



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
SPECIALISED COMPANIES DIVISION
(NBFC DEPARTMENT)**

Circular No. 14 of 2005

No. SC/NBFC-I(R)/2004-

Islamabad, September 12, 2005

Subject: **Prudential Regulations for Non-Banking Finance Companies (NBFCs)**

Attention is invited to Regulation 4 of Part II (A) *Financial Indicators of the Borrowers* of Prudential Regulations (PR) for Non-Banking Finance Companies (NBFCs) issued vide Circular No. 2 of 2004 dated January 21, 2004.

In view of practical difficulties being faced by the industry and on representation of various NBFCs, the Securities and Exchange Commission of Pakistan (SEC), in exercise of powers conferred by section 282 D of the Companies Ordinance, 1984 (the "Ordinance") hereby modifies the Regulation 4(1) of Part II (A) of the PR as follows:

“(1) It is expected that at the time of allowing fresh exposure/ enhancement / renewal, the current assets to current liabilities ratio of the borrower shall not be lower than 1:1. However, in exceptional cases, NBFCs may relax this ratio upto 0.75:1 if they are satisfied that appropriate risk control measures have been put in place.”

The above modification / change is effective from September 12, 2005. All NBFCs are advised to ensure compliance of the above direction.

**(Salman Ali Shaikh)
Commissioner**

Distribution:

1. Chief Executives of all NBFCs.
2. Managing Directors of all Stock Exchanges.
3. The President, Institute of Chartered Accountants of Pakistan.
4. The President, Institute of Cost & Management of Accountants.
5. Central Desk Incharge, Associated Press of Pakistan.
6. Press Information Department