F. No. 14/13/2011-CL-VII
Government of India
Ministry of Corporate Affairs

5th Floor, 'A' Wing,
Shastri Bhawan, New Delhi,
Dated:- 11th May, 2011

To,

All Regional Directors
All Registrars of Companies
The Institute of Company Secretaries of India
The Institute of Chartered & Accountants of India
The Institute of Cost and Works Accountants of India

Subject: Loan to Public Limited Companies under Section 295 of the
Companies Act, 1956 – Clarification regarding.

It has come to the notice of the Ministry that some companies are making
applications for getting prior approval of Central Government when they propose to make
any loan to, or give any guarantee or provide any security in connection with a loan made
by any other person to a Public Limited Company of which any such Director is a Director
or a member even when the proposal does not fall under Section 295(d) and Section
295(e) of the Companies Act, 1956.

2. Companies are requested to note that when the beneficiary of the
loan/guarantee/security is a Public Limited Company, approval of Central Government
should only be sought if the provisions of sub-Section (d) or (e) of Section 295 of the
Companies Act, 1956 are attracted. The application should also clearly bring out the facts
in this regard.

Yours faithfully,

[Signature]

(O. T. V. Somanathan)
Joint Secretary