OFFICE MEMORANDUM

Subject: Issue of Bonus shares by Public Sector Undertaking simplifying the Procedures.

The undersigned is directed to refer DPE OM NO.12(6)/95-Fin dated 10th November, 1995 regarding the above subject wherein it was stated inter alia, that each administrative Ministry may direct the enterprises under their control that PSUs having reserves in excess of three times their paid up capital should immediately consider the scope for issuing bonus shares to GOI (and pro-rata to other existing shareholders if partial disinvestment had occurred so far). PSUs having large reserves may be allowed to make any public issue only after examining the scope for capitalizing a portion of reserves.

3. It has been observed that there are a number of CPSEs which have reserves and surpluses more time three times of their paid up capital. Such situation does not reflect equitable capital base of the company. Further, CPSEs declare the dividend on a lower capital base.

4. In view of the above, concerned administrative Ministries are requested to reiterate DPE’s instructions on the subject and direct the CPSEs under their control to examine and approve the bonus share proposals.

(V.K. Jindal)
Director
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To
Secretaries of Administrative Ministries.