



**ONGC VIDESH LIMITED**  
(ONGC OVERSEAS)

6<sup>th</sup> FLOOR, KAILSH BUILDING  
26, KASTURBAGANDHI MARG  
NEW DELHI- 110 001 INDIA  
PHONE: +91 11 41291510  
FAX + 91 11 2373 0369

E-mail: [ur\\_brahma@ongcvidesh.in](mailto:ur_brahma@ongcvidesh.in)

NO. OVL/DLH/MM/INTERNAL AUDIT/OVL DELHI & SUBSIDIARIES620/2011-12 Date:24.02.2012

To

All interested Audit Firms

ONGC Videsh Limited (OVL) is floating a tender for engagement of Internal Auditor for the Corporate Office of ONGC Videsh Limited (OVL), New Delhi and its Offices at various overseas Subsidiaries/Branch offices of OVL. Please go through the attached NIT and tender document along with Bid Evaluation Criteria (BEC) and Scope of Work. Any audit firm, who fulfills the following Pre Qualification Criteria (PQC), may furnish documentary proof of their fulfilling the PQC along with a request in their letter head to issue tender document to the undersigned:

- (i) **WORK EXPERIENCE**: The audit firm should have global presence and experience of carrying out minimum two audits (statutory/internal) of any Upstream Oil and Gas firm having average turnover of ₹ 20,000 Crore during the last three years reckoned from the date of techno-commercial bid opening. The audit firm shall have local office/tie-up in Russia, Sudan, Brazil, Cuba, Colombia, Netherlands, Iran, Venezuela, Kazakhstan, Syria, South Sudan and Vietnam and also presence in India.
- (ii) The audit firm should not have conflict of interest for doing internal audit as of date and submit a undertaking that they would exercise due care before engagement.
- (iii) The lead audit member should be from India having an experience of at least 10 years and other audit members should have an experience of at least 5 years.

OVL will verify the Pre Qualification Criteria and if found satisfactory, tender document will be issued free of cost for participating in the tendering process upto 12.03.2012 at 1400 Hrs. (IST). There will be a Pre-Bid Conference as under:

1. Last date for submission of written: 15.03.2012  
Queries, if any.
2. Pre-Bid Conference: 19.03.2012 at 1100 hrs. at OVL, 6<sup>th</sup> Floor,  
Kailash Building, 26 KG Marg, New Delhi-1.
3. Issuance of clarifications/modifications: 21.03.2012  
to the tender documents

Audit Firm, who has not got tender document issued from this office as on 12.03.2012 at 1400 hrs. (IST) will not be allowed to attend the Pre-Bid Conference.

No offer will be accepted if offer is submitted based on the Tender Document available in the web site, even if the bidder is fulfilling the PQC and without issuance of tender document from this office.

Thanks & best regards,

Yours Sincerely,

(Head Commercial)

**REQUEST FOR PROPOSAL**

**No. OVL/DLH/MM/INTERNAL AUDIT/OVL DELHI&SUBSIDIARIES/620/2012-12 DATE: 24.02.2012**



**SELECTION  
OF  
INTERNAL AUDITOR  
FOR  
THE CORPORATE OFFICE OF ONGC VIDESH LIMITED, NEW DELHI  
AND  
VARIOUS OVERSEAS SUBSIDIARIES/BRANCH OFFICES**

**MARCH, 2012  
ONGC VIDESH LIMITED  
NEW DELHI**



**ONGC VIDESH LIMITED**  
(ONGC OVERSEAS)

5<sup>th</sup> FLOOR, KAILSH BUILDING  
26, KASTURBA GANDHI MARG  
NEW DELHI- 110 001 INDIA  
**PHONES:** +91 11 5129 1510  
**FAX** +91 11 2373 0369  
Mail: ur\_brahma@ongcvidesh.in

**NOTICE INVITING TENDER**

No. OVL/DLH/MM/INTERNAL AUDIT/OVL DELHI&SUBSIDIARIES/620/2012-12

Date 24.02.2012

To,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Sir,

We are enclosing herewith a Request For Proposal (RFP) for engagement of Internal Auditor for the Corporate Office of ONGC Videsh Limited (OVL), New Delhi and at various overseas Subsidiaries/Branch offices of OVL. RFP document consists of the following:

1. INVITATION TO BID
2. Chapter 1 Introduction and Scope of work
3. Chapter 2 Instructions to Bidders
4. Chapter 3 Format of Bid
5. Chapter 4 Bid Evaluation Criteria
6. Chapter 5 Draft Contract

You are requested to go through the tender document and send your queries, if any, so as to reach this office by 15.03.2012. These queries will be discussed at the pre-bid conference to be held on 19.03.2012.

After incorporating replies to all clarifications discussed during the pre-bid conference, if any, will be intimated to all the bidders who have participated in the tender including the Bid Submission date.

Information provided herein should be kept confidential.

We look forward to receive your proposal for this project.

With best regards,

Yours Sincerely,  
(Head Commercial)

## INVITATION OF BID

Sealed tender under "TWO BID SYSTEM" are invited for engagement of Internal Auditor for the Corporate Office of ONGC Videsh Limited (OVL), New Delhi and at various overseas Subsidiaries/Branch offices of OVL as per Scope of Work in Chapter-1 in the prescribed Bid forms and proforma attached to this Bid document. The details of the tender are given below:-

1. Tender No. : **OVL/DLH/MM/INTERNAL AUDIT/OVL  
DELHI&SUBSIDIARIES/620/2012-12**
2. Description of jobs : Engagement of Internal Auditor for the Corporate Office of ONGC Videsh Limited (OVL), New Delhi and at various overseas Subsidiaries/Branch officers.
3. Closing date & Time of bid issuance: 12.03.2012, 1400 hrs.(IST)
4. Last date for submission of written: 15.03.2012  
Queries, if any.
5. Pre-Bid Conference: 19.03.2012 at 1100 hrs. at OVL, 6<sup>th</sup> Floor,  
Kailash Building, 26 KG Marg, New Delhi-1.
6. Issuance of clarifications/modifications: 21.03.2012  
to the tender documents
7. Closing date & time for submission : Will be intimated along with the reply of  
of bids. Pre-bid conference
8. Correspondence Address : The Chief Manager (MM)  
ONGC VIDESH LTD.  
5<sup>th</sup> floor, Kailash Building, 26 KG Marg,  
New Delhi-100 001 **(INDIA)**.  
E-mail: s\_meyyappan@ongcvidesh.in  
ur\_brahma@ongcvidesh.in

ONGC Videsh Ltd. wants to finalize this tender within a limited time schedule. Bidders having any queries must write to the undersigned as per the time frame given above. These queries will be discussed during the pre-bid conference as per the schedule above. Any modifications/clarifications to the tender document as sequel to the pre-bid conference will be intimated to all the bidders.

Bidders are advised not to take any exception/deviations to the bid document. Exceptions/ deviations, if any, should be brought out during the Pre-bid conference. ONGC-Videsh Ltd. after processing such suggestions may, through an addendum to the bid document, communicate to the bidders the changes in its bid document, if any.

ONGC Videsh Ltd. will not seek any clarifications subsequent to opening of bids and bids not conforming to tender conditions shall summarily be rejected. Therefore, bidders are advised to submit their bids complete in all respect as per requirement of tender document clearly specifying their categorical acceptance to all the clauses of Bid Evaluation Criteria, General Contract conditions and compliance to the Scope of Works requirement etc.

## **CHAPTER 1 - INTRODUCTION AND BACKGROUND**

### **1.0 THE COMPANY**

- 1.1 ONGC Videsh Limited (ONGC-VL), a Company incorporated in India and having registered office in New Delhi, is a fully owned subsidiary of India's premier upstream hydrocarbon company Oil & Natural Gas Corporation Limited (ONGC). The mission of ONGC-VL is to explore the globe for Energy with the objective to make India self sufficient in hydrocarbons through equity oil overseas.
- 1.2 OVL's Management Team is led by its Managing Director, Director (Finance), Director (Operations) and Director (Exploration). Keeping in mind the present rate of growth of the company, the structure is continually evolved to enhance efficiency and capture all the elements of organisational development and growth, while retaining the essence of the corporate business philosophy. The Chairman & Managing Director of ONGC is the Chairman of ONGC Videsh Limited. The functional Directors of ONGC are Special Invitees on the OVL Board as well, thus inducing cohesion of the corporate objectives and goal congruence in both organisations.
- 1.3 The company currently has participation in 33 projects in 15 countries. Out of 33 projects, the Company is Operator in 11 projects and Joint Operator in 6 projects. OVL is currently producing oil and gas from 9 projects viz., Greater Nile Oil Project and Block 5A in Sudan, Block 06.1 in Vietnam, Al Furat Project in Syria, Sakhalin-I Project and Imperial Energy in Russia, Mansarovar Energy Project in Colombia, San Cristobal Project in Venezuela and Block BC-10 in Brazil. Blocks A-1 and A-3 in Myanmar, Carabobo-1 project in Venezuela and Farsi Block, Iran have discoveries and further work is being carried out. One Pipeline Project was executed and completed by OVL and handed over to Government of Sudan in October, 2005 and is currently under lease. The remaining projects are in exploration phase.

### **2.0 Selection of Consultant for Internal Audit Function:**

- 2.1 Modern day businesses operate in a dynamic environment and need to respond to the challenges posed by external and internal change drivers. Changes in the business environment greatly increase the risks that must be identified and faced by the Company. OVL as an organization is highly focused on risks impacting the business and lays emphasis on having a strong control environment for mitigating the risks. The Company believes in and recognises the need for having a strong and independent internal audit system that is business and risk focused.

2.2 Considering the increase in activities, OVL intends to engage a audit firm for internal audit of its operations at Corporate Office, New Delhi and Subsidiaries & offices of OVL situated overseas as per the requirement of the company.

### **3.0 Scope of Work:**

1. The audit firm shall carry out a comprehensive internal audit at the Corporate Office of ONGC Videsh Limited, New Delhi for FY 2012-13 and FY 2013-14 and offices/subsidiaries of ONGC Videsh Limited as per the list attached at **Annexure-1** for FY 2011-12 and FY 2012-13. Indicative level of activities at various overseas offices/subsidiaries is attached at **Annexure-2**.
2. The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control. It covers the following audit areas:
  - Review the existing policies and procedures and comment on adequacy of the same for internal control purposes.
  - Reviewing the systems established to ensure compliance with the policies, plans, procedures, laws, and regulations, which could have a significant impact on operations, and reporting on whether the organization is in compliance.
  - Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
  - Reviewing and appraising the 3Es i.e. economy, efficiency and effectiveness with which resources are employed and utilized.
  - Review individual transactions on a test check basis to ensure compliance with laid down policies and procedures of the organization, key local laws and legislations.
  - Measures to improve the internal control and compliance process

The broad scope of work will comprise the following:

- Carrying out risk based internal audit and identifying control gaps.
- Discussions with operational management, recommending and development of action plans.
- Making presentations to the Senior Management and Audit Committee.
- Monitoring implementation of agreed action plans.

### **3.1 Internal audit for Corporate office of ONGC Videsh Limited at New Delhi:**

The audit firm would carry comprehensive internal audit at the Corporate Office in New Delhi with four reviews comprising the following functions:



## **1. Finance & Accounts (Two Reviews)**

- Review of System
- Authorization of expenses and payments
- Cash & bank and treasury management
- Accounts reconciliations
- Revenue & receivables
- Fixed Assets accounting
- Payroll accounting including foreign payroll
- General accounting
- Budget Controls
- Cash Calls Payments
- Direct and Indirect Taxation
- Well Wise Accounting based upon information received from Operator i.e., EWIP/DWIP/PP/Dry Well (additions as well as existing wells)
- Compliance of Accounting Standards and other pronouncements issued by ICAI
- JIB Accounting
- Compliance of provisions of statutory levies applicable to the Company
- Ledger, Vendors and customers scrutiny

Review of the consolidated financial statements of the company from the management control perspective of various assets, liabilities etc. Review of items such as:

- (a) Status of the work in progress of exploration wells, development wells as well as capital work in progress
- (b) Status of each cash and bank accounts and balance thereof
- (c) Recovery of each items of loans and advances
- (d) Details of Sundry Debtors and age-wise analysis with recovery status
- (e) Details of Creditors with age-wise analysis and status of payment
- (f) Review of various long term loans
- (g) Details all other asset or liability of the company including abandonment fund, liability for abandonment fund and various provisions.

## **2. Personnel & Administration (One Review)**

- Policies & Procedure for Human Resource Management and Training

- Statutory/ Local compliances
- Payroll processing including foreign payroll

### **3. Marketing (One Review)**

- Review of Process employed/ strategy for Marketing
- Deal Pricing and Structure
- Marketing research-identification of markets/segments
- Performance evaluation

### **4. Business Development/Planning (One Review)**

- Review of Process employed / strategy for appraisal of opportunities
- Propriety of Business Development Expenditure
- Recovery of Expenditure made on Business Development on behalf of consortium partners / JV companies.
- Measuring performance

### **5. Material Management (Two Reviews)**

- Review of Materials / Services planning and Budgeting
- Materials / Services requisitioning and procurement / Hiring
- Procedure of Vendor Development and Evaluation
- Material /Services receipt & payment
- Review of contracts awarded on nomination basis.

### **6. Projects Management – (a) Sakhalin-1, Russia (b) Block 5A, Sudan (c) Blocks RC-8, RC-10 and CPO-5, Colombia (d) Pipeline Project, Sudan (e) Block 43, Libya (f) Blocks A-1 & A-3, Myanmar (g) Blocks 25-29, Cuba (h) Block 24, Syria (i) Farsi, Iran (j) Block 34-35, Cuba (k) Satpayev Project, Kazakhstan (l) Blocks RC-9 and SSJN-7, Colombia (m) Blocks 6.1 and 128, Vietnam (n) Block 8, Iraq (o) Any other project to be notified by Company (Two projects in each review)**

- Project Management - systems, procedures & policies
- Project Coordination, Planning and Budgeting
- Project execution and monitoring
- Cash Call Management- Processing and verification
- Compliance with the guidelines/ requirements of the PSC/JOA

### **7. Review and follow up on previous year internal audit observations.**

### **3.2. Internal audit of offices and subsidiaries of ONGC Videsh Limited:**

#### **3.2.1 REPRESENTATIVE OFFICES (TEHRAN (IRAN); CARACAS (VENEZUELA); ASTANA AND ATYRAU, (KAZAKHSTAN); DAMASCUS (SYRIA); JUBA (SOUTH SUDAN)**

The audit scope would cover both compliance and substantive work on a test check basis which would include Budgetary controls, authorisation for expenditure, bank operations, reconciliation, balance confirmation and petty cash, employee payments (both locals and expatriates), contractors payments, compliance of taxes and duties, book-keeping including checking the process of statutory auditing, asset accounting including fixed asset verification, purchases and hiring and general review of IT security and HSE.

#### **3.2.2 SUBSIDIARIES AND OFFICES HAVING SUBSTANTIAL ACTIVITY (ONGC CAMPOS LTDA, RIO (BRAZIL), BOGOTA (COLOMBIA), HAVANA (CUBA), YUZHNO SAKHALINSK (RUSSIA), HO CHI MIN CITY (VIETNAM), IMPERIAL ENERGY (TOMSK AND MOSCOW, RUSSIA), ONGC NILE GANGA B.V., (KHARTOUM, SUDAN, AMSTERDAM, NETHERLANDS)**

The audit scope would cover both compliance and substantive work on a test check basis which would include the following areas:

- ✓ Overall Management including compliance with the defined organisation structure; defined delegation of authority, defined related operating procedures and guidelines; requirement of PSC/EPSCA/concessionary agreements/licenses/JOAs, compliance with the key local statutory / regulatory requirements including tax, company registration etc.
- ✓ Financial Management including Work Programme and Budgets, AFE, compliance framework with taxes and duties, cash call, JIB, G&A and support expenses, Bank Reconciliation and Petty Cash, Receipts and treasury activities, Account Payables and Receivables, employee payments, contractor payments, book keeping and statutory audits including adequacy of software/systems used, local administration, insurance including scope for global policy, fixed assets, inventory accounting and physical verification procedure, principal office overheads etc.
- ✓ Operations, Procurement and Others including exploration operations management, drilling, production, tendering and sub-contracting, materials and inventory management, purchase verification, maintenance management, general review of IT security, HSE and logistics policies and application (No technical review is envisaged during the audit).
- ✓ HR policy procedure, recruitment and training, payroll, loans and advances etc.

### **3. AUDIT TEAM**

The Audit team should consist of suitable members with qualified finance professionals from India and having qualification of CA/ICWA/MBA (Finance); and one finance member from the respective country of audit having the knowledge of local languages besides the English language; and one member each having SAP certification and appropriate specialty area for internal audit at the Corporate Office, New Delhi. The lead audit member should be from India having an experience of at least 10 years and other audit members should have an experience of at least 5 years. The minimum number of audit team members as indicated in the BEC criteria should be maintained for audit of subsidiaries and offices of OVL.

### **4. REMUNERATION**

The bidder should give offer/quote a lump sum fixed fee including all taxes and duties for the assignment as defined in the scope of work for internal audit and ceiling for out of pocket expenses as per the price bid. Out of Pocket expenses for audit of subsidiaries and offices of OVL which includes expenses for international travel, boarding, lodging, telephone/mobile etc. shall be reimbursed as per actual subject to ceiling.

### **5. AUDIT PROCESS**

Before the start of the audit, the audit team would be familiarized with OVL's corporate systems, policies, philosophy, project details as available in Delhi office etc.

The audit team would have an opening meeting with OVL team of overseas/offices before commencement of the audit.

During the course of the audit, the audit team may:

- i. Review relevant reports, records, vouchers and documentation.
- ii. Interview relevant personnel.
- iii. Make visual inspections during the field visit.
- iv. Discuss and clarify concerns with relevant personnel.
- v. Finalise the audit observation, after the discussion with the relevant personnel.

The audit team would have a close out meeting at the conclusion of the audit.

### **DISCUSSIONS WITH OPERATIONAL MANAGEMENT, RECOMMENDING AND DEVELOPMENT OF ACTION PLANS**

This stage would involve:

- Discussion of findings with key process owners/management and obtaining their comments.
- Developing recommendations and action plans to mitigate/ manage the risks.
- Discussing and incorporating proposed management action plans/ comments and implementation timelines.
- Follow-up of recommendations of the earlier year.

Based on the above, the audit firm would finalize and submit their report. The audit firm would make presentation to the Management as well as to Audit Committee of OVL.

## ANNEXURE-1

### LIST OF OFFICES AND SUBSIDIARIES OF OVL TO BE COVERED IN AUDIT FOR FY 2011-12 AND FY 2012-13

#### OFFICES

1. TEHRAN (IRAN)
2. CARACAS (VENEZUELA)
3. ASTANA AND ATYRAU, (KAZAKHSTAN)
4. BOGOTA (COLOMBIA)
5. HAVANA, CUBA
6. YUZHNO SAKHALINSK (RUSSIA)
7. HO CHI MIN CITY (VIETNAM)
8. DAMASCUS (SYRIA)

#### SUBSIDIARIES

1. ONGC NILE GANGA B.V., AMSTERDAM (NETHERLANDS), KHARTOUM (SUDAN) AND JUBA (SOUTH SUDAN)
2. IMPERIAL ENERGY, TOMSK AND MOSCOW (RUSSIA)
3. ONGC CAMPOS LTDA (BRAZIL) (**ONLY FOR FY'12-13**)

Annexure-IILEVELS OF ACTIVITY OF THE BRANCHYEAR : 2010-11 (9 Months upto Sept'2011)

Office	Actual/Estimated expenditure (9 Months (USD mln)	No. of estimated transactions of Bank payments/receipts	No. of Contracts and Purchase orders	Number of Assets
TEHRAN (IRAN)	0.068	Payments -107; Receipts-15	08	34 (Office Assets including residence household
CARACAS (VENEZUELA)	0.31	100	1	45
BOGOTA (COLOMBIA)	15.0 (including seismic costs)	150 bank transactions 650 vouchers	4	20 (Office Assets)
ASTANA AND ATYRAU, (KAZAKHSTAN)	Ayrau *: 0.08 Astana : 0.31	Ayrau *: 80 Astana : 288	Ayrau *: 2 Astana : 2	Ayrau *: 2 Astana : 37
HAVANA, CUBA	0.194	Payments -119; Receipts-11	11	72
YUZHNO SAKHALINSK (RUSSIA)	0.26	402	26	54
HO CHI MIN CITY (VIETNAM)	1. <u>Block128:</u> 0.183  2. <u>Blk.06.1:</u> 9.474  <b>TOTAL 9.657</b>	Block 128 : 83  Block 6.1 : 160 payments & 59 receipts  Total transactions of 2 blk.: 243 payments/59 receipts	1. <u>Block128:</u> 2  2. <u>Blk.06.1:</u> 1  <b>TOTAL 3</b>	<b>Total: 2</b>
DAMASCUS (SYRIA)	0.04	90	1	
KHARTOUM (SUDAN) (ONGBV OFFICE)	10.99	539	25	259
JUBA (SOUTH SUDAN) (ONGBV OFFICE)	0.18	24	7	68

- Atyrau Branch started operations in Feb 11. Hence Data is from Feb 11.

Activities as applicable to the OVL offices

<b>ACTIVITY</b>	<b>TEHRAN (IRAN)</b>	<b>CARACAS (VENEZUELA)</b>	<b>ASTANA AND ATYRAU (KAZAKHSTAN)</b>	<b>DAMASCUS, SYRIA</b>	<b>JUBA, SOUTH SUDAN</b>
Budgetary Controls	Yes	Yes, G&A costs	Yes, G&A costs	Yes, G&A costs	No
Authorization for Expenditure	Yes	Yes, G&A costs	Yes, G&A costs	Yes	No
Bank operations, reconciliation, balance confirmation and Petty Cash	Yes	Yes	Yes	Yes	Yes
Employee Payments (Local Nationals)	Yes	Yes	Yes	Yes	No
Contractors Payments	Yes	G&A costs	Yes, G&A costs	Yes, G&A costs	Yes
Compliance of Taxes and duties	Yes	Related to G&A/staff	Related to G&A/staff	Related to G&A/staff	Yes
Book-keeping, cost recovery and statutory auditing	Yes	No cost recovery audit.	No cost recovery audit.	No cost recovery audit.	No
Asset Accounting including physical verification	Yes	Minimal assets	Minimal assets	Minimal assets	No
Purchases and hiring	Yes	G&A exp. only	Yes	Yes	Yes
General review of IT Security and HSE	Yes	Minimal	Minimal	Minimal, as office belongs to HESBV	Yes
Submission of Periodic Reports to Regulator	Yes	Yes	Yes	Yes, due to recent registration of OVL Branch	
Submission of Annual Reports to Tax Department	Yes	Yes	Yes	Yes due to recent registration of OVL Branch	



<b>ACTIVITY</b>	<b>BOGOTA (COLOMBIA)</b>	<b>HAVANA, CUBA</b>	<b>YUZHNO SAKHALINS K (RUSSIA)</b>	<b>HO CHI MIN CITY (VIETNAM)</b>	<b>TRIPOLI (LIBYA)</b>	<b>KHARTOUM, SUDAN</b>
Budgetary Controls	Yes	Yes	Yes, G&A costs	Yes	Yes	Yes
Authorization for Expenditure	Yes	Yes	Yes, G&A costs	Yes	Yes	Yes
Bank operations, reconciliation, balance confirmation and Petty Cash	Yes	Yes	yes	Yes	Yes	Yes
Employee Payments(Local Nationals)	Yes	Yes	Yes	Yes	Yes	Yes
Contractors Payments	Yes	Yes	G&A costs	Yes	Yes	Yes
Compliance of Taxes and duties	Yes	Yes	Yes	Yes	Yes	Yes
Book-keeping, cost recovery and statutory auditing	Yes	Yes	No cost recovery audit.	Yes	Yes	Yes
Asset Accounting including physical verification	Yes	Yes	Minimal assets	Yes	Yes	Yes
Purchases and hiring	Yes	Yes	G&A exps only	Yes	Yes	Yes
General review of IT Security and HSE	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
Submission of Periodic Reports to Regulator	Yes	Yes	Yes	Yes	Yes	Yes
Submission of Annual Reports to Tax Department	Yes	Yes	Yes	Yes	Yes	Yes

**LEVELS OF ACTIVITY OF THE SUBSIDIARY – 2011**

Subsidiary	Actual/Estimated expenditure (USD mln)		No. of estimated transactions of Bank payments/receipts	No. of Contracts and Purchase orders	No. of Employees		Number of Assets
	Capex	Opex			Expats	Locals	
Imperial Energy	131.3	368.37	<b><u>Number of Operations</u></b>  Total : 16788	1,454	12	831	5,243
OCL	60.86	54.96	9 months Actual : 1,770	43	4	3	108

**LEVELS OF ACTIVITY OF THE SUBSIDIARY – 2012**

**(Forecast)**

Subsidiary	Actual/Estimated expenditure (USD mln)		No. of estimated transactions of Bank payments/receipts	No. of Contracts and Purchase orders	No. of Employees		Number of Assets
	Capex	Opex			Expats	Locals	
Imperial Energy	35.82	302.67	Number of operations:  16 000	1,000	12	698	
OCL	110	120	1800	35	4	4	

**3.0 Term of Contract :**

The term of the contract shall be for two financial years i.e. from the date of engagement (Effective date) till 15<sup>th</sup> May, 2014.

## CHAPTER 2 - INSTRUCTIONS TO BIDDERS

- 1 Two bid system is to be followed for submission of bids. The first inner sealed envelope (Envelope no.1) superscribed "Technical Proposal" will contain all the details except the Financial Proposal sought in item (B) of Chapter 3 which shall be left blank. The second inner sealed envelope (Envelope no. 2) superscribed with "Financial Proposal" will contain only the Financial Proposal as sought in item (B) of Chapter 3. Both sealed envelopes (i.e. Envelope no. 1 & 2) must be put in a third envelope superscribed with "Tender No. **OVL/DLH/MM/INTERNAL AUDIT/OVL DELHI&SUBSIDIARIES/620/2012-12**; Date of opening: \_\_\_\_\_; name & address of the bidder.

The sealed envelope containing Envelope no. 1 & 2 must reach us on or before tender submission date at the address of **Head MM, ONGC Videsh Limited,512, 5<sup>th</sup> Floor, Kailash Building, 26 Kasturba Gandhi Marg, New Delhi 100 001, India.**

The sealed envelope must superscribed with:

### ***"BID FOR SELECTION OF INTERNAL AUDITOR"***

- 2 The bidder shall be responsible for all costs associated with the preparation of this proposal, if any regardless of the conduct or outcome of the bidding process.
- 3 Material which is intended to be confidential must be marked 'Confidential' by the bidder. All such information will be treated in confidence and will not be divulged.
- 4 In case of any dispute, whatsoever in connection with RFP, the decision of OVL shall be final and binding.
- 5 Bidders should ensure that bid is delivered before scheduled date and time as per instructions given at SI No 1 above. Late bids shall not be considered.
- 6 The proposal submitted by the bidder should be valid for acceptance for a period of 90 days from the opening date of bid.
- 7 The bidder is required to state in its bid separately the delivery methodology i.e. how they propose to go forward (in case of award of this assignment).
- 8 At any time but not later than three days prior to the deadline for submission of the proposals, for any reason or in response to clarifications requested by any bidder, OVL may modify the RFP by way of issuance of 'Addendum'. In this respect, OVL, at its sole discretion may extend the due date of closing/opening of the tender.
- 9 This document is not transferable. The invitations and all communications pursuant to its terms are confidential and are not to be disclosed to any person other than the addressee without prior written consent of OVL.
- 10 All correspondence and documents related to this offer shall be written in English language only.

- 11 OVL may seek clarifications on the bid submitted by the bidders. The clarifications may be sought in writing or orally in view of the time constraint. The bidders would, however, confirm the clarifications (even if given orally) in writing immediately.
- 12 Bids qualified by vague and indefinite expressions shall not be considered.
- 13 The information provided must be focused and specific in order to facilitate the evaluation and thus additional/irrelevant information need not be provided.
- 14 Fax/Photostat/E- mail bids shall not be considered.
- 15 The information provided until the signing of agreement shall be deemed to be considered under the confidentiality provisions.
- 16 Any change in the bid after opening of the offer shall not be considered.
- 17 Late receipt of bid shall not be considered.
- 18 The services shall be performed at such locations as are specified in the tender and where locations are not specified, at such locations as directed by OVL.

### **CHAPTER 3 – FORMAT OF BID**

**(A) Technical Proposal:**

**i) Work Experience:**

The audit firm should have global presence and experience of carrying out minimum two audits (statutory/internal) of any Upstream Oil and Gas firm having average turnover of ₹ 20,000 Crore during the last three years reckoned from the date of techno-commercial bid opening. The audit firm shall have local office/tie-up in Russia, Sudan, Brazil, Cuba, Colombia, Netherlands, Iran, Venezuela, Kazakhstan, Syria, South Sudan and Vietnam and also presence in India.

**ii) Audit Team:**

The Audit team should consist of suitable members with qualified finance professionals from India and having qualification of CA/ICWA/MBA (Finance); and atleast one finance member from the respective country of audit having the knowledge of local languages besides the English language; and one member each having SAP certification and appropriate specialty area for internal audit at the Corporate Office. The lead audit member should be from India having an experience of atleast 10 years and other audit members should have an experience of atleast 5 years. The minimum number of audit team members for each entity would be as follows:

<b><u>Subsidiary/Office</u></b>	<b><u>Minimum number of members</u></b>
Imperial Energy (Tomsk and Moscow, Russia)	Three including local finance member having the knowledge of local language (Russian) besides the English language.
ONGC Nile Ganga B.V. (Amsterdam, Netherlands), Khartoum (Sudan) and Juba (South Sudan)	Two
ONGC Campos Ltda, Rio, Brazil	Three including local finance member having the knowledge of local language (Portuguese) besides the English language.
Havana, Cuba	Two including local finance member having the knowledge of local language (Spanish) besides the English language.
Yuzhno Sakhalinsk, Russia	Two including local finance member having the knowledge of local language (Russian) besides the English language.
Bogota, Colombia	Two including local finance member having the knowledge of local language (Spanish) besides the English language.

Tehran (Iran)	Two including local finance member having the knowledge of local language (Persian) besides the English language.
Caracas (Venezuela)	Two including local finance member having the knowledge of local language (Spanish) besides the English language.
Astana and Atyrau (Kazakhstan)	Two including local finance member having the knowledge of local language (Russian) besides the English language.
Damascus (Syria)	Two including local finance member having the knowledge of local language (Arabic) besides the English language.
Ho Chi Min City (Vietnam)	Two including local finance member having the knowledge of local language (Vietnamese) besides the English language.
Corporate Office (Delhi)	Three including one member having SAP Certification

We appreciate focused and specific response on the following parameters. Any descriptive information in support of the following must be given in a separate Appendix.

Name of member	Qualifications	Years of experience	No. of such assignments handled and the individual's role in the said assignment	Role of the person in the proposed OVL assignment

The selection of the team members must consist of reasonable mix of specialized backgrounds essential to complete the assignment of this size and nature for audit of the Corporate Office at New Delhi.

The audit firm along with the above mentioned details may also forward a confirmation that each of the said personnel shall be associated with the said assignment throughout the duration of the assignment. The bidder, after opening of the bid, shall not modify the list of offered personnel without the consent of OVL. OVL reserves the right to not accept any or all personnel, if found

unsuitable in the opinion of OVL. OVL may ask the bidder to re-offer such unacceptable personnel without any additional cost.

Resume should be attached in a separate Appendix

**iii) Operational Methodology:**

The Bidders shall give a brief description of the manner in which the proposed assignment shall be handled. The consultant should commit that they are capable to handle all works as defined in the scope of work.

**(B) Financial Proposal**

Please mention the following:

The bidder should give offer/quote a lump sum fixed fee including all taxes and duties for the assignment as defined in the scope of work for internal audit and ceiling for out of pocket expenses for each audit location. Out of Pocket expenses for audit of subsidiaries and offices of OVL which includes expenses for international travel, boarding, lodging, telephone/mobile etc. shall be reimbursed as per actual subject to ceiling.

The bidder is required to quote for all the audit areas covered as per the scope of work in the following format:

	<b>FY 2011-12 Amount in ₹</b>	<b>FY 2012-13 Amount in ₹</b>	<b>FY 2013-14 Amount in ₹</b>	<b>Total Amount in ₹</b>
<b>I. Lump sum fee for the assignment including all taxes and duties and Out of Pocket Expenses for the Corporate Office at Delhi as per the scope of work</b>	XXXX (Not applicable)			
<b>II. Lump sum fee for the assignment including all taxes and duties for subsidiaries and offices of OVL as per the scope of work</b>			XXXX (Not applicable)	
<b>III. Ceiling for Out of Pocket Expenses expenses including expenses for international travel, boarding, lodging, telephone/mobile etc.</b>			XXXX (Not applicable)	
Imperial Energy (Tomsk and Moscow, Russia)			XXXX (Not applicable)	

ONGC Nile Ganga B.V. (Amsterdam(Netherlands), Khartoum (Sudan) and Juba (South Sudan)			<b>XXXX</b> (Not applicable)	
ONGC Campos Ltda, Rio, Brazil	<b>XXXX</b> (Not applicable)		<b>XXXX</b> (Not applicable)	
Havana, Cuba			<b>XXXX</b> (Not applicable)	
Yuzhno Sakhalinsk, Russia			<b>XXXX</b> (Not applicable)	
Bogota, Colombia			<b>XXXX</b> (Not applicable)	
Tehran (Iran)			<b>XXXX</b> (Not applicable)	
Caracas (Venezuela)			<b>XXXX</b> (Not applicable)	
Astana and Atyrau (Kazakhstan)			<b>XXXX</b> (Not applicable)	
Damascus (Syria)			<b>XXXX</b> (Not applicable)	
Ho Chi Min City (Vietnam)			<b>XXXX</b> (Not applicable)	
<b>IV. Total for the purpose of bid evaluation</b>				

The fee shall be payable as follows on issuance of final report for audit at Corporate office of OVL at Delhi for 'I' above:

Phase I (Q1) :	20%
Phase II (Q2) :	20%
Phase III (Q3) :	20%
Phase IV (Q4) :	40%

The phase-wise allocation of scope of work would be decided by the Company.

For audit of subsidiaries and offices of OVL, Out of Pocket Expenses (OPE) may be claimed after audit of each unit. Billing of fee shall be 40% on submission of draft audit reports for all the locations and 60% on submission of final audit report including presentation to the Executive Committee/Audit Committee.

**Note:**

1. The prices quoted by the bidder for services to be performed and for the other obligations to be met under the agreement shall not be subject to any variation on any account and shall remain firm throughout the period of the contract. Also, no price escalation on any ground whatsoever will be allowed.
2. The fees quoted above must include all taxes and duties (Indian and foreign taxes) arising out of this Engagement. Any taxes and duties payable by the Consultant on the remuneration under this contract including Corporate and



Personal taxes shall be to the sole account and responsibility of the Consultant. OVL shall pay the amount after deducting the withholding taxes etc. as applicable under the provisions of the Indian Income tax and rules made there under and other applicable laws including foreign tax laws.

3. As internal audit at the Corporate Office of OVL, Delhi is covered in four phases (quarterly), each phase of internal audit should be completed within one month from the end of the relevant quarter. The audit for internal audit of subsidiaries and offices of OVL for 2011-12 should be completed within six months from the date of award of work; and for 2012-13 by 30<sup>th</sup> September, 2013.

## CHAPTER 4 – BID EVALUATION CRITERIA

### **Bidders are required to comply with the following criteria:**

1. Bid should be submitted strictly as per the format given in Chapter-1 and 3 of the RFP. Bid should be valid for acceptance for 90 days from the date of opening of the bids.
2. Bids are to be submitted in two bid system. “Technical Proposal” containing price shall be rejected. “Financial Proposal” of only those bidders who qualify under the “Technical Proposal” will be opened.
3. Bidder must categorically confirm acceptance of all the Terms & Conditions of the RFP and scope of work as per Chapter-1.
4. **Evaluation Methodology:** Bidders are required to quote the price as per the format given in chapter -3 as per the Scope of work mentioned in Chapter-1. The bids shall be ranked based on the most economical evaluated cost to OVL.
5. OVL reserves the right to accept a higher bid and/or reject any or all the bids at its sole discretion without assigning any reasons.
6. OVL expects bidders to accept all the terms and conditions of the RFP and that no exceptions/deviations are taken. However, if the same are unavoidable, it must be clearly spelt out item-wise in sequence in a separate statement under the heading “Exceptions and Deviations to tender document” in the Technical Proposal. In case no exceptions and deviations are brought out as above, it shall be presumed that the bidder has agreed to all the terms and conditions of the RFP.
7. OVL shall have the discretion to load or reject the offer on account of any exception if the bidder, on the advice of OVL, does not withdraw the exception.
8. If the bidder deliberately gives wrong information in his offer in order to gain any undue advantage, such offer shall be summarily rejected. In case it is discovered later on, the engagement shall be liable for termination without any compensation whatsoever.
9. No retainer fee/ minimum fee/ milestone fee / advance/ engagement fee are payable by OVL. Any bidder taking exception to this shall be rejected.
10. The bidder is required to enter into a confidentiality agreement immediately after the award of work.
11. The bidder shall offer their Lump Sum fee and OPE as per the price bid format in Chapter-3 which shall remain firm during the validity of their offer and until the agreement is completed. No escalation in price shall be allowed during the period of agreement.
13. The lump sum fees and OPE quoted must include all taxes and duties arising out of this assignment. All taxes and duties payable by the selected consultant on the remuneration payable under the agreement (including without limitation corporate and personal taxes) shall be to the sole account and responsibility of the selected consultant. Any partial or total deviation on this account shall render their offer to be disqualified.

14. Bidder should confirm completion of the entire Scope of Work as per the Chapter 3 of RFP in its Technical Proposal.
15. The bidder must clearly bring out Delivery Methodology in its Technical Proposal.
16. The bidder must confirm that no conflict of interest exists as of date and due care shall be taken before engagement so that there is no conflict of interest.
17. The BEC overrides all other similar clauses appearing any where in the RFP.
18. Any other criteria that may arise at the time of evaluation may be decided by OVL. Bidders not agreeing to this shall be liable for rejection.
19. Bidders are required to submit Integrity Pact along with their technical offer as per the format given at Appendix-II. The bid will be rejected if bid received without Integrity Pact.
20. **Financial Capability:** Bidder shall have following Financial Capability:

**Financial Criteria:**

1. Turnover of Bidders : 30% of annualized bid value or more
2. Net-Worth of Bidder : Positive (as per latest audited annual accounts).

**Notes:**

- i. The basis of bid value shall be the price quoted by the bidder including duty and taxes, if any, which is taken into consideration for evaluation.
- ii. For the purpose of ascertaining parameter of Turnover of the bidder, average turnover of the bidder for the previous two financial years shall be considered. The bidder will provide a copy each of audited annual accounts of previous two financial years for ascertaining their turnover. The date (i.e. the financial period closing date) of the immediate previous year's audited annual accounts should not be older than eighteen (18) months from the bid closing/un-priced bid opening date. In case of Two Bid System, in the un-priced bid, the bidder will submit a 'certificate of compliance' to the effect that the Turnover of the bidder is equal to or more than the required value as applicable.
- iii. In case the information contained in the 'certificate of compliance', as in (ii) above, is found to be incorrect later on after opening of price bids, then their bids will be rejected in case the bidder is not actually meeting the required financial criteria.
- iv. In case the bidder is a newly formed company (i.e. one which has been incorporated in the last 5 years from the date of un-priced bid opening of the tender) / subsidiary company, who does not qualify financial criteria (i.e. Turnover for 30% annualized bid value) by himself and the bidder submits his bid based on the strength of his parent or promoter company, then such parent or promoter company should furnish documents in respect for turnover of 30% of the annualized bid value and net worth should be positive. Further, the parent/promoter companies should submit a Corporate Guarantee

on their company letter head signed by an authorized official undertaking that they would financially support the newly formed company (i.e. the bidding company) for executing the project/job in case the same is awarded to them. Also, the bidder shall submit documentary evidence that his company has been newly formed / a subsidiary company.

- v. If the bid is from a Consortium, then the net worth of all the consortium partners individually should be positive. Further, the consortium partners should individually meet the turnover limit in proportion to the percentage of work to be performed by them respectively in terms of the limit of turnover specified in the tender. For this purpose, the bidder should indicate in the un-priced bid, the percentage of work to be performed by the respective consortium members. However, the financial capability of sub-contractors will not be taken into consideration.

## **CHAPTER 5 -MAJOR TERMS AND CONDITIONS OF ENGAGEMENT**

### **1. DEFINITIONS**

Unless the context otherwise requires, the following terms whenever used in this Engagement shall have the following meanings:

- 1.1 "Consultant" shall mean the Firm selected by OVL for carrying out internal audit under this agreement.
- 1.2 "Effective Date" means the date on which this Engagement Agreement is signed.
- 1.3 "Party" means OVL or the Consultant, as the case may be, and Parties means both of them.
- 1.4 "Services" means the work to be performed by the Consultant pursuant to this Engagement.
- 1.5 "Engagement" means entering into the agreement for carrying out the Services as per the scope of work, fee and terms and conditions laid down.
- 1.6 "OVL" means ONGC Videsh Limited.

### **2. FORM OF REPORTING**

The findings work will be presented to OVL in the form of written reports (Interim reports and Final reports) as per the Scope of Work. During the period of Engagement, the Consultant, from time to time shall inform OVL in writing about the progress of the work.

### **3. CONFIDENTIALITY**

As per Appendix-I

### **4. TEAM MEMBERS**

- 4.1 For the execution of its assignment, the Consultant will establish a team of qualified individuals from appropriate specialty areas within its organisation. It is understood and agreed by the Consultant that the Consultant shall be solely and exclusively responsible to OVL for all acts of its team of individuals, affiliates and subsidiaries.
- 4.2 If OVL (i) finds that any one of the key personnel has committed serious misconduct or has been charged with having committed a criminal action, or (ii) has reasonable cause to be dissatisfied with the performance of any key personnel, then the Consultant shall, at OVL's written request specifying the grounds therefore, forthwith provide a replacement.
- 4.3 Any changes in the team mentioned above shall be carried out in consultation with OVL. Such changes shall be of suitable qualified persons, of equivalent expertise, experience & specialty & shall not absolve the Consultant from its obligations under the engagement.

The Consultant shall bear all additional travel and other costs arising out of or incidental to any removal or replacement of any of the Key Personnel.

- 4.4 During the period of Engagement, OVL reserves the right to associate an executive of OVL to monitor the progress.

## **5. ACCESS**

OVL agrees to provide to the Consultant all relevant information requested by the Consultant and considered reasonable, appropriate, proper and necessary by OVL for carrying out Internal Audit by the Consultant as per scope of this engagement agreement. In performing its services hereunder the Consultant shall be entitled to rely upon and assume the accuracy and completeness of all information that has been furnished to the Consultant (or its affiliates or subsidiaries) by OVL or its authorised representative(s).

It is clearly understood, however, that the Consultant shall exercise its professional judgment in the assessment and use of such information. Further, in assessing this information, the Consultant would act in line with the standards expected of an international Consultant of similar size and standing.

## **6. PUBLIC ANNOUNCEMENTS**

- 6.1 The Consultant shall not directly or indirectly issue or make any public announcement or statement regarding the agreement or any work carried out under the Engagement Agreement or any information that may be made available to Consultant for carrying out work under this Engagement agreement unless, prior thereto, it furnishes OVL with a copy of such announcement or statement and obtains the written consent (which consent shall not be withheld unreasonably).

## **7. MODE OF BILLING AND PAYMENT**

The bidder should give offer/quote a lump sum fixed fee including all taxes and duties for the assignment in the scope of work for internal audit

- 7.1 The Consultant shall submit to OVL, in duplicate, invoices in respect of the fees payable by OVL on completion of scope of work as defined and ceiling for out of pocket expenses. Out of Pocket expenses for audit of subsidiaries and offices of OVL which includes expenses for international travel, boarding, lodging, telephone/mobile etc. shall be reimbursed as per actual subject to ceiling.
- 7.2 OVL shall make the payment of invoices free from any deficiencies within thirty days (30) of receipt thereof from the Consultant.
- 7.3 All fees and expenses shall be payable to the Consultant in the Indian Rupee.

## **8. TAXES AND DUTIES**

All payments will be inclusive of all withholding taxes or other such taxes including taxes applicable overseas, imposed upon the Consultant by any Government or taxing authority. All such taxes (including those applicable on the fee of any consultant considered necessary to be hired by Consultant) shall be borne by the Consultant and OVL will not liable to indemnify the Consultant for any such taxes. The payment of all

dues/ fees shall be made within 30 days (as the case may be) from the date of receipt of invoice after deduction of tax at source as per the statutory provisions.

## **9. GENERAL OBLIGATIONS**

- 9.1 The Consultant shall perform the services and carry out the obligations hereunder in accordance with generally accepted professional techniques and practices, and shall observe sound management practices, and employ appropriate advanced methods. The Consultant shall always act, in respect of any matter relating to this Engagement or to the services contemplated therein, as faithful Consultant to OVL and shall at all times support and safeguard OVL's legitimate interests.

## **10 INDEMNIFICATION**

- 10.1 OVL agree to indemnify and hold harmless, the Consultant from and against all actions, claims, demands, proceedings, liabilities or judgments (collectively "claim") and any and all losses, damages, costs (collectively "losses") which relate to or arise directly from the Engagement. Such claim and/ or losses shall be reimbursed by OVL after final adjudication by the competent court of law. The Consultant shall not be entitled for any reimbursement of any claim and/ or losses to the extent that they are finally determined by the court of competent jurisdiction to have resulted primarily from the Consultant's negligence.
- 10.2 The Consultant agrees to indemnify and hold harmless, OVL from and against all actions, claims, demands, proceedings, liabilities or judgments (collectively "claim") and any and all losses, damages, costs (collectively "losses") which relate to or arise directly from the Engagement. Such claim and/ or losses shall be reimbursed by the Consultant after final adjudication by the competent court of law. OVL shall not be entitled for any reimbursement of any claim and/ or losses to the extent that they are finally determined by the court of competent jurisdiction to have resulted primarily from the OVL's negligence.
- 10.3 In the event that the Consultant has the opportunity to settle any claim with a third party, it will not do so without prior written consent of OVL.
- 10.4 The Consultant shall at all times keep OVL informed of all material developments in relation to any claim, litigation, proceeding, investigation etc. in respect of which it is indemnified hereunder and shall consult with OVL in good faith in relation thereto.
- 10.5 The Consultant hereby represents and warrants that the advice, assistance, information or material provided by the Consultant shall be correct, true, justified, realistic, without any motive and not inflated. The Consultant shall be liable for any loss to OVL in case of any breach of above representation.
- 10.6 The Consultant hereby represents and warrants that after signing of this Engagement letter, it shall not take or fail to take any action which would affect the performance of its duties and obligations under this Engagement or may cause a conflict of interest to the Engagement.

## **11. TERMINATION**

- 11.1 For the avoidance of doubt, no termination under this section will affect any clause of this agreement which states that it shall survive termination.
- 11.2 The Engagement may be terminated by OVL as under :
- 11.2.1 The OVL may, by giving not less than seven days written notice to Consultant, terminate this Engagement as under:
- (a) if the Consultant becomes insolvent or bankrupt or winding up proceedings are initiated against it or it enters into any agreement(s) for relief of debt or takes advantage of any law for the benefit of debtors or goes into liquidation, receivership or restructuring, whether compulsory or voluntary; or
  - (b) if the Consultant submits false and/ or incorrect statement/ report/ information to OVL which has a material effect on the rights, obligations or interests of OVL ; or
  - (c) if the Consultant is in material breach of its obligations pursuant to this Engagement and has not remedied the same within three days (or such longer period as OVL may have subsequently approved in writing) following the receipt by the Consultant of OVL's notice specifying such breach; or
  - (d) if the established team of specialists is changed for whatsoever reason and the Consultant fails to replace the similar suitable qualified persons of equivalent expertise, experience and specialty to the satisfaction of OVL.
- 11.2.2 In the event of termination of this Engagement on the grounds mentioned at (a to d) above, the Consultant shall not be entitled for any compensation.
- 11.3 The Consultant may, by giving not less than seven days written notice to OVL, terminate this Engagement as under:
- (a) if OVL fails to pay without any reason any money due to the Consultant pursuant to this Engagement letter within sixty days after receiving written notice from the Consultant that such payment is overdue; or
  - (b) if OVL is in material breach of its obligations pursuant to this Engagement and has not remedied the same within thirty days (or such longer period as the Consultant may have subsequently approved in writing) following the receipt by OVL of the Consultant's notice specifying such breach.
- 11.4 Upon termination of this Engagement, all the data, information, material, records, documents, copies of opinions and advices, maps, tapes etc. available, received or generated by the Consultant in connection with the discharge of its obligations under this Engagement shall become the sole and absolute property of the OVL and shall be returned by the Consultant to the OVL within fifteen days (15) from the date of the termination hereof. Further, the Consultant shall not use the same in any manner and for any purpose whatsoever.



## **12. FORCE MAJEURE**

- 12.1 For the purpose of this Engagement, "Force Majeure" means an event which is beyond the reasonable control of a Party, and which makes a Party's performance of its obligations hereunder impossible or so impractical as reasonably to be considered impossible in the circumstances, and includes, but not limited to, war, riots, civil disorder, earthquake, fire, explosion, storm, flood, or other adverse weather conditions, strikes, lockouts or other industrial action (except where such strikes, lockouts or other industrial action are within the power of the Party invoking Force Majeure to prevent), confiscation or any other action by government agencies.
- 12.2 Force Majeure shall not include (i) any event which is caused by the negligence or intentional action of a Party or such Party's agents or employees, nor (ii) any event which a diligent Party could reasonably have been expected to (A) take into account at the time of conclusion of this Engagement and/or (B) avoid or overcome in the carrying out of its obligations hereunder.
- 12.3 If any condition of Force Majeure continues for a period in excess of Thirty (30) days, then either Party can seek to terminate this Engagement by giving seven (7) days written notice of the same to the other Party. In case of any such termination prior to completion of the phase in which the Consultant is working, no fee shall be payable for that phase.

## **13. GOVERNING LAW AND JURISDICTION**

- 13.1 This Engagement shall be governed by and construed in accordance with Indian Law. The Indian courts in New Delhi shall have the exclusive jurisdiction.

## **14. ARBITRATION**

- 14.1 The Consultant and OVL shall settle disputes arising out of this agreement in good faith. In the event that a dispute cannot be so resolved after 30 days, the Parties agree that the agreement shall be subject to arbitration under the Arbitration & Conciliation Act, 1996, India. Notwithstanding anything to the contrary in such rules, there shall be three arbitrators, one appointed by OVL, one appointed by the Consultant and the third appointed by the other two arbitrators. The place of arbitration shall be New Delhi.
- 14.2 No aspect of any arbitration proceedings shall be made public by either Party.

## **15. RELATIONS BETWEEN THE PARTIES**

- 15.1 Nothing contained herein shall be construed as establishing a relation of master and servant or of agent and principal as between OVL and the Consultant. The Consultant, subject to the terms of this Engagement, shall have complete charge of its personnel performing the services and shall be fully responsible for the services performed by them or on their behalf hereunder.

## **16. MISCELLANEOUS**

- 16.1 This Engagement letter may be amended only by written instrument executed by the Parties.

- 16.2 Whether or not the matter contemplated herein shall be completed, each of the Parties shall (except as otherwise specifically provided therein) pay its own expenses incidental to the negotiation, preparation and execution of this Engagement letter.
- 16.3 No waiver of any provision of this Engagement letter, no consent to or departure there from by either Party shall be effective unless the same is in writing and such waiver or consent shall be effective only in the specific instance and for the purpose for which it is given. No default or delay on the part of either Party in exercising any rights, powers or privilege hereunder shall operate as a waiver thereof or any rights or remedies hereunder.
- 16.4 The language is English which shall be binding and controlling language for all matters relating to the meaning or interpretation of this Engagement.
- 16.5 Headings used in this letter are for ease of reference only and shall not affect its interpretation.
- 16.6 The Consultant including their personnel shall comply with all laws, regulations and requirements of local or other authority in the country(ies) where the work is to be performed.
- 16.7 The Consultant shall, at no additional cost to OVL, self insure or effect and maintain adequate insurance (including their personnel) to cover the liabilities of any kind and as may be required by any applicable governmental or other appropriate bodies. OVL shall in no way take responsibility or liability on this account.
- 16.8 The Consultant shall be responsible for payment of all taxes, duties and charges (and any penalties thereon) assessed or levied by any appropriate Government authority.

**CONFIDENTIALITY AGREEMENT**

This AGREEMENT (Agreement) is made on ....th day of .....,2012 BETWEEN

- (1) ONGC Videsh Limited (the “Disclosing party”), a Company incorporated under Companies Act, 1956 having its registered office at 6<sup>th</sup> floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi 110 001, which expression shall include its successors and permitted assignees; and
- (2) ....., a company incorporated under Companies Act, 1956 having its registered office at ..... (the “Receiving Party”) which expression shall include its successors and permitted assigns.

WHEREAS: the Disclosing Party has placed a letter of award on the Receiving Party on for rendering of Internal Audit Services by the Receiving Party (“Services”), and in connection with this, the Disclosing Party is willing, subject to the terms if this Agreement, to disclose to the Receiving Party Confidential Information (as defined below) and the Receiving Party is willing to receive and hold such Confidential Information in accordance with those terms.

**1. INTERPRETATION**

- (1) In this Agreement the term “Confidential Information” shall mean all legal, financial, commercial, technical and other data, knowledge, and information (including any and all information obtained by the Receiving Party), orally or in writing relating to the Services including (but not limited to) any and all reports/contracts or other documents reports, analysis etc. created / generated by the Receiving Party from such data and information and exercises and analysis carried out by the Receiving Party using such data and information.
- (2) In this Agreement, references to a person include, where the context admits, a body corporate and references to the Parties include references to their successors and assigns.
- (3) References to sub-clauses are to sub-clauses of the clauses in this Agreement in which they appear.

**2. CONFIDENTIAL INFORMATION**

- (1) In consideration of the Disclosing Party allowing the Receiving Party access to the Confidential Information, the Receiving Party agrees to keep the Confidential Information confidential in accordance with the following terms :
  - (a) The Receiving Party agrees to keep the Confidential Information strictly confidential and not to disclose such Confidential Information, to any person in any manner whatsoever (including any means of photocopy or reproduction through any means including but not limited to electronic means) without the prior written consent of the Disclosing Party.

- (b) The Receiving Party may disclose the Confidential Information without the prior written consent of the Disclosing Party to the employees, officers and directors of the Receiving Party and/or its associate firms who have a clear need to access it for the purposes of providing Services.

Prior to making any disclosure of Confidential Information as permitted above, the Receiving Party will procure that the proposed recipient of such Confidential Information is made aware of the terms of this Agreement and other relevant confidentiality agreements and the Receiving Party procure that each such proposed recipient signs an undertaking of confidentiality as contained herein and adheres to these terms as if they were a party to this Agreement as well.

- (c) The Receiving Party shall use or permit the use of the Confidential Information only for the purpose of providing Services and not for any other purpose and the Receiving Party shall be responsible for any breach of the terms of this Agreement by any person to whom disclosure of Confidential Information is made as permitted.
- (2) The Confidential Information shall remain the property of the Disclosing Party. If the Disclosing Party terminates the agreement under which the Services are provided by the Receiving party, the Receiving Party shall within 15 days of such termination, return to the Disclosing Party all of the original Confidential Information and destroy all copies and reproductions (both written and electronic) in the Receiving Party's possession and that of persons to whom any such Confidential Information or other information was disclosed as permitted under this Agreement.

### **3. GENERAL**

- (1) The obligations of confidentiality herein shall terminate when the obligations of confidentiality have ceased to exist under the confidentiality agreements under which Confidential Information has been made available to Disclosing Party.
- (2) No amendments, changes or modifications to this Agreement shall be valid, except if the same are in writing and signed both by the Receiving Party and by the Disclosing party.
- (3) These terms comprise the full and complete agreement of the parties with respect to the disclosure of the Confidential Information and supersedes and cancels all prior communications, understandings and agreements between the parties, whether written or oral, expressed or implied in relation to such disclosure.
- (4) This Agreement shall be governed by and construed in accordance with Indian Law.
- (5) All disputes/ differences, arising in connection with this Agreement, including any question regarding its existence, validity, termination, which cannot be resolved amicably by the Parties shall be settled before three Arbitrators. One to be appointed by the Disclosing Party, another will be appointed by Receiving Party. The third Arbitrator shall be appointed by two arbitrators so appointed. The arbitration proceedings shall be conducted in accordance with the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be New Delhi, India. The language of

Arbitration shall be English. The arbitration clause will not preclude the Disclosing Party from injunctive and other reliefs which are available under the law.

**AS WITNESS** the hands of the parties (or their duly authorized representatives) affixed on the date which first appears on page 1.

**SIGNED BY**

**ONGC VIDESH LIMITED**

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**SIGNED BY**

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## **INTEGRITY PACT**

Between

ONGC Videsh Limited (OVL) hereinafter referred to as “The Principal”,

and

..... hereinafter referred to as “The Bidder/ Contractor”

### **Preamble**

The Principal intends to award, under laid down organizational procedures, contract/s for -----  
----- . The Principal values full compliance with all relevant laws and regulations, and the principles of economic use of resources, and of fairness and transparency in its relations with its Bidder/s and Contractor/s.

In order to achieve these goals, the Principal cooperates with the renowned international Non-Governmental Organisation “Transparency International” (TI). Following TI’s national and international experience, the Principal will appoint an external independent Monitor who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

### **Section 1 Commitments of the Principal**

(1) The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles:-

1.No employee of the Principal, personally or through family members, will in connection with the tender for , or the execution of a contract, demand, take a promise for or accept, for him/herself or third person, any material or immaterial benefit which he/she is not legally entitled to.

2.The Principal will, during the tender process treat all Bidders with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidders the same information and will not provide to any Bidder confidential / additional information through which the Bidder could obtain an advantage in relation to the tender process or the contract execution.

3.The Principal will exclude from the process all known prejudiced persons.

(2) If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the relevant Anti-Corruption Laws of India, or if there be a substantive suspicion in this regard, the Principal will inform its Vigilance Office and in addition can initiate disciplinary actions.

## Section 2 Commitments of the Bidder/ contractor

(1) The Bidder / Contractor commits itself to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.

1. The Bidder / Contractor will not , directly or through any other person or firm , offer, promise or give to any of the Principal's employees involved in the tender process or the execution of the contract or to any third person any material or immaterial benefit which he/she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.

2. The Bidder / Contractor will not enter with other Bidders into any undisclosed agreement or understanding , whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelisation in the bidding process. Further, no bidder should have a conflict of interest that affects the tender / bidding process, in any of the following manner:

- (i) such Bidder ( or any constituent thereof) and any other Bidder (or any constituent thereof) have common controlling shareholders or other ownership interest; provided that this qualification shall not apply in cases where the direct or indirect shareholding in a Bidder or a constituent thereof in the other Bidder(s) (or any of its constituents) is less than 1 % of its paid up and subscribed capital; or
- (ii) a constituent of such Bidder is also a constituent of another Bidder ; or
- (iii) such Bidder receives or has received any direct or indirect subsidy from any other Bidder, or has provided any such subsidy to any other bidder; or
- (iv) such Bidder has the same legal representative for purposes of this Bid as any other Bidder; or
- (v) such Bidder has a relationship with another Bidder, directly or through common third parties, that puts them, in a position to have access to each other's information about, or to influence the Bid of either or each of the other Bidder, or
- (vi) such Bidder has participated as a consultant to the authority in the preparation of any documents, design or technical specifications of the project

3. The Bidder / Contractor will not commit any offence under the relevant Anti-corruption Laws of India ; further the Bidder / Contractor will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.

4. The Bidder / Contractor will, when presenting his bid, disclose any and all payments he has made, is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.

- (2) The Bidder / Contractor will not instigate third persons to commit offences outlined above or be an accessory to such offences.

### **Section 3**

#### **Disqualification from tender process and exclusion from future contracts**

If the Bidder, before contract award has committed a transgression through a violation of Section 2 or in any other form such as to put his reliability or credibility as Bidder into question, the Principal is entitled to disqualify the Bidder from the tender process or to terminate the contract, if already signed, for such reason.

(1) If the Bidder / Contractor has committed a transgression through a violation of Section 2 such as to put his reliability or credibility into question, the Principal is entitled also to exclude the Bidder / Contractor from future contract award processes. The imposition and duration of the exclusion will be determined by the severity of the transgression. The severity will be determined by the circumstances of the case, in particular the number of transgressions, the position of the transgressors within the company hierarchy of the Bidder and the amount of the damage. The exclusion will be imposed for a minimum of 6 months and maximum of 3 years.

(2) A transgression is considered to have occurred, if the Principal after due consideration of the available evidence, concludes that no reasonable doubt is possible.

(3) The Bidder accepts and undertakes to respect and uphold the Principal's absolute right to resort to and impose such exclusion and further accepts and undertakes not to challenge or question such exclusion on any ground, including the lack of any hearing before the decision to resort to such exclusion is taken. This undertaking is given freely and after obtaining independent legal advice.

(4) If the Bidder / Contractor can prove that he has restored / recouped the damage caused by him and has installed a suitable corruption prevention system, the Principal may revoke the exclusion prematurely.

### **Section 4**

#### **Compensation for Damages**

(1) If the Principal has disqualified the Bidder from the tender process prior to the award according to Section 3, the Principal is entitled to demand and recover from the Bidder liquidated damages equivalent to Earnest Money Deposit / Bid Security.

(2) If the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminate the contract according to Section 3, the principal shall be entitled to demand and recover from the Contractor liquidated damages equivalent to Security Deposit / Performance Bank Guarantee.

(3) The bidder agrees and undertakes to pay the said amounts without protest or demur subject only to condition that if the Bidder / Contractor can prove and establish that the exclusion of the Bidder from the tender process or the termination of the contract after the contract award has caused no damage or less damage than the amount of the liquidated damages, the Bidder / Contractor shall compensate the Principal only to the extent of the damage in the amount proved.



**Section 5**  
**Previous transgression**

- (1) The Bidder declares that no previous transgressions occurred in the last 3 years with any other Company in any country conforming to the TI approach or with any other Public Sector Enterprise in India that could justify his exclusion from the tender process.
- (2) If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

**Section 6**  
**Equal treatment of all Bidders / Contractors / Subcontractors**

- (1) The Bidder / Contractor undertakes to demand from all subcontractors a commitment in conformity with this Integrity Pact, and to submit it to the Principal before contract signing.
- (2) The Principal will enter into agreements with identical conditions as this one with all Bidders, Contractors and Subcontractors.
- (3) The Principal will disqualify from the tender process all bidders who do not sign this Pact or violate its provisions.

**Section 7**  
**Criminal charges against violating Bidders/Contractors/Subcontractors**

If the Principal obtains knowledge of conduct of a Bidder, Contractor or Subcontractor, or of an employee or a representative or an associate of a Bidder, Contractor or Subcontractor which constitutes corruption, or if the Principal has substantive suspicion in this regard, the Principal will inform the Vigilance Office.

**Section 8**  
**External Independent Monitor / Monitors (three in number depending on the size of the contract)**  
**(to be decided by the Chairperson of the Principal)**

- (1) The Principal appoints competent and credible external independent Monitor for this Pact. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.
- (2) The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He reports to the Chairperson of the Board of the Principal.
- (3) The Contractor accepts that the Monitor has the right to access without restriction to all Project documentation of the Principal including that provided by the Contractor. The Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to Subcontractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder / Contractor / Subcontractor with confidentiality.

(4) The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.

(5) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the Principal and request the Management to discontinue or heal the violation, or to take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action. However, the Independent External Monitor shall give an opportunity to the bidder / contractor to present its case before making its recommendations to the Principal.

(6) The Monitor will submit a written report to the Chairperson of the Board of the Principal within 8 to 10 weeks from the date of reference or intimation to him by the 'Principal' and, should the occasion arise, submit proposals for correcting problematic situations.

(7) Monitor shall be entitled to compensation on the same terms as being extended to / provided to Outside Expert Committee members / Chairman as prevailing with Principal.

(8) If the Monitor has reported to the Chairperson of the Board a substantiated suspicion of an offence under relevant Anti-Corruption Laws of India, and the Chairperson has not, within reasonable time, taken visible action to proceed against such offence or reported it to the Vigilance Office, the Monitor may also transmit this information directly to the Central Vigilance Commissioner, Government of India.

(9) The word 'Monitor' would include both singular and plural.

### **Section 9 Pact Duration**

This Pact begins when both parties have legally signed it. It expires for the Contractor 12 months after the last payment under the respective contract, and for all other Bidders 6 months after the contract has been awarded.

If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged / determined by Chairperson of the Principal.

### **Section 10 Other provisions**

(1) This agreement is subject to Indian Law. Place of performance and jurisdiction is the Registered Office of the Principal, i.e. New Delhi. The Arbitration clause provided in the main tender document / contract shall not be applicable for any issue / dispute arising under Integrity Pact.

(2) Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.

(3) If the Contractor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.

(4) Should one or several provisions of this agreement turn out to be invalid, the remainder of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

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For the Principal

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For the Bidder / Contractor

Place -----

Witness 1: -----.

Date -----

Witness 2: -----.