

F. No. DPE/14(24)/2011-Fin  
Government of India  
Ministry of Heavy Industries & Public Enterprises  
Department of Public Enterprises

Public Enterprises Bhavan  
Block No. 14, CGO Complex  
Lodhi Road, New Delhi-110003

Dated: 26<sup>th</sup> March, 2012

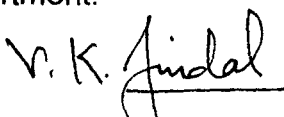
**OFFICE MEMORANDUM**

**Subject: Issue of guidelines regarding buyback of shares.**

It has been noticed that listed Central Public Sector Enterprises (CPSEs) are not exercising the option to buyback their shares as private companies do to provide for sustained investor interest in the company and protect their market capitalization in the long term interest of the company's ability to raise funds from the market. In order to provide a level playing field to CPSEs vis-à-vis private companies, the following guidelines are issued:-

- (i) If a CPSE decides to buyback its own shares from the shareholders using surplus cash, Department of Disinvestment (DoD) on behalf of major shareholders may tender/offer equity on behalf of Government of India.
- (ii) CPSEs will amend their Articles of Association to provide for buyback of shares, if such provision does not exist in their Articles.

2. All the administrative Ministries are advised to instruct CPSEs under their administrative control to take necessary steps to implement the above guidelines and submit the Compliance Report on implementation of the guidelines to this Department.

  
(V.K. Jindal)  
Director  
Tel: 24362770

Copy to

1. Secretaries of all the Administrative Ministries/Department.
2. CEOs of the CPSEs

Internal Distribution

1. PS to Minister
2. PS to Secretary, DPE
3. PS to Secretary, BRPSE
4. PS to Adviser
5. PS to Joint Secretary

A copy is also forwarded to Department of Disinvestment with respect to their DO letter No.5/9/2011-Policy(Vol.III) dated 22.03.2012.