

**OIL INDIA LIMITED  
CONTRACTS & PURCHASE DEPARTMENT  
CORPORATE OFFICE  
PLOT NO. 19, SECTOR - 16A  
NOIDA 201301**

Ref: OIL 62/C&P/01/2016

28 July 2016

**CIRCULAR**

**SUB: FINANCIAL CRITERIA FOR EVALUATION OF TENDERS**

As per the Procurement Procedure/Manual for Goods and Services, the period for consideration in the Financial Qualifying criteria for evaluation of tender are as under:

Annual Turnover : In any of preceding 3 financial years.  
Net Worth : Preceding financial accounting year.

However, from a few recent tenders it has been observed that some bidders could not submit documentary evidence to prove their financial capacity, in the form of 'Audited Balance Sheet' and 'Profit & Loss Account' for the preceding financial/accounting year. During the deliberations in this respect by the LMC at FHQ on 09.06.2016 (minutes of the meeting is enclosed), it was also observed that as per the Companies Act 2013, for a particular Assessment Year say 2016-17, a corporate-assessee or non-corporate assessee/ working partner of a firm (whose books of account are required to be audited) are required to file their returns within 30th September of that Assessment year i.e. within 30.09.2016. Considering the time required for preparation of Financial Statements, it was observed that the book of accounts for the preceding financial year 2015-16 may not be prepared till 30<sup>th</sup> September, 2016 by a bidder, since it is permissible to file returns till such time.

Considering above, it has been decided by the LMC at FHQ to incorporate the following Financial Evaluation Criteria in all future tenders:

**A) "FINANCIAL EVALUATION CRITERIA FOR INDIGENOUS TENDERS (LCB):**

- 1.0 Annual Financial Turnover of the bidder during **any of preceding three financial / accounting years from the original bid closing date** should be at least ..... [For civil/service contract tenders upto a ceiling of ₹ 5.0 Cr, Annual turnover shall be 30% of the estimated value for cases with execution/delivery period less than one year or 30% of annualized estimated value for cases with execution period more than one year and for tender value above ₹ 5.0 Cr, Annual Financial Turnover should be 50% of the tender value for all cases where execution/delivery period is less than one year or 50% of the annualized tender value for all cases where execution/delivery period is more than one year.]



- 1.1 **Net worth** of bidder must be positive for preceding financial/ accounting year.
- 2.0 Considering the time required for preparation of Financial Statements, if the last date of preceding financial / accounting year falls within the preceding six months reckoned from the original bid closing date and the Financial Statements of the preceding financial / accounting year are not available with the bidder, then the financial turnover of the previous three financial / accounting years excluding the preceding financial / accounting year will be considered. In such cases, the Net worth of the previous financial / accounting year excluding the preceding financial / accounting year will be considered. However, the bidder has to submit an affidavit/undertaking certifying that 'the balance sheet/Financial Statements for the financial year..... (as the case may be) has actually not been audited so far'.

**Note:** For proof of Annual Turnover & Net worth any one of the following document must be submitted along with the bid:-

- i) A certificate issued by a practicing Chartered Cost Accountant (with Membership Number and Firm Registration Number), certifying the Annual turnover & Net worth as per format prescribed in ANNEXURE.
- OR
- ii) Audited Balance Sheet along with Profit & Loss account."

**B) "FINANCIAL EVALUATION CRITERIA FOR GLOBAL TENDERS (ICB):**

- 1.0 Annual Financial Turnover of the bidder during **any of preceding three financial/accounting years from the original bid closing date** should be at least..... [For civil/service contract tenders upto a ceiling of ₹ 5.0 Cr, Annual turnover shall be 30% of the estd tender value for cases with execution/delivery period less than one year or 30% of annualized estd tender value for cases with execution period more than one year and for tender value above ₹ 5.0 Cr, Annual Financial Turnover should be 50% of the tender value for all cases where execution/delivery period is less than one year or 50% of the annualized tender value for all cases where execution/delivery period is more than one year.]
- 1.1 **Net worth** of bidder must be positive for preceding financial/ accounting year.
- 2.0 Considering the time required for preparation of Financial Statements, if the last date of preceding financial / accounting year falls within the preceding six months reckoned from the original bid closing date and the Financial Statements of the preceding financial

/ accounting year are not available with the bidder, then the financial turnover of the previous three financial / accounting years excluding the preceding financial / accounting year will be considered. In such cases, the Net worth of the previous financial / accounting year excluding the preceding financial / accounting year will be considered. However, the bidder has to submit an affidavit/undertaking certifying that 'the balance sheet/Financial Statements for the financial year.....(as the case may be) has actually not been audited so far'.

**Note:** For proof of Annual Turnover & Net worth any one of the following document must be submitted along with the bid:-

i) A certificate issued by a practicing Chartered Cost Accountant (with Membership Number and Firm Registration Number), certifying the Annual turnover & Net worth as per format prescribed in ANNEXURE.

OR

ii) Audited Balance Sheet along with Profit & Loss account. In case of foreign bidders, self-attested/digitally signed printed published accounts are also acceptable.

3.0 In case the Audited Balance sheet and Profit Loss Account submitted along with the bid are in currencies other than INR or US\$, the bidder shall have to convert the figures in equivalent INR or US\$ considering the prevailing conversion rate on the date on which the Audited Balance Sheet and Profit & Loss Account is signed. A CA Certificate is to be submitted by the bidder regarding converted figures in equivalent INR or US\$."

All concerned are requested to comply with the above.



(Mobarak Ali)  
General Manager (C&P)  
Corporate Office





**MINUTES OF LOCAL MANAGEMENT COMMITTEE MEETING**  
**HELD ON 09.06.2016**

**LMC Members Present**

RCE(J. K. Borgohain)  
GM(Drlg Serv)(K Saikia)  
GM (F&A) (C Pal)  
GM (C&P)(S C Mishra)

**Other Members Present**

DGM-Contracts(G C Dev Choudhury)

- Sub: i) IFB No. CDG0778P17** for 'Hiring of Services for Drilling of Directional Wells with SDMM + MWD + JAR alongwith Personnel for a Period of 1(one) year in the States of Assam & Arunachal Pradesh' &
- ii) IFB No. CDG1053P17** for Hiring of service for Whipstock setting and window milling for 01(One) 13.3/8" casing size Job with along with Manpower

- 1.0 The above open Global tenders were floated under two bid system in the month of April-May 2016 and was advertised in OIL's Website and published in the national dailies. The technical bids of both the tenders have been opened and the bids for both the tenders are under technical/financial scrutiny.
- 2.0 As per the Financial Evaluation Criteria for both the tenders, the bidders were asked to submit Documentary evidence to prove their financial capacity, in the form of 'Audited Balance Sheet' and 'Profit & Loss Account' for the **preceding 03(three) financial/accounting years** along with the technical bid. Moreover, 'Net Worth' shall have to be positive for the **preceding financial /accounting year**. As such, the financial documents upto the preceding financial year i.e. 2015-16 are to be submitted by the bidders and evaluation is to be done accordingly. However, it was observed that the bidders against both the tenders have submitted relevant financial documents but no financial documents have been submitted for the last financial year 2015-16.
- 3.0 View above, the matter was discussed in the LMC meeting held on 09.06.2016. LMC, while noting the above submissions of financial documents by the bidders observed that as per the Companies Act 2013, for a particular Assessment Year say 2016-17, a corporate-assessee or non-corporate assessee/ working partner of a firm (whose books of account are required to be audited) are required to file their returns within 30<sup>th</sup> September of that Assessment year i.e. till 30.09.2016. Considering the time required for preparation of Financial Statements, LMC observed that the book of accounts for the last financial year 2015-16 may not have been prepared since time was still available till September for filing of returns.
- 4.0 LMC deliberated on the subject in detail and opined that as the bidders are not under any legal obligation to prepare and file their returns till September of a particular assessment year, as such, the financial documents of the previous financial/accounting year excluding the preceding financial/accounting year is to be considered, which in the instant case shall be 2014-15. Also for

calculating the Net worth, the previous financial/accounting year excluding the preceding financial/accounting year is to be considered i.e. FY 2014-15. LMC advised that the financial evaluation of both the tenders may be done accordingly considering the 'Net Worth' and Audited Financial documents of FY 2012-13, 2013-14 and 2014-15 instead of FY 2013-14, 2014-15 and 2015-16 as the timeline for preparation of financial statements for FY 2015-16 was till September 2016. LMC also advised that a uniform policy regarding consideration of the Financial Statements may be incorporated for all future tenders to avoid any misinterpretation or ambiguity, which is as below:

**A) FINANCIAL EVALUATION CRITERIA: FOR INDIGENOUS TENDERS(LCB):**

1.0 Annual Financial Turnover of the bidder during **any of preceding three financial / accounting years from the original bid closing date** should be at least .....[For civil/service contract tenders upto a ceiling of ₹5.0 Cr, Annual turnover shall be 30% of the estimated value for cases with execution/delivery period less than one year or 30% of annualized estimated value for cases with execution period more than one year and for tender value above ₹5.0 Cr, Annual Financial Turnover should be 50% of the tender value for all cases where execution/delivery period is less than one year or 50% of the annualized tender value for all cases where execution/delivery period is more than one year.]

1.1 **Net worth** of bidder must be positive for preceding financial/ accounting year.

2.0 Considering the time required for preparation of Financial Statements, if the last date of preceding financial / accounting year falls within the preceding six months reckoned from the original bid closing date and the Financial Statements of the preceding financial / accounting year are not available with the bidder, then the financial turnover of the previous three financial / accounting years excluding the preceding financial / accounting year will be considered. In such cases, the Net worth of the previous financial / accounting year excluding the preceding financial / accounting year will be considered. However, the bidder has to submit an affidavit/undertaking certifying that 'the balance sheet/Financial Statements for the financial year.....(as the case may be) has actually not been audited so far'.

**Note:** For proof of Annual Turnover & Net worth any one of the following document must be submitted along with the bid:-

- i) A certificate issued by a practicing Chartered Cost Accountant (with Membership Number and Firm Registration Number), certifying the Annual turnover & Net worth as per format prescribed in ANNEXURE.
- OR
- ii) Audited Balance Sheet along with Profit & Loss account."

**B) FINANCIAL EVALUATION CRITERIA: FOR GLOBAL TENDERS (ICB):**

1.0 Annual Financial Turnover of the bidder during **any of preceding three financial/accounting years from the original bid closing date** should be at least..... [For civil/service contract tenders upto a ceiling of ₹5.0 Cr, Annual turnover shall be 30% of the estd tender value for cases with execution/delivery period less than one year or 30% of annualized estd tender value for cases with execution period more than one year and for tender value above ₹5.0 Cr, Annual Financial Turnover should be



50% of the tender value for all cases where execution/delivery period is less than one year or 50% of the annualized tender value for all cases where execution/delivery period is more than one year.]

1.1 **Net worth** of bidder must be positive for preceding financial/ accounting year.

2.0 Considering the time required for preparation of Financial Statements, if the last date of preceding financial / accounting year falls within the preceding six months reckoned from the original bid closing date and the Financial Statements of the preceding financial / accounting year are not available with the bidder, then the financial turnover of the previous three financial / accounting years excluding the preceding financial / accounting year will be considered. In such cases, the Net worth of the previous financial / accounting year excluding the preceding financial / accounting year will be considered. However, the bidder has to submit an affidavit/undertaking certifying that 'the balance sheet/Financial Statements for the financial year.....(as the case may be) has actually not been audited so far'.

**Note:** For proof of Annual Turnover & Net worth any one of the following document must be submitted along with the bid:-

i) A certificate issued by a practicing Chartered Cost Accountant (with Membership Number and Firm Registration Number), certifying the Annual turnover & Net worth as per format prescribed in ANNEXURE.

OR

ii) Audited Balance Sheet along with Profit & Loss account. In case of foreign bidders, self-attested/digitally signed printed published accounts are also acceptable.

3.0 In case the Audited Balance sheet and Profit Loss Account submitted along with the bid are in currencies other than INR or US\$, the bidder shall have to convert the figures in equivalent INR or US\$ considering the prevailing conversion rate on the date on which the Audited Balance Sheet and Profit & Loss Account is signed. A CA Certificate is to be submitted by the bidder regarding converted figures in equivalent INR or US\$."

*[Handwritten Signature]*  
13/06/16  
**GM(Drlg Serv)**

*[Handwritten Signature]*  
13/6/16  
**GM(C&P)**

*[Handwritten Signature]*  
13/6/2016  
**GM(F&A)**

*[Handwritten Signature]*  
**RCE**

The facts and figures provided by Contracts Deptt., but decision was taken by above LMC members.

*[Handwritten Signature]*  
13/6/16  
**DGM Contracts**  
FY

**ANNEXURE**

**CERTIFICATE OF ANNUAL TURNOVER & NET WORTH**

TO BE ISSUED BY PRACTISING **CHARTERED ACCOUNTANTS' FIRM** ON THEIR LETTER HEAD

**TO WHOM IT MAY CONCERN**

This is to certify that the following financial positions extracted from the audited financial statements of M/s..... (Name of the Bidder) for the last three (3) completed accounting years upto .....(as the case may be) are correct.

<b>YEAR</b>	<b>TURN OVER</b> In INR (Rs.) Crores / US \$ Million)*	<b>NET WORTH</b> In INR (Rs.) Crores / US \$ Million)*

\*Rate of Conversion (if used any): USD 1.00 = INR.....

Place:

Date:

Seal:

Membership No. :

Registration Code:

Signature

\* Applicable only for GLOBAL tenders.