

Core Investment Companies
(Updated as on May 08, 2025)

FOREWORD

The Reserve Bank of India is entrusted with the responsibility of regulating and supervising the Non-Banking Financial Companies by virtue of powers vested in Chapter III B of the Reserve Bank of India Act, 1934. Accordingly, Reserve Bank has issued the [Master Direction DoR\(NBFC\).PD.003/03.10.119/2016-17 dated August 25, 2016](#) for regulating Core Investment Companies (CICs).

It has been felt necessary to explain the rationale underlying the regulatory framework and provide clarification on certain operational matters for the benefit of the CICs, members of public, rating agencies, Chartered Accountants etc. To meet this need, the clarifications in the form of questions and answers, is being brought out by the Reserve Bank of India.

The Frequently Asked Questions (FAQs) are listed under four broad categories viz., (A) Definitions, (B) Registration and related matters, (C) Overseas Investments/ ECB, and (D) Miscellaneous. The information given in the FAQ on CICs is of general nature for the benefit of the public and the clarifications given do not substitute the extant regulatory directions/instructions issued by the Bank to the CICs.

A. Definitions:

1. What is a Core Investment Company (CIC)?

Ans. A CIC is a Non-Banking Financial Company

(i) with asset size of ₹100 crore and above;

(ii) carrying on the business of acquisition of shares and securities and which satisfies the following conditions as on the date of the last audited balance sheet;

(iii) it holds not less than 90% of its net assets in the form of investment in equity shares, preference shares, bonds, debentures, debt or loans in group companies;

(iv) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in

group companies and units of Infrastructure Investment Trusts (InvITs) only as sponsor constitutes not less than 60% of its net assets as mentioned in clause (iii) above;

(v) Provided that the exposure of such CICs towards InvITs shall be limited to their holdings as sponsors and shall not, at any point in time, exceed the minimum holding of units and tenor prescribed in this regard by SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time. It does not trade in its investments in shares, bonds, debentures, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;

(vi) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI act, 1934 except investment in bank deposits, money market instruments including money market mutual funds that make investments in debt/money market instruments with a maturity of up to 1 year, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies;

(vii) it accepts public funds.

2. What is an Unregistered CIC? Will they require to submit application to continue as Unregistered CIC? Whether CICs having asset size below ₹100 crore are regulated by the Reserve Bank?

Ans: CICs (a) with an asset size of less than ₹100 crore, irrespective of whether accessing public funds or not and (b) with an asset size of ₹100 crore and above and not accessing public funds are not required to register with the Bank under Section 45IA of the RBI Act, 1934 in terms of para 6 of [Master Direction DoR\(NBFC\).PD.003/03.10.119/2016-17](#), and are termed as 'Unregistered CICs'. An Unregistered CIC as per the aforementioned criteria is not required to submit any application to continue as Unregistered CIC. Such Unregistered CICs are exempted from the regulation of Reserve Bank. However, if they wish to make overseas investments in the financial sector, they are required to hold a Certificate of Registration from the Reserve Bank and have a prior approval of the Bank as required in para 34 of the Master Direction.

3. Should Net assets include operating assets? What items are included in the 10% of Net assets which CIC's can hold outside the group?

Ans: Net assets have been defined in [Master Direction DoR\(NBFC\).PD.003/03.10.119/2016-17 dated August 25, 2016](#) (para3(1) (xviii)) specifically for the purpose of defining a CIC. As such they will only include the items specifically mentioned therein, irrespective of whether any of these qualify as operating assets or not.

The 10% of net assets which CIC's can hold outside the group may include real estate or other fixed assets which are required for effective functioning of a company but should not include other financial investments/loans in non-group companies.

4. What does the term public funds, being used in the definition of CICs provided in para 3 (1) (viii) of Master Direction, include? Is it the same as public deposits? Can CICs accept deposits?

Ans: Public funds are not the same as public deposits. Public funds include public deposits, inter-corporate deposits, bank finance and all funds received whether directly or indirectly from outside sources such as funds raised by issue of Commercial Papers, debentures etc. Indirect receipt of public funds means funds received not directly but through associates and group entities which have access to public funds.

Even though public funds include public deposits as clarified above, it may be noted that CICs cannot accept public deposits. That is one of the eligibility criteria to be classified as a CIC. It may further be clarified that no NBFC can accept public deposits without specific permission of the Bank even if it holds a Certificate of Registration (CoR) from the Bank.

5. Can CICs issue guarantees and will this be considered part of definition of public funds?

Ans: Yes, CICs may be required to issue guarantees or take on other contingent liabilities on behalf of their group entities. Guarantees per se do not fall under the definition of public funds. However, it is possible that CICs which do not accept public funds take recourse to public funds if and when the guarantee devolves. Hence, before doing so, CICs must ensure that they can meet the obligation there under, as and

when they arise. In particular, CICs which are exempt from registration requirement must be in a position to do so without recourse to public funds in the event the liability devolves. If unregistered CICs with asset size above ₹100 crore access public funds without obtaining a Certificate of Registration (CoR) from RBI, they will be seen as violating [Master Direction DoR\(NBFC\).PD.003/03.10.119/2016-17 dated August 25, 2016](#).

6. What is a Group company?

Ans: For the purposes of determining whether a company is a CIC, 'companies in the group' have been exhaustively defined in para 3 (1) (v) of [Master Direction DoR\(NBFC\).PD.003/03.10.119/2016-17 dated August 25, 2016](#) as “an arrangement involving two or more entities related to each other through any of the following relationships: Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), Promoter–promotee [as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997] for listed companies, a related party (defined in terms of AS 18), common brand name, and investment in equity shares of 20 percent and above.”

7. Whether definition of group companies should include LLPs and partnerships in the group? Whether investments in a group entity other than a Company, say partnership firms, LLPs, Trusts, Association of Persons, etc by CICs could be regarded as investments in Group Companies for the purpose of calculating 90% investment in Group Companies

Ans: LLPs and Partnerships are not companies as per Section 3 of Companies Act 2013. Hence, they cannot be included in the definition of Group Company.

Only investments in companies registered under Section 3 of the Companies Act 2013 would be regarded as investments in Group companies for the purpose of calculating 90% investment in Group companies. Moreover, in view of the loose structure and regulatory framework of LLPs/ Partnerships, CICs are prohibited from contributing capital to any partnership firm or to be partners in partnership firms including LLPs

8. Whether the investment of a company in its subsidiary's subsidiary (step down subsidiary) will be taken into account for determining not less than ninety percent of its net assets.

Ans: All direct investments in group companies, as appearing in the CICs balance sheet will be taken into account for this purpose. Investments made by subsidiaries in step down subsidiaries or other entities will not be taken into account for computing 90 percent of net assets.

B. Registration and related matters:

9. How can a company register as a CIC?

Ans: A company seeking registration as a CIC can make an application in the prescribed format through the Bank's [Pravaah Portal](#).

10. In case an existing NBFC is converted into a CIC after fulfilling the stipulated criteria, will the existing CoR continue or will a fresh application need to be made?

Ans: Existing NBFCs seeking conversion of CoR to CIC shall be required to make an application in the prescribed format through the Bank's [Pravaah Portal](#).

11. A single group is having under its fold four to five prospective Core Investment Companies with an aggregate asset size of more than ₹100 crore. In such a situation, which company among the group companies is required to seek registration as CIC with the Bank.

Ans: All companies in the group that are CICs would be regarded as CICs (provided they have accessed public fund) under the extant regulations of Reserve Bank and would be required to obtain a Certificate of Registration from the Bank.

12. A single group is having under its fold various prospective Core Investment Companies with an aggregate asset size of more than ₹100 crore. One of the entities has raised / holds public funds (one of the prerequisites for qualifying as a CIC). In such a situation, whether every CIC within the group or only the parent CIC or the specific entity that has raised/ holds public funds would be

regarded as CIC, and thus would be required to seek registration as CIC with the Bank.

For Example: HCo is the parent group CIC holding 100 per cent equity capital of A, B and C, all of which are also CICs. In case C has accessed public funds, whether HCo as well as A, B and C must seek registration as CIC or will just C need registration?

Ans: In such a case only C will be registered, provided C is not funding any of the other CICs either directly or indirectly. HCo as well as A and B would not require registration as they neither access public funds directly nor access public funds indirectly through C.

13. A CIC should have 90% investment within the group, and in terms of current exposure norms, NBFCs in Middle Layer and Upper layer are permitted to have exposures (both credit/ investments) only to the extent of 40% of Tier -I capital and 25% of available eligible capital, respectively, within any group. Therefore, no NBFC (ML/ UL) as it stands, would be able to become a CIC without breaching the NOF, CRAR or Concentration Norms, since its entire business is in a subsidiary. However, an NBFC may voluntarily seek to become a CIC since it brings clarity to the holding structure in their organization. How would this issue be resolved? Could NBFCs be provided exemption from Capital adequacy/exposure norms during the transition period, just as unregistered CICs are given 6 months' time.

Ans: The NBFC would have to apply to RBI with full details of the plan and exemptions could be considered on a selective basis on the merits of the case.

14. A company has investments in Group companies but does not meet the criteria of principal business as defined in terms of asset-income criteria for NBFCs. Can the company still be registered as a CIC, or does it need to first register as an NBFC?

Ans: CICs need not meet the principal business criteria for NBFCs.

15. If a company is a CIC but does not exactly meet the criteria specified, does the company need to register as an NBFC?

Ans: A holding company not meeting the criteria for a CIC laid down in para 2 of [Master Direction DoR\(NBFC\).PD.003/03.10.119/2016-17 dated August 25, 2016](#) would require to register as an NBFC. However, if such company wishes to register as CIC/ be exempted as CIC, it will have to apply to RBI with an action plan achievable within the specific period to reorganize its business as CIC. If it is not able to do so, it would need to comply with NBFC requirements and prudential norms.

16. Whether a Holding Company which is not able to comply with the CIC criteria (all four conditions), would still need to comply with NBFC requirements and prudential norms even in the event that it is not satisfying the asset-income criteria. (For example: the holding company owns 60 per cent equity in another group company and is not meeting other three conditions. Therefore, it does not qualify as a CIC. Further, the income from financial assets is also less than 50 per cent of total income. Whether such a company would require compliance with NBFC norms).

Ans: No, since the Company is not fulfilling the Principal Business Criteria (asset-income pattern) of an NBFC i.e. more than 50 % of its total assets should be financial assets and the income derived from these assets should be more than 50% of the gross income, it is not required to register as an NBFC under Section 45 IA of the RBI Act, 1934. However, it should register itself as an NBFC as soon as it fulfils the criteria of an NBFC and comply with the NBFC norms.

17. A group would like to set up a CIC in the group to rationalize the set up. However, no company can commence the business of NBFI without COR from RBI. Therefore, the proposed company would have to apply for COR before transferring shares from different companies to the CIC. But at that time the company would not be eligible in terms of the requirements, as it would not have 90% of net assets as investment in group companies. What should the company do?

Ans: The company would have to apply for COR to RBI, giving a satisfactory time-bound business plan within which, it would achieve CIC status.

18. Whether CICs that are exempt from registration either because they have an asset size of less than ₹100 crore or are not accessing public funds are required to register as NBFCs?

Ans: CICs that (a) have an asset size of less than ₹100 crore irrespective of whether they are accessing public funds or not and (b) have an asset size of ₹100 crore and above and are not accessing public funds have been exempt from registration with the Bank under Section 45IA of the RBI Act, 1934 in terms of [Master Direction DoR\(NBFC\).PD.003/03.10.119/2016-17 dated August 25, 2016](#). Thus, they are not required to register with the Bank at all. As this is an exemption given under Section 45NC of the RBI Act, 1934, they are not required to approach the Bank at all.

19. Would a similar benefit apply to NBFCs i.e. would NBFCs with an asset size of less than ₹100 crore and not accessing public funds be exempted from registration with the Bank?

Ans: No, this exemption is specifically given to CICs only. NBFCs other than CICs are not covered by this or any other aspect of the CIC Directions and would have to register with the Bank and comply with all applicable Directions of the Bank as issued from time to time.

20. Whether NBFCs already registered with the Bank as NBFC-Base layer whose asset size is below ₹100 crore, but fulfilling the CIC criteria, can seek voluntary deregistration (as such companies are not otherwise required to get registered with the Bank under the extant norms)? If so, which source should be relied upon viz certificate from Statutory auditor or audited balance sheet for one year or more?

Ans: Yes, CICs presently registered with the Bank but fulfilling the criteria for 'Unregistered CICs' as defined under para 6 of the [Master Direction DoR\(NBFC\).PD.003/03.10.119/2016-17 date August 25, 2016](#) can seek voluntary deregistration. Both audited balance sheet and auditor's certificate are required to be submitted for the purpose.

21. CICs which presently have an asset size of less than ₹100 crore are required to apply to the Bank within three months of the date of achieving a balance sheet size of ₹100 crore. Would the date of achieving balance sheet size of ₹100 crore be the date of the last audited balance sheet?

Ans: Yes, company which is a CIC and has achieved the balance sheet size of ₹100 crore as per its last audited annual financial statement is required to apply to the Bank for registration as a CIC, subject to its meeting the other conditions for being identified as a CIC.

C. Overseas Investments/ ECBs and related matters:

22. Would CICs require NOC in terms of Rule 11 read with para 2 of Schedule I of Foreign Exchange Management (Overseas Investment) Rules, 2022 in case they want to invest abroad?

Ans: Yes, as they are regulated by RBI, they would require prior approval from Department of Regulation (DoR) for making investments in the financial sector. However, a registered CIC making investments in the non-financial sector need not obtain prior approval from the Department of Regulation (DoR), RBI. The registered CICs will only need to report such investments to the Department within 30 days of such investment.

23. Unlike other NBFCs, can CICs (a) no longer make overseas investment or (b) raise ECB or (c) obtain bank finance for acquisition of shares?

Ans: The Directions on CICs have not restricted them from making overseas investment. Such investment will be governed by the provisions of Chapter IX of [Master Direction DoR\(NBFC\).PD.003/03.10.119/2016-17 dated August 25, 2016](#). Similarly, presently CICs can raise funds through ECB. The same would be governed by the instructions contained in the ECB Policy issued by Foreign Exchange Department of the Reserve Bank. Lending to NBFCs/ CICs by banks will be governed by the provisions as applicable to banks and specifically contained in the instructions on 'bank finance to NBFCs' issued by Department of Banking Regulation of the Reserve Bank.

D. Miscellaneous:

24. Would Current Liabilities also form part of Outside Liabilities? What will be the treatment of DTL, Advance Tax Due and Provision for Income Tax? Will they be Outside Liabilities?

Ans: Anything that has to be repaid to any other legal entity/ person will be an outside liability.

25. While instruments that are compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue are excluded from Outside Liabilities, in terms of the Companies Act such instruments are excluded from the definition of 'public deposit' if they are convertible with a period of 20 years?

Ans: The period of 10 years was specified as a prudential measure not necessarily in alignment with a provision of the Companies Act. Moreover, the issue here is not public deposits but Outside Liabilities.

26. If a company is unlisted, would the terms of block deals apply? What is the minimum number/value of shares transferred for it to be defined as a block deal/block sale?

Ans: The term used in the CIC Master Direction is block sale and not block deal which has been defined by SEBI. In the context of the Master Direction, a block sale would be a long term or strategic sale made for purposes of disinvestment or investment and not for short term trading. Unlike a block deal, there is no minimum number/value defined for the purpose.

27. Will adjusted net worth of all the CICs in the Group also be aggregated for compliance purposes?

Ans: Adjusted net worth (ANW) is a concept akin to capital requirement wherein the ANW should not be less than 30% of the risk weighted assets (RWA). In cases where asset size is aggregated, all the CICs within the group will be registered as CIC and ANW will be applicable individually.

28. Whether para 2.8.1 of [Master Direction – Reserve Bank of India \(Non-Banking Financial Company – Scale Based Regulation\) Directions, 2023](#) on consolidation of assets of all NBFCs in the group to determine the threshold for the classification of NBFCs in the Middle layer is applicable for CICs? Whether the assets of CICs should be aggregated for classification of NBFCs in the group into middle layer?

Ans: The total assets of all NBFCs (Including Standalone Primary Dealer (SPD), Infrastructure Debt Fund-Non-Banking Financial Company (IDF-NBFC) and NBFCs which will always remain in Base Layer, viz., NBFC-Peer to Peer Lending Platform (NBFC-P2P), NBFC-Account Aggregator (NBFC-AA), Non-Operative Financial Holding Company (NOFHC) and NBFC without public funds and customer interface) in a Group, including all the registered Core Investment Companies (CICs) and unregistered CICs with asset size less than ₹100 crore which have raised public funds, shall be consolidated to determine the threshold for classification of other group NBFCs (NBFC- Investment and Credit Company (NBFC-ICC), NBFC- Micro Finance Institution (NBFC-MFI), NBFC- Factor and NBFC- Mortgage Guarantee Company (NBFC-MGC)) into middle layer. However, the consolidation of asset of unregistered CICs for the above purpose would not change the status of unregistered CICs.

29. Are Core Investment Companies (CICs) permitted to invest in Liquid Fund Schemes (Mutual Funds) with maturity of less than 91 days?

Ans: Yes. As per the present directions for CICs, they are permitted to make investments in money market instruments, including money market mutual funds. Since Liquid Funds are also mutual funds with the underlying being money market instruments; CICs are permitted to invest their surplus funds in Liquid Fund Schemes also.

30. Can CICs undertake non-financial activities such as trading or rendering services to their group companies?

Yes, activities such as trading or rendering services to the group companies are not restricted for CICs, provided such activities are carried out purely in the nature of a non-financial activity, and they do not lead the CIC to carry on any other financial activity not permitted under the extant instructions within the group or on behalf of the

group entities. Such activities should not ultimately render creation of any financial asset which the CICs are not permitted to hold within/outside the group. Further, CICs cannot enter into commodity derivative contracts or hold any non-financial assets other than real estate or other fixed assets which are required for effective functioning of the CIC outside the group within the limit of 10% of net assets.

31. How many layers of CICs are permitted in a group? How to identify the number of layers in a group?

The number of layers of CICs within a Group (including the parent CIC) shall be restricted to two, irrespective of the extent of direct or indirect holding/ control exercised by a CIC in the other CIC. For instance, if a group consists of a parent CIC namely HCo which is holding 100 per cent equity capital in three other CICs namely A, B and C, the layers in the group shall be as follows.

- (i) HCo shall be considered as first layer of CIC
- (ii) A,B and C shall be considered as second layer of CICs.
- (iii) Any cross holdings, directly or indirectly through other entities in the group, by CICs in the second layer in any other CIC in the group shall be considered as creation of third layer of CIC/s in the group structure which is a violation of the extant instructions. However, investment by second layer CICs in non-CIC group companies is not a violation to the extant CIC regulations. Further, no restriction is placed on number of CICs in a horizontal layer.