

Corporate debt revamp agency 'back in business'

THE Corporate Debt Restructuring Committee (CDRC), first set up some 10 years ago to help large companies with trouble paying back loans, is now open for business again.

In a statement yesterday, CDRC said the committee, which started operations yesterday, was formed as a voluntary forum to help large corporations.

To qualify for CDRC help, companies must have debt of at least RM100 million, at least three financial creditors (either banks or bondholders), and it must not already be in receivership or liquidation.

A spokesperson said the agency has not received any applications yet.

CDRC can accept or reject cases that do not meet the broad criteria.

By going to CDRC, companies and their lenders can avoid going through the courts, which could end up taking a lot of time.

The revival of CDRC is one of the measures to help companies deal with the global recession. Malaysia's export-dependent economy shrank 6.2 per cent in the first quarter and the government expects a contraction of up to 5 per cent this year.

"CDRC proceedings will be governed by a Code of Conduct specifying the expected behaviour of all participants and the framework for arriving at a viable restructuring scheme," the agency said.

The code has been given to financial institutions for feedback and is expected to be finalised by next week.

CDRC was first established during the 1998 financial crisis and it resolved 57 cases with a total debt outstanding of RM45.8 billion.