than IBA and Deputy Chairman of IBA representing foreign banks in India - Rs. 50 Lakh (Rs. Fifty Lakh) or such other amount as may be decided by the CDR Standing Forum/ CDR Core Group from time-to-time;

- Each of the other Participating Financial Institutions and Banks - Rs. 5 Lakh (Rs. Five Lakh) or such other amount as may be decided by the CDR Standing Forum/ CDR Core Group from time-to-time;

- Any other amount received under the CDR System including any fees, charges, compensation etc.
Chapter -4

Structure Of Corporate Debt Restructuring

2. The CDR Cell shall raise a demand on being directed by the CDR Core Group, on the Participating Financial Institutions and Banks for the contribution as also the fees, compensation and other amount recoverable under the CDR System, credit it to the CDR Fund and shall keep proper accounts of all the receipts and expenses.

3. All amounts received by the CDR Cell under the CDR System shall be credited to the CDR Fund and all expenses incurred for the administration of the CDR System shall be charged to the CDR Fund.

4. Any withdrawals from the CDR Fund shall be duly authorised and the CDR Core Group shall make such rules and lay down such procedures to provide for appropriate safety norms and checks and balances for maintenance and operation of the CDR Fund.

5. The Fund shall not be utilized for payment to the members by way of dividends or other form of distribution of profits or surplus amount available in it.

ACCOUNTS AND AUDIT OF THE CDR FUND

The CDR Cell shall finalise annual accounts in respect of the CDR Fund for each year and shall cause the same to be duly audited by the auditors qualified to act as auditors under Section 226 (1) of the Companies Act, 1956. The auditor shall be appointed by the CDR Standing Forum at the annual meeting.
Chapter -4  
Structure Of Corporate Debt Restructuring

2 The annual accounts of the CDR Fund shall be closed on 31st of March in each year and the audited accounts of the CDR Fund shall be placed before CDR Core Group for approval and before the CDR Standing Forum for adoption at its annual meeting, which shall be held not later than four months from the date of closure of the accounts.

COVENANTS
The Participating Financial Institutions and Banks agree and confirm that:

a) Each of the Participating Financial Institutions and Banks hereby covenants and undertakes to fully submit to and pledge for the successful implementation of the CDR System as a voluntary mechanism fully binding and legally enforceable pursuant to the provisions of this Agreement in consideration of mutual benefit.

b) The Participating Financial Institutions and Banks shall, in good faith, comply with the provisions of this Agreement and the decisions taken by the CDR Standing Forum, CDR Core Group and CDR Empowered Group pursuant to the provisions of this Agreement.

c) The rules and regulations framed, policies and guidelines issued or procedures laid down or the decisions taken by the CDR Standing Forum, the CDR Core Group and the CDR Empowered Group strictly in accordance with the guidelines on CDR System issued by RBI shall, subject to the result of appeal as provided in this Agreement, be binding on the Participating Financial Institutions and Banks.
d) The Participating Financial Institutions and Banks shall make their respective contributions for the credit of the CDR Fund and shall pay promptly the further contributions as and when demanded.

CONFIDENTIALITY AND SECRECY

The staff and officers attached to the CDR Cell as also the members of the CDR Empowered Group, the CDR Core Group and the CDR Standing Forum, advisers and auditors working for the CDR System shall not disclose any information relating to the affairs of the Eligible Borrower or the Participating Financial Institutions and Banks to the public save and except the disclosure pursuant to any law, regulatory requirement or amongst the Participating Financial Institutions and Banks.

RELEASE AND INDEMNITY

No suit or other legal proceedings shall lie against any person who is a member or official of the CDR Standing Forum, CDR Core Group, CDR Empowered Group or the CDR Cell authorized by the CDR System to discharge any functions under the CDR System for any loss or damage caused or likely to be caused by anything which is done or omitted to be done in good faith or intended to be done in pursuance of this Agreement, or any law or provision having the force of law.

ASSIGNMENT OF FINANCIAL ASSISTANCE

It is agreed that a Lender may transfer or assign, in part or the whole of its outstanding Financial Assistance prior to the Commencement Date. However, if any Restructuring Scheme is under preparation and / or implementation, such transfer or assignment shall be subject to following:
Chapter - 4

Structure Of Corporate Debt Restructuring

a) The Lender (Transferor) giving a prior notice to the CDR Cell of the proposed transfer;
b) Such transfer or assignment in part or the whole of the debt may be effected only after four months from the date of the Letter of Approval (LOA) i.e. after the package approved by CDR Empowered Group is implemented.
c) The Transferor informing the intended Transferee in writing of the current status of the Restructuring Scheme including any previously decided issues not subject to renegotiation.
d) The Intended Transferee, who is eligible to become a member of CDR System, getting itself admitted to the CDR System shall issue a letter of accession to this Agreement, as may be required.

TERM & APPLICABILITY

This Agreement shall be binding on the Participating Financial Institutions and Banks from the date of its execution. It shall remain in full force for a period of three (3) years from the date of execution. The Participating Financial Institutions and Banks may renew this Agreement for a further period of three years on each occasion.

DISPUTE RESOLUTION

a) The Participating Financial Institutions and Banks agree that if any dispute, controversy disagreement or difference shall arise between the Parties hereto under this Agreement and/or the respective rights and obligations of the Parties hereto, such a dispute shall first be resolved amicably by negotiations under the aegis of the CDR Core Group. If a member of the CDR Core Group is a party to the dispute, its representative shall not participate in the negotiations. Such
representative may be permitted by the CDR Core Group to put forth the views of the institution he represents.

b) In case the dispute is not resolved by amicable settlement, the CDR Core Group shall within 30 days from the date of conclusion of negotiations, refer the dispute for arbitration. If the parties to the dispute agree, the arbitration shall be by sole arbitrator approved by the CDR Core Group. In the absence of an agreement for appointment of a sole arbitrator, the dispute shall be resolved by an arbitral tribunal consisting of three arbitrators; one each to be appointed by the parties to the dispute and the two arbitrators shall appoint the third arbitrator who shall act as the presiding arbitrator. The place for arbitration shall be at Mumbai. One-half of the expenses shall be borne by the referring party and balance by the party (ies) against whom the dispute is made out.

c) The award given by the arbitrator shall be binding upon the parties to dispute. The Participating Financial Institutions and Banks agree that they shall abide by the award given by the arbitrator or the arbitral tribunal and shall not challenge or prefer any appeal against the same.

d) The arbitration shall be governed by the provisions of the Arbitration and Conciliation Act, 1996 as amended from time-to-time.

e) The Participating Financial Institutions and Banks agree that this Agreement and any dispute arising hereunder shall be governed by the laws of India and the courts at Mumbai shall have exclusive jurisdiction to entertain and adjudicate any such dispute.
f) The Participating Financial Institutions and Banks agree that they shall not take any legal recourse or institute any legal proceedings against each other in any court of law and shall endeavor to resolve the dispute in the manner provided hereinabove.

g) The Participating Financial Institutions and Banks agree that they shall not have recourse to courts of law in respect of any matter arising out of this Agreement or with regard to Approved Restructuring Scheme and that disputes, if any, will be resolved through the mechanism provided in this Agreement.

NOTICES

All notices and other communications provided for in, or effected pursuant to, this Agreement shall be sent in the letters of accession in respect of subsequently admitted members or such other addresses as are subsequently informed by the respective Participating Financial Institution or Bank and shall be effective as of the following dates: (i) if delivered by hand, then at delivery; (ii) if dispatched by post on the fifth business day after dispatch of the mail; (iii) if sent by overnight courier, then on the second business day following the business day on which it is delivered to the courier service; (iv) if sent by facsimile transmission, then upon confirmation of transmission by the sender’s facsimile machine, or (v) if sent by e-mail, the date on which the mail was sent unless the mail bounces back. Provided however that in respect of all meetings proposed to be convened pursuant to this Agreement, notice convening such meetings shall be delivered at least seven days in advance of the date of the concerned meeting.

RESCISSION AND SAVING

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From the date of execution of this Agreement, the Inter Creditor Agreement under CDR System dated March 5, 2004 shall stand rescinded. Notwithstanding such rescission, anything done or any action taken under the said Agreement shall deemed to have been done or taken under this Agreement and shall remain binding on the parties thereto.

INCONSISTENCY

If there is any inconsistency between the provisions of this Agreement and the provisions of the guidelines on Corporate Debt Restructuring Mechanism issued or modified by the Reserve Bank of India from time-to-time, the provisions of the RBI guidelines will prevail.

SEVERABILITY

If any term/provision of this Agreement is held to be illegal, invalid or unenforceable by a Court of competent jurisdiction under any present or future law, then this Agreement, including all of the remaining terms/provisions will remain in full force and effect as if such illegal, invalid or unenforceable term/provision had never been included.

COUNTERPARTS; EFFECTIVENESS

This Agreement and any amendments, waivers, consents, or supplements may be executed in counterparts, each of which when so executed and delivered shall be deemed an original and all of which, when taken together, shall constitute but one and the same instrument.
<table>
<thead>
<tr>
<th></th>
<th><strong>Industrial Development</strong></th>
<th><strong>Structure of Corporate Debt Restructuring</strong></th>
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</thead>
</table>
| 1. | **Industrial Development Bank of India Ltd.** | IDBI Towers,  
WTC Complex,  
Cuffe Parade,  
Mumbai - 400 005 |
| 2. | **ICICI Bank Ltd.** | ICICI Bank Towers,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400 051. |
| 3. | **State Bank of India** | Corporate Centre,  
State Bank Bhavan,  
Madame Cama Road,  
Nariman Point,  
Mumbai - 400 021. |
| 4. | **Bank of Baroda** | Baroda Corporate Centre,  
8th floor, C-26, G Block,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400 051 |
| 5. | **Bank of India** | Star House,  
C-5, G Block,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400 051. |
<p>| 6. | <strong>Punjab National Bank</strong> | 7, Bhikhaji Cama Place. |</p>
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<th>Structure Of Corporate Debt Restructuring</th>
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<td><strong>Export-Import Bank of India</strong></td>
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<td>7.</td>
<td><strong>Africa Avenue,</strong></td>
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<td><strong>New Delhi - 110 066.</strong></td>
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<td><strong>Centre- 1, 21st floor,</strong></td>
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<td><strong>WTC Complex,</strong></td>
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<td><strong>Mumbai 400 005.</strong></td>
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<td><strong>General Insurance Corporation of India</strong></td>
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<td><strong>170, J.T. Road,</strong></td>
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<td><strong>Churchgate,</strong></td>
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<td><strong>Mumbai - 400 020</strong></td>
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<td><strong>IFCI Ltd.</strong></td>
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<td><strong>IFCI Tower,</strong></td>
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<td><strong>61, Nehru Place,</strong></td>
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<td><strong>New Delhi - 110 019</strong></td>
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<td>10.</td>
<td><strong>Industrial Investment Bank of India Ltd.</strong></td>
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<td><strong>19, N.S. Road,</strong></td>
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<td><strong>Kolkata - 700 001.</strong></td>
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<td>11.</td>
<td><strong>Infrastructure Development Finance Company Ltd.</strong></td>
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<td><strong>Ramon House, J.T.Road,</strong></td>
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<td><strong>Churchgate,</strong></td>
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<td>12.</td>
<td><strong>Life Insurance Corporation of India</strong></td>
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<td><strong>Mumbai - 400 020</strong></td>
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<td>13.</td>
<td><strong>National Insurance</strong></td>
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<tr>
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<td><strong>3, Middleton Street,</strong></td>
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## Structure Of Corporate Debt Restructuring

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<thead>
<tr>
<th>Company Ltd.</th>
<th>Address</th>
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<tr>
<td><strong>14. New India Assurance Company Ltd.</strong></td>
<td>New India Assurance Building, 87, M.G.Road,</td>
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<td></td>
<td>Mumbai – 400 001.</td>
</tr>
<tr>
<td></td>
<td>Ali Road, New Delhi – 110 002.</td>
</tr>
<tr>
<td><strong>16. Small Industries Development Bank of India</strong></td>
<td>10/10, Madan Mohan Malaviya Marg, Lucknow –</td>
</tr>
<tr>
<td></td>
<td>226 001</td>
</tr>
<tr>
<td><strong>17. Tourism Finance Corporation of India Ltd.</strong></td>
<td>Prakash Deep Building, 4th-5th floor, 7, Tol</td>
</tr>
<tr>
<td></td>
<td>stoy Marg, New Delhi – 110 001</td>
</tr>
<tr>
<td><strong>18. United India Insurance Company Ltd.</strong></td>
<td>24, Whites Road, Chennai – 600014</td>
</tr>
<tr>
<td><strong>19. Allahabad Bank</strong></td>
<td>2, Netaji Subhas Road, Kolkata – 700 001</td>
</tr>
<tr>
<td><strong>20. Andhra Bank</strong></td>
<td>Dr. Pattabhi Bhavan, 5-9-11, Saifabad,</td>
</tr>
</tbody>
</table>
### Chapter -4  
**Structure Of Corporate Debt Restructuring**

<table>
<thead>
<tr>
<th></th>
<th>Bank Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td><strong>Bank of Maharashtra</strong></td>
<td>Lokmangal, 1501, Shivaji Nagar, Pune - 411 005</td>
</tr>
<tr>
<td>22</td>
<td><strong>Canara Bank</strong></td>
<td>112, Jayacharamarajendra Road, Bangalore - 560 002</td>
</tr>
<tr>
<td>23</td>
<td><strong>Central Bank of India</strong></td>
<td>Chander Mukhi, Nariman Point, Mumbai - 400 021.</td>
</tr>
<tr>
<td>24</td>
<td><strong>Corporation Bank</strong></td>
<td>Mangaladevi Temple Road, Pandeshwar, Mangalore - 575 001</td>
</tr>
<tr>
<td>25</td>
<td><strong>Dena Bank</strong></td>
<td>Maker Towers E, 10th floor, Cuffe Parade, Mumbai - 400 005.</td>
</tr>
<tr>
<td>26</td>
<td><strong>Indian Bank</strong></td>
<td>66, Rajaji Salai, Chennai - 600 001.</td>
</tr>
<tr>
<td>27</td>
<td><strong>Indian Overseas Bank</strong></td>
<td>762, 764, Anna Salai, Chennai - 600 002.</td>
</tr>
<tr>
<td>28</td>
<td><strong>Oriental Bank</strong></td>
<td>Harsha Bhavan, E Block,</td>
</tr>
<tr>
<td></td>
<td>Bank Name</td>
<td>Address</td>
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<tr>
<td>32.</td>
<td>State Bank of Indore</td>
<td>5, Yashwant Niwas Road, Indore – 452 003.</td>
</tr>
<tr>
<td>33.</td>
<td>State Bank of Mysore</td>
<td>Kempegowda Road, Bangalore – 560 009.</td>
</tr>
<tr>
<td>34.</td>
<td>State Bank of Patiala</td>
<td>The Mall, Patiala – 147 001.</td>
</tr>
<tr>
<td>35.</td>
<td>State Bank of Saurashtra</td>
<td>New Administrative Building, Nilambaug Chowk, Bhavnagar – 364 001</td>
</tr>
<tr>
<td>36.</td>
<td>State Bank of Travancore</td>
<td>New Administrative Complex, Poojapura, Thiruvanathapuram</td>
</tr>
<tr>
<td>No.</td>
<td>Bank Name</td>
<td>Address</td>
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<tr>
<td>37.</td>
<td>Syndicate Bank</td>
<td>695 012.</td>
</tr>
<tr>
<td>38.</td>
<td>UCO Bank</td>
<td>Manipal – 576 119</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Karnataka</td>
</tr>
<tr>
<td>39.</td>
<td>Union Bank of India</td>
<td>10, B.T.M. Sarani (Brabourne Road), Kolkata – 700 001.</td>
</tr>
<tr>
<td>40.</td>
<td>United Bank of India</td>
<td>239, Vidhan Bhavan Marg, Backbay Reclamation, Nariman Point, Mumbai – 400 021.</td>
</tr>
<tr>
<td>41.</td>
<td>Vijaya Bank</td>
<td>16, Old Court House Street, Kolkata – 700 001.</td>
</tr>
<tr>
<td>42.</td>
<td>Bharat Overseas Bank Ltd.</td>
<td>41/2, M.G. Road, Trinity Circle, Bangalore – 560 001.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1201, Raheja Centre, Nariman Point, Mumbai – 400 021.</td>
</tr>
<tr>
<td>No.</td>
<td>Bank Name</td>
<td>Address</td>
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</tr>
<tr>
<td>44</td>
<td>City Union Bank Ltd.</td>
<td>149, TSR (Big) Street, Kumbakonam – 612 001</td>
</tr>
<tr>
<td>45</td>
<td>Development Credit Bank Ltd.</td>
<td>154, S.V. Patel Road (East), 3rd Floor, Dongri, Mumbai- 400 009</td>
</tr>
<tr>
<td>46</td>
<td>HDFC Bank Ltd.</td>
<td>HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai Pin- 400 013</td>
</tr>
<tr>
<td>No.</td>
<td>Bank Name</td>
<td>Address</td>
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</tr>
<tr>
<td>47.</td>
<td>ING Vysya Bank Ltd.</td>
<td>72, St. Mark’s Road, Bangalore – 560 001</td>
</tr>
<tr>
<td>48.</td>
<td>Lord Krishna Bank Ltd.</td>
<td>Indian Express Building, Kaloor, Kochi – 682 017.</td>
</tr>
<tr>
<td>49.</td>
<td>SBI Commercial and International Bank Ltd.</td>
<td>Maker Chambers III, Nariman Point, Mumbai – 400 021.</td>
</tr>
<tr>
<td>51.</td>
<td>The Dhanalakshmi Bank Ltd.</td>
<td>PO.Box No. 9, Dhanalakshmi Building, The Round Trichur – 680 001.</td>
</tr>
<tr>
<td>No.</td>
<td>Bank Name</td>
<td>Address</td>
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</tr>
<tr>
<td>54.</td>
<td>The Karnataka Bank Ltd.</td>
<td>Kodialbail, Mangalore – 575 003.</td>
</tr>
<tr>
<td>55.</td>
<td>The Karur Vysya Bank Ltd.</td>
<td>Erode Road, Karur – 639 002.</td>
</tr>
<tr>
<td>56.</td>
<td>The Lakshmi Vilas Bank Ltd.</td>
<td>PO. Box No.2, Salem Road, Kathaparai, Karur – 639 006.</td>
</tr>
<tr>
<td>57.</td>
<td>Tamilnadu Mercantile Bank Ltd.</td>
<td>Tamilnadu Mercantile Bank, 57, V.E. Road, Thoothukudi, Tamilnadu. Pin -628 002</td>
</tr>
<tr>
<td>59.</td>
<td>The United Western Bank Ltd.</td>
<td>172/4, Raviwar Peth, Shivaji Circle, Satara – 415 001.</td>
</tr>
<tr>
<td>60.</td>
<td>UTI Bank Ltd.</td>
<td>Maker Towers F, 13th floor, Cuffe Parade, Mumbai – 400 005.</td>
</tr>
<tr>
<td>61.</td>
<td>Stressed Assets Stabilization Fund</td>
<td>IDBI Towers, 10th floor WTC Complex,</td>
</tr>
</tbody>
</table>
LETTER OF ACCESSION BY CREDITORS

(Pursuant to Section 4)

[Letterhead of Financial Institution/Bank]

To

CDR Cell & Participating Financial Institutions and Banks

Reg: Corporate Debt Restructuring System (CDR System)

Dear Sirs,

1. A reference is made to the Inter-Creditor Agreement on Corporate Debt Restructuring System dated ----------- 2006 (the “Agreement”) entered into between the Financial Institutions and Banks and acknowledged by the CDR Standing Forum. Capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

2. We, ____________________________ hereby agree to be bound by all the terms and conditions of the Agreement as a “Participating Financial Institution/Bank” and an original party thereto.

3. We confirm that we have received a copy of the Agreement.

4. We hereby irrevocably and unconditionally undertake that we will perform in accordance with all the terms and conditions under the
Agreement as a “Participating Financial Institution and Bank” from the date hereof.

5. We execute this letter of accession as required under Section 4 of the Agreement by our authorized representative(s), intending to be fully and legally bound to all the terms and conditions, of the Agreement.

By:
Name(s): (corporate seal if required)
Address:
Tel:
Fax:
LETTER OF ACCESSION BY CREDITOR/S
(Pursuant to Section 9)

[Letterhead of Financial Institution/Bank]

To:

CDR Cell & Participating Financial Institutions and Banks

Reg: Corporate Debt Restructuring System (CDR System)

Dear Sirs,

1. We understand that M/s___________ (the Eligible Borrower) has been referred to the CDR Cell for taking up corporate debt restructuring.

2. We would like to inform you that we have provided the following financial assistance to the said Eligible Borrower.
   a) 
   b) (please indicate the outstanding Principal Financial Assistance as on date of Reference) 
   c) 

3. We agree to restructure our Financial Assistance under CDR System.

4. Reference is made to the Inter-Creditor Agreement under Corporate Debt Restructuring System dated ............2006 (the “Agreement”) entered into between the Financial Institutions and Banks and acknowledged by the CDR Standing Forum. Capitalized terms used herein shall have the meanings ascribed to them in the Agreement.
5. We confirm that we have received a copy of the Agreement.

6. We, ______________________________ hereby agree to be bound by all the terms and conditions of the Agreement as a “Participating Financial Institution/Bank” with respect to the Restructuring Scheme of the Eligible Borrower.

7. We execute this letter of accession as required under Section 9 of the Agreement by our authorized representative(s), intending to be fully and legally bound to all the terms and conditions of the Agreement.

By:
Name(s): (corporate seal if required)
Address:
Tel:
Fax: