

**General Circular No. 24/2011**

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

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

12th

To,

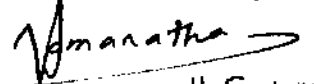
All Regional Directors  
All Registrars of Companies  
The Institute of Company Secretaries of India  
The Institute of Chartered & Accountants of India  
The Institute of Cost and Works Accountants of India

**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,



(Dr. T. V. Somanathan)

Joint Secretary