

**F. No. 3/2/2011-CL V
Government of India
Ministry of Corporate Affairs**

5th Floor, A Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi,
Dated the 21st May, 2012

To

All Regional Director,
All Registrars of Companies.

Subject: Guidelines for declaring a financial Institution as Public Financial Institution under section 4A of the Companies Act, 1956

Sir,

Section 4A of the Companies Act, 1956 was inserted by the Companies (Amendment) Act, 1974 (41 of 1974) with effect from 01st February, 1975. Sub-section (2) of Section 4A of the Act empowers the Central Government, subject to the provision of sub-section (1) of section 4A of the Act, to notify in the official Gazette such other institution as it may think fit to be Public Financial Institutions (PFI).

2. The Ministry had framed certain criteria for declaring a Financial Institution as PFI under section 4A, of the Companies Act, 1956 vide General Circular No. 34/2011 dated 2.6.2011. The issue has since been revisited and it has been decided that any Financial Institution applying for declaration as PFI shall fulfill the following criteria:-

- (a) A company or corporation should be established under a special Act or the Companies Act, 1956 being a central act;
- (b) Main business of the company should be industrial/infrastructural financing;

(c) the company must be in existence for atleast 3 years and its financial statements should show that its income from industrial/infrastructural financing activities exceeds 50% of its total income.

(d) the net-worth of the company should be minimum of Rs.1000 (Rs. One Thousand) crore.

(e) company is registered as a Infrastructure Finance Company (IFC) with RBI or as a Housing Finance Company (HFC) with National Housing Bank;

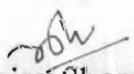
(f) NOC from RBI/NHB, in the case of IFC/HFC, with regard to supervisory concerns, if any, must be obtained and enclosed with the application.

(g) Such IFCs/HFCs, after being declared as PFIs are required to disclose in their audited Financial Statements that they are complying with the directions and conditions laid down by this Ministry.

3. It is, however, clarified that in the case of Central Public Sector Undertakings/State Public Sector Undertakings, no restriction shall apply with respect to financing specific sector(s) and net-worth as stated in para 2(c) and (d) above respectively.

This issues with the approval of the competent authority.

Yours faithfully,


(Sanjay Shorey)
Joint Director

Copy to:

1. All concerned
2. PS to CAM and PS to MOS
3. PPS to Secretary, Special Secretary, Joint Secretaries