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# BOARD CHARTER

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## ONGC VIDESH LIMITED

*Wholly-owned subsidiary of Oil and Natural Gas Corporation Limited*

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*Under administrative control of*

*Ministry of Petroleum & Natural Gas, Government of India*

*(As approved at the 468<sup>th</sup> Meeting of the Board held on 07.02.2022)*

*FORMAL STATEMENT OF BOARD CHARTER DEFINING THE ROLES AND  
RESPONSIBILITIES OF THE BOARD OF DIRECTORS OF THE COMPANY*

## **1. PURPOSE**

This charter sets out the key values and principles of the **Board of Directors** (“Board”) of ONGC Videsh Limited (the “Company”).

*“The business of the Company shall be managed by the Board of Directors.”*

In terms of section 179 of the Companies Act, 2013 (the “Act”), the Board shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do, subject to the provisions contained in the Act or Memorandum and Articles of Association of the Company (AoA) or any decision/regulation made by members of the Company in general meeting.

Further, **Clause 3.5 of the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for CPSEs**, issued by DPE provides as under: -

*“A clear definition of the roles and the division of responsibilities between the Board and the Management is necessary to enable the Board to effectively perform its role. The Board **should** have a **formal statement of Board Charter** which clearly defines the **roles and responsibilities of the Board and individual Directors**. The Board of each CPSE may be encouraged to articulate its Corporate Governance objectives and approach (within the broad parameters of these guidelines and the general perception of business risk) to satisfy the expectations of its majority shareholders and other stakeholders.”*

Hence, the Board, being the main functionary of the Company, is primarily responsible for efficient management of the affairs of the Company and to ensure value creation for its stakeholders, in addition, to ensure sustainable growth and environmental, social and governance (ESG) strategies of the Company. Therefore, the foremost requirement of good governance is to precisely identify powers, roles, responsibilities and accountability of the Board - as a collective body, Chairman, Managing Director and other Directors. Accordingly, the Board has formulated and adopted the following paragraphs as the Board Charter of the Company.

## 2. COMPOSITION OF BOARD

The composition of the Board shall be subject to the applicable provisions under the law, AoA, and DPE guidelines, as amended from time to time.

Presently, the requirements with regard to the Composition of the Board of Directors for the Company are as under:

- (i) The Board of Directors of the company shall be not less than 3 (three) and more than 15 (Fifteen), unless determined by the Company in General Meeting – *Article 10 of the AoA*;
- (ii) The Board of Directors of the company shall have an optimum combination of Functional, Nominee and Independent Directors with the presence of at least (01) one woman Director - *Rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014*;
- (iii) The Company being wholly-owned subsidiary requirement of Independent Director is exempted - *Rule 4(2)(b) of the Companies (Appointment and Qualification of Directors) Rules 2014*;
- (iv) Further, in terms of the DPE Guidelines on Corporate Governance, the composition of the Board shall be subject to the following:
  - (a) the number of Functional Directors (including MD) should not exceed 50% of the actual strength of the Board; and
  - (b) in case of a non-listed CPSE, at least (1/3) one-third of the Board should comprise of Independent Directors.

Considering the above requirements, the Ministry of Petroleum and Natural Gas (MoPNG), Administrative Ministry of the Company, has sanctioned **11** (Eleven) directors comprising **04** (Four) Functional Director/Whole-time Directors – including Managing Director, **03** (Three) Nominee Directors - including the Chairman being the nominee of ONGC, and **04** (Four) Independent Directors.

Presently, apart from Managing Director (MD) there are 03 approved positions for the Functional Directors (FDs) namely Director (Finance), Director (Exploration) and Director (Operations).

In terms of Article 12A of AoA, the Chairman of the Company shall be nominated by ONGC, who shall preside every general meeting and Board meeting of the Company.

FDs including MD, Government Nominee Directors, and Independent Directors are appointed by the MoPNG, Government of India from time to time.

### **3. ROLES & RESPONSIBILITIES OF INDIVIDUAL DIRECTORS**

The Board of Directors are accountable to all stakeholders, and the Executive Committee/ Management is accountable to the Board of Directors. Empowerment coupled with accountability provides an impetus to performance and improves effectiveness, thereby enhancing shareholder value.

#### **A- EXECUTIVE COMMITTEE/ MANAGEMENT:**

The Executive Committee/ Management, headed by the Managing Director (MD) with other FDs as Members, shall ensure day-to-day operations of the Company within the Board approved framework including strategic management of the Company's businesses, supervise and monitor implementation of business plans, formulate, and implement control systems, talent management and risk management policies. FDs thus have the responsibilities and freedom to focus on the management of their respective financial areas.

#### **B- WHOLE-TIME DIRECTORS:**

The Managing Director and Functional Directors are appointed by the Government of India, normally for five years from the date of appointment or till the date of superannuation or till further orders from the Government of India, whichever is earlier.

#### **Managing Director**

The job description of MD as approved by MoPNG is – Managing Director is the Chief Executive of the company reports to the CMD of the holding Company and accountable to its Board of Directors and Government. He/She is responsible for the efficient functioning of the company for achieving its corporate objectives and performance parameters.

### **Director (Finance)**

The job description of DF as approved by MoPNG is – Director (Finance) is a member of the Board of Directors and reports to the Managing Director. He/She is overall charge of finance and accounts functions of the organisation, and is responsible for evolving and formulating related policies and their implementation.

### **Director (Operations)**

The job description of DO as approved by MoPNG is:- Director (Operations) is a member of the Board of Directors and reports to the Managing Director. He/She advises Chairman, the Managing Director and the Board of Directors on all matters relating to the implementation and operation of the projects identified by the Board for development and production overseas. He/She is responsible for development and production operations, project management, managing technical and field service, procurement of material and services, contracts, marketing portfolio and risk management.

### **Director (Exploration)**

The job description of DE as approved by MoPNG is: Director (Exploration) is a member of the Board of Directors and reports to the Managing Director. He/She advises Chairman, Managing Director and the Board of Directors on all matters relating to the business and potential investment opportunities in overseas E&P assets . He/She is responsible for formulation and implementation of exploration and reserves accretion policies and strategies.

Since the Company's entire operations are outside Indian territories the functional responsibilities of DO and DE shall always remain focused on the overseas activities of operations and explorations respectively.

MD shall allocate additional/new assignments of work/s to FDs from time to time based on the organisation's requirements.

In addition to executing the day-to-day functional and administrative responsibilities, the FDs including MD shall be responsible for the duties and responsibilities under all Indian and Overseas enactments as may be applicable to the Company from time to time including the Companies Act, 2013 and the Foreign Exchange Management Act, 1999.

#### **GOVERNMENT DIRECTORS:**

The Government of India shall nominate 02 Directors on the Board of the Company, each one from MoPNG and Ministry of Finance, normally on an ex-officio basis. They cease to be Director of the Company on ceasing to be the Officer of their respective position.

The Government Nominee Directors shall attend to the Board and Committee meetings representing the respective Ministry and also discharge their duties and responsibilities as stipulated under the provisions of the Companies Act, 2013. They shall not be responsible for the commissions and/or omissions exclusively attributable to the FDs in their day-to-day functioning. However, they shall be accountable for the matters dealt in the meetings of the Board and also the Committee/s in which they are members.

Government Nominees act as the bridge between the Company and the Government. In addition, to play an effective channel of communication, they coordinate the required support from the Government in a timely manner.

The dual role of a Government Director be recognised i.e., as a director of the company and representative of the Government. As Directors of the Company, they are bound to exercise due diligence and act in the best interest of the Company while keeping in view the provisions of the Companies Act, 2013. The Government is the major shareholder in CPSEs, the other role is to act as representative of the Government of India to protect its interest. The role of Government Directors on the Board of CPSEs is provided by DPE vide OM no F.No 18(11)/2016-MGMT dated 24.01.2020 which is annexed as **Annexure I**.

#### **C- INDEPENDENT DIRECTORS:**

*“Independence of the Board is essential for sound corporate governance as envisaged in DPE Guidelines on Corporate Governance.”*

In terms of said Guidelines, Independent Directors are appointed by MoPNG, Government of India usually for a tenure of three years or further order whichever is earlier.

Principles of corporate governance require Independent Directors to review the overall strategy, oversee the performance of management, actively participate, arrive at an independent judgment, and help in the decision making process of the Board. Their key role is to provide an unbiased, independent, varied, and experienced perspective to the Board.

Independent Directors are also not vested with any executive powers and responsibilities, unlike whole time Functional Directors, and they mainly attend the meetings of the Board and other Board Level Committees where they are nominated as Chairman/Members by the Board, as and when such meetings are convened.

Since the Independent Directors are reputed professionals drawn from diverse fields of expertise, the quality of decision making, and corporate governance is enhanced by having their views of a broader perspective. The Independent Directors are collectively responsible for the deliberations and decisions are taken by the Board from time to time.

Further, the detailed code for Independent Directors covering role, duties and responsibility as per Schedule IV of the Companies Act, 2013 is annexed as **Annexure-II** to this Charter.

#### **4. POWERS OF THE BOARD OF DIRECTORS:**

Article 15 of the AoA provides that the powers and responsibilities of the Board shall be as prescribed in the Act.

Section 179(1) of the Act prescribes that the Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorized to exercise and do. While exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in the Memorandum and Articles of Association (AoA) of the Company as duly approved by the members of the Company in the general meeting. No regulation made by the Company in the general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Further, section 179 (3) of the Act and rules made thereunder provides that the Board of Directors of a Company shall exercise the following powers on behalf of the Company by means of resolutions passed at the meetings of the Board, namely:

- a) To make calls on shareholders in respect of money unpaid on their shares;
- b) To authorise buy-back of securities under section 68;
- c) To issue securities, including debentures, whether in or outside India;
- d) To borrow monies;
- e) To invest the funds of the company;
- f) To grant loans or give guarantee or provide security in respect of loans;

- g) To approve financial statement and the Board's report;
- h) To diversify the business of the company;
- i) To approve amalgamation, merger or reconstruction;
- j) To take over a company or acquire a controlling or substantial stake in another company; and
- k) other matters which includes, to make political contributions, to appoint or remove key managerial personnel (KMP) and to appoint internal auditors and secretarial auditors.

By passing the resolution at its meeting, the **Board may delegate the powers** specified in the clauses (d) to (f) above on such conditions as it may specify to any Committee of Directors, the Managing Director or any other Principal Officer of the Company.

Apart from the above, an illustrative list of business items which shall not be passed by circulation and shall be passed at the meeting of the Board as per Annexure A (Para 1.3.8) of Secretarial Standard -1 is annexed as **Annexure III**.

## 5. DUTIES OF DIRECTORS

Section 166 of the Act provides the duties of Directors as under:

- i. Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company;
- ii. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment;
- iii. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment;
- iv. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company;
- v. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company;
- vi. A director of a company shall not assign his office and any assignment so made shall be void; and



- vii. If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

## 6. GENERAL OBLIGATION OF DIRECTORS

As per the various provisions of the Act, the following are the further duties & responsibilities of the Directors individually and also collectively as a Board:

- i. Every director shall always possess valid Director Identification Number (DIN), subject to annual KYC compliance, and Independent Directors shall also have valid IICA registration;
- ii. Every director shall submit the following annexures at the time of appointment and at first time of meeting every year
  - a. Form MBP-1 i.e. Disclosure of Interest of director in other entities
  - b. interest in a contract with the company;
  - c. changes, if any, to such disclosure shall also be disclosed at the first meeting held after such change
- iii. Every director should attend the Board meeting of the Company; he/she shall automatically be vacated from the office of directorship if he/she absents himself from all the meetings of the Board of Directors held during a period of twelve months **with or without** seeking leave of absence;
- iv. The director shall not hold directorship in more than 20 Companies of which not more than 10 shall be public Companies;
- v. In term of DPE OM No. 9(15) 2012-GM Dated 31/07/13, an Independent Director of CPSE shall not be director in more than 10 private companies and 03 CPSEs;
- vi. The Directors must lay the financial statements for approval and adoption at the annual general meeting of the shareholders as stipulated under law;
- vii. The directors are responsible for devising proper systems to ensure compliance with the provisions of all applicable laws and to ensure that such systems are adequate and are operating effectively;

- viii. Director needs to ensure that the company complies with obligations relating to corporate social responsibility;
- ix. A director or *any other person in whom the directors* are interested should not directly or indirectly accept any loan or any security or any guarantee from the Company in which he holds Directorship.
- x. A director is prohibited from engaging in forward dealing of securities;
- xi. All Board members shall affirm compliance with the Code on an annual basis.

## 7. MEETINGS & QUORUM

- i. The Board shall meet at least four times in a year and not more than 120 days shall intervene between two consecutive meetings of the Board;
- ii. In addition, Board can convene additional meetings, as per administrative and operational requirements of the Company;
- iii. The Board may meet in person or through other methods including video/ audio conferencing, as may be permitted by law from time to time;
- iv. The quorum for a Board meeting shall either be two members or one-third of the members for the time being, whichever is greater, but a minimum 01 (01) independent directors shall be present;
- v. The Functional Directors of the Parent Company-ONGC are invited to the meeting of the Board;
- vi. The decisions to be taken by Board may be taken by way of a Circular Resolution wherever it is not possible or in the matter of urgency to have a meeting. However, there are certain matters which can't be taken through CR are placed at **Annexure III**; and
- vii. All decisions of the Board shall be made by the majority of its members present at the duly convened meetings.

## 8. REPORTS AND DOCUMENTATION

1. Members of the Board will be provided Agenda along with the required supporting documents 07 days prior to the meeting.
2. The decisions of the Board will be recorded in the minutes and shall be incorporated as a part of the draft minutes which shall be subject to the approval/comment of all the Directors.

## 9. BOARD COMMITTEES

The Company being a wholly-owned subsidiary of ONGC, there is no need for the appointment of Independent Directors in terms of *Rule 4(2)(b) of the Companies (Appointment and Qualification of Directors) Rules 2014*. Hence, the constitution of statutory committees as prescribed under the Companies Act, 2013 does not arise.

However, in terms of DPE Guidelines on Corporate Governance, with a sanctioned strength of 4 (four) independent directors, the Board has constituted the following Board level Committees (BLCs):

### **Committees prescribed under DPE Guidelines:**

- i. Audit Committee (AC); and
- ii. Nomination & Remuneration Committee {earlier Human Resources Management and Remuneration Committee (HRM&RC)}.

### **Operational/Administrative Committees:**

- iii. Project Appraisal and HSE Management Committee (PAC); and
- iv. Corporate Social Responsibility & Sustainability (CSR&S) Committee;

The Terms of Reference of the Financial Management Committee have been merged with AC for administrative purposes.

The Terms of Reference, composition, quorum and other requirements of aforesaid BLCs are placed at **Annexure-IV**.

*The aforesaid list of powers, responsibilities and duties are illustrative and not exhaustive. The Charter will be governed by the provisions of the Act as amended from time to time. In case of controversy law will prevail over the Charter.*

X-X-X-X-X-X-X

**F. No. 18(11)/2016-MGMT**  
**Government of India**  
**Ministry of Heavy Industries & Public Enterprises**  
**Department of Public Enterprises**

Block No. 14, CGO Complex,  
 Lodi Road, New Delhi  
 Date: 24<sup>th</sup> January, 2020

**OFFICE MEMORANDUM**

**Subject : Role of Government Directors on the Boards of Central Public Sector Enterprises (CPSEs)**

The undersigned is directed to refer to this Department's O.M. No. 18(24)/2003-GM dated 4<sup>th</sup> December, 2003 on the subject mentioned above and to state that the guidelines relating to the role of Government Directors on the Boards of CPSEs stand revised as under on the basis of consultations with various stakeholders:

2. The dual role of a Government Director should be clearly recognised i.e. as a Director of the company and representative of the Government. As Director of the company, they are bound to exercise due diligence and act in the best interest of the company while keeping in view the provisions of the Companies Act 2013. The Government being the major shareholder in CPSEs, the other role is to act as representative of the Government of India to protect its interest.

3. The Government Directors, therefore, in addition to functioning in the best interests of the company in which they have been appointed as a Director, are expected to:

- Safeguard the interest of the Government of India in the company in which they are nominated as Director in view of the shareholding/investment held.
- Take formal instructions from the Government on critical issues and to voice them in the meetings of the Board of the company.
- Provide timely feedback on decisions taken by the company to their nominating administrative Ministry/Department/organization.
- Act as a liaison and channel of communication between the Government and the CPSE.

4. Further, in respect of the issues having substantial financial and other consequences to the Government (a) as a shareholder and (b) on the policies of Government arising in the Board meetings, the Government Director should escalate such issues to the concerned administrative Ministry or the Ministry concerned with the issue, take their advice to formally prepare a view point of the Ministry and present the same in the Board of Directors meeting and also get it recorded in the Minutes. The Government Director should also regularly sensitize the Board about the relevant Government Guidelines (including DPE Guidelines) and compliance of the same.

5. The concerned administrative Ministry/Department shall identify as to what constitutes 'issues having substantial financial and other consequences to the Government or critical/public issues' in the context of this guideline. These issues such as disposals of disposable assets, decisions, on dividend/bonus shares, nupte leveraging Government Equity, not equitying for assets beyond sectoral sectoral incurring in capital expenditure beyond delegated payers, foreign, collaboration, divestiture, etc. may be considered for inclusion while formulating SOP/Instructions by the Administrative Ministry/Department for Government Directors of CPSE under their control. However, these issues may not be considered as exhaustive and each administrative Ministry should prepare its list of issues for the CPSE under its administrative control for guidance of CPSE Government Directors administrative control for guidance of the Government Director.

6. Besides, if the Board of a CPSE decides contrary to the Government policy, the Government Director should voice the concern of the Government and get this/get dissent/disagreement recorded in the minutes of the Board meeting and report the same to the Ministry/Department. The Government Director's file quarterly/submitting report on the issues deliberated by the Board which brings/her view/merit/attention of the Government and Government's arrangements are what happens as expected in the company.

7. All administrative Ministries/Departments are requested to take note of the above revised instructions and bring the same to the notice of all concerned including the Government Director for information and compliance.



(Lokesh Bajpai)  
Director  
Tel : 2436-0218

To Secretaries of all administrative Ministries/Departments (by name)

Copy to :-

- (i) Central Vigilance Commission (Shri Anindo Majumdar, Secretary), Central Vigilance Commission, Sakart Bhawan, GPO Complex, Block 1A, New Delhi Delhi 023 10. 02 Letter. Nb. 019/MSG/0029/MSG dated 01 January, 2020 January, 2020
- (ii) Prime Minister's Office (Shri Saurabh Shukla, Director), South Block, New Delhi New Delhi PMO ID No 0260/34/279/2018-PE Dated 20th December, 2019
- (iii) Department of Personnel & Training, (Dr. Chandra Chauli, Secretary), North North Block, New Delhi.
- (iv) Cabinet Secretary, (Shri Sibji Chakravarty, Deputy Secretary), Rashtrapati, Bhawan, New Delhi, New Delhi.

Copy also to :-

- (i) PS to Honble Minister (HH & PE)
- (ii) PS to Honble Minister of State (HH & PE)
- (iii) PPS to Secretary (PE)
- (iv) PPS to AS & FA (HH & PE)
- (v) NIC, DPE - with a request to upload the guideline on OPE Website

## **Annexure II**

### **SCHEDULE IV OF COMPANIES ACT, 2013**

#### **CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

#### **I. Guidelines of professional conduct:**

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a bona fide manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly; and
- 9) assist the company in implementing the best corporate governance practices.

#### **II. Role and Functions:**

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management; and
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **III. Duties:**

The independent directors shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) ["act within their authority"], assist in protecting the legitimate interests of the company, shareholders and its employees; and

- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of Appointment:**

- 1) The appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is an appropriate balance of skills, experience and knowledge in the Board to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the Rules made thereunder and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a) the term of appointment;
  - b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d) provision for Directors and Officers (D and O) insurance, if any;
  - e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - f) the list of actions that a director should not do while functioning as such in the company;
  - g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any;
- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours; and
- 6) The terms and conditions of the appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

The re-appointment of the independent director shall be on the basis of the report of performance evaluation.



## **VI. Resignation or Removal:**

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within 2["three months"] from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

## **VII. Separate Meetings:**

- 1) The independent directors of the company shall hold at least one meeting in a financial year without the attendance of non-independent directors and members of management;
- 2) All the independent directors of the company shall strive to be present at such meeting;
- 3) The meeting shall:
  - (a) review the performance of non-independent directors and the Board as a whole;
  - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors; and
  - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **VIII. Evaluation Mechanism:**

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated; and
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

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**Illustrative list of items of business which shall not be passed by circulation and shall be placed before the Board at its Meeting**

**General Business Items**

- Noting Minutes of Meetings of Audit Committee and other Committees.
- Approving financial statements and the Board's Report.
- Considering the Compliance Certificate to ensure compliance with the provisions of all the laws applicable to the company.
- Specifying list of laws applicable specifically to the company.
- Appointment of Secretarial Auditors and Internal Auditors.

**Specific Items**

- Borrowing money otherwise than by issue of debentures.
- Investing the funds of the company.
- Granting loans or giving guarantees or providing security in respect of loans.
- Making political contributions.
- Making calls on shareholders in respect of money unpaid on their shares.
- Approving Remuneration of Managing Director, Whole-time Director and Manager.
- Appointment or Removal of Key Managerial Personnel.
- Appointment of a person as a Managing Director/ Manager in more than one company.
- According sanction for related party transactions which are not in the ordinary course of business or which are not on arm's length basis.
- Purchase and Sale of subsidiaries/assets which are not in the normal course of business.
- Approve Payment to Director for loss of office.
- Items arising out of a separate meeting of the Independent Directors if so decided by the Independent Directors.

**Corporate Actions**

- Authorise Buy Back of securities.
- Issue of securities, including debentures, whether in or outside India.
- Approving amalgamation, merger or reconstruction.
- Diversify the business.
- Takeover another company or acquire a controlling or substantial stake in another company.

**Additional list of items in case of listed companies**

- Approving annual operating plans and budgets.
- Capital budgets and any updates.

- Information on the remuneration of KMP.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves the possible public, or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like the signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material, and
- Non-compliance of any regulatory, statutory or listing requirements and shareholder services such as non-payment of dividend, delay in share transfer etc.

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# ONGC VIDESH LIMITED

## CHARTER OF BOARD LEVEL COMMITTEES

### AUDIT COMMITTEE

#### 1. STATUTORY PROVISIONS

ONGC Videsh Limited is an unlisted public company. Since it is also a wholly-owned subsidiary (WOS) of Oil and Natural Gas Corporation Limited (ONGC) it is a government company in terms of section 2(45) of the Companies Act, 2013 and thereby a Central Public Sector Enterprises (CPSE).

Constitution of Audit Committee (AC) is subject to the provisions under section 177 of the Companies Act, 2013 and the rules made there-under. Further, Department of Public Enterprises (DPE) has prescribed a set of Guidelines on Corporate Governance for CPSEs 2010 regarding the constitution of AC and its role.

Although the requirements for the constitution of the AC is exempted in terms of Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, such constitution is made mandatory in terms of Chapter 4 of the said DPE Guidelines which became effective on 14.05 2010.

*AC which was initially constituted by the Board at its 244<sup>th</sup> meeting held on 18.06.2001 has conducted 114 meetings till date.*

#### 2. PURPOSE

AC is constituted by, and accountable to, the Board of Directors of 'the Company' and has the following primary objectives as under:

*"To assist the Board of Directors in fulfilling its oversight responsibilities for financial reporting ensuring quality and integrity of the accounting, auditing and reporting practices of the Company, overseeing transactions with related parties, inter-corporate loans and investments, recommending auditors' remuneration, evaluating financial controls and risk management systems, compliance with the legal and regulatory requirements and overseeing the operations of the internal audit team and whistleblower mechanism and such other matters as may be referred by the Board from time to time."*

### 3. ROLE OF AUDIT COMMITTEE

Based on the Terms of Reference (**ToR**) as specified under statutory provisions, DPE Guidelines and the administrative requirements of the Company as perceived by the Board from time to time, the ToR for the AC shall be as under:

#### **A. INDEPENDENT/STATUTORY AUDITORS:**

- a) To recommend to the board payment of audit fee for statutory audit services;
- b) To approve assignments other than statutory audit to statutory auditors and also approve payment of fees/ charges for such services;
- c) To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- d) May review letters of internal control weaknesses issued by the statutory auditors;
- e) To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- f) To review with the independent auditors the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources;
- g) To forward the observation/reply to auditors within 45 days of receipt of report, if any, received on suspected fraud; and
- h) To consider and review the following with the independent auditor and the management:
  - i) The adequacy of internal controls including computerized information system controls and security, and
  - j) Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

#### **B. INTERNAL AUDITORS:**

- a) To review the appointment, performance or removal of the internal auditor;
- b) To review the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- c) To review internal audit reports relating to internal control weaknesses;
- d) To discuss with internal auditors of any significant findings and follow up thereto; and
- e) To review the findings of any internal investigations by the internal auditors or the findings of statutory auditors/ any other agency into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and report the same to the board;

**C. C&AG:**

- a) To review the follow-up action on the audit observations of the C&AG audit; and
- b) To review the follow-up action taken on the recommendations of the Committee on Public Undertakings (COPU) of the Parliament.

**D. FINANCIAL STATEMENTS:**

- a) To review, with the management, the quarterly financial statements before submission to the board for approval;
- b) Certification/declaration of financial statements by the Chief Executive/Chief Finance Officer; and
- c) To review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii. changes, if any, in accounting policies and practices and reasons for the same;
  - iii. major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. significant adjustments made in the financial statements arising out of audit findings;
  - v. compliance with listing and other legal requirements relating to financial statements;
  - vi. significant related party transactions and disclosure, if any; and
  - vii. management discussion and analysis of financial condition and results of operations.

**E. RELATED PARTY TRANSACTIONS:**

- a) Review all related party transactions, subjected to Accounting Standard 18, entered/to be entered by the company. For this purpose, AC may designate a member who shall be responsible for reviewing related party transactions.
- b) To approve or any subsequently modify transactions of the Company with related parties;
- c) To review, periodically the details of related party transactions entered into pursuant to each its omnibus approval;
- d) May review the periodical statement in summary form of transactions with related parties in the normal and ordinary course of business;
- e) To review the details of material individual transactions with related parties, which are not in the normal and ordinary course of business; and

- f) To review the details of material individual transactions with related parties or others, which are not on an arm's length basis, together with Management's justification for the same.

**F. UTILIZATION OF FUNDS MOBILIZED FROM PUBLIC/SHAREHOLDERS:**

- a) To review, with the management, and monitor end use of funds raised through public offers and related matters;
- b) To review the statement of deviation(s), if any, in the use of funds raised through public offers, on quarterly basis, before submission of the same with the stock exchanges;
- c) To review the annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice;
- d) To review, with the management, the annual report issued by the monitoring agency, if any appointed to monitor the utilisation of proceeds of a public or rights issue, promptly upon its receipt.

**G. OTHER REGULAR MATTERS:**

- a) To review the inter-corporate loans and investments;
- b) Consideration of budget, Delegation of Powers, Commercial Issues, Forex and Treasury management, Capital Structure, short and long term loans, periodical performance and review of subsidiaries.
- c) To ascertain the value of undertakings or assets of the company, wherever it is necessary;
- d) To evaluate internal financial controls and risk management systems and to review, with management, adequacy of the internal control systems;
- e) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- f) Consider and review the following with the management, internal auditor and the Statutory auditor:
  - Significant findings during the year, including the status of previous audit recommendations, and
  - Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information;
- g) To review the functioning of the whistle blower mechanism;
- h) Establish a vigil mechanism for directors and employees to report genuine concern with adequate safeguards against victimization of persons and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases;

- i) To provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;
- j) To review and recommend to the Board, Compliance Reports, Quarterly interest/penalty, compliance to CVC guidelines etc;
- k) To review and recommend to the Board loans and/or advances to Contractors/Vendors as may be required from time to time; and
- l) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the company and its shareholders.

#### **H. RESIDUAL**

AC may assume such other responsibilities as it deems necessary or appropriate in carrying out its functions and perform other activities related to this Charter or as may be referred by the Board of Directors from time to time.

#### **4. COMPOSITION & CHAIRPERSON**

- 4.1. AC shall consist of a minimum three (3) Directors as Members and at least two-thirds of such Members, including the Chairman, shall be Independent Directors.
- 4.2. Each Member of AC shall satisfy the independence, experience and other requirements as prescribed under the said DPE Guidelines.
- 4.3. The Chairperson shall be present at Annual general meeting to answer shareholder queries.
- 4.4. The Company Secretary shall act as the Secretary to AC.
- 4.5. In case the Board is unable to constitute AC for want of adequate members in terms of the said DPE Guidelines all agenda items pertaining to AC as per ToR shall be placed before the Board directly for consideration and approval/information till such time a regular AC is constituted.

#### **5. MEETINGS & QUORUM**

- 5.1. AC shall meet at least four times in a year and not more than 4 (four) months shall elapse between two consecutive meetings.
- 5.2. In addition, AC can convene additional meetings, as per administrative and operational requirements of the Company.
- 5.3. AC may meet in person or through other methods including video/ audio conferencing, as may be permitted by law from time to time.
- 5.4. The quorum for AC meeting shall either be two members or one-third of the members, whichever is greater, but a minimum 01 (01) independent directors shall be present.
- 5.5. The Chairman of AC may invite the Director (Finance), Chief Financial Officer, Chief Internal Auditor, representative of statutory auditors, and/or such other



persons as it may consider necessary.

- 5.6. AC shall have the power to meet with the representatives of the Company's major subsidiaries regarding their systems of internal control, results of audits and integrity of financial reporting.
- 5.7. The decisions to be taken by AC may be taken by way of a Circular Resolution wherever it is not possible or in the matter of urgency to have a meeting.
- 5.8. All decisions of AC shall be made by the majority of its members present at its duly convened meetings.

## **6. REPORTS AND DOCUMENTATION**

- 6.1. The Members of AC will be provided Agenda along with the required briefing materials and reports as mandated.
- 6.2. AC meetings will record its summaries of recommendations to the Board and these shall be incorporated as a part of the Minutes provided to its members and Board.
- 6.3. AC may report and update the Board on various matters including the independence of the Auditors.
- 6.4. The recommendations of AC on any matter relating to financial management including the Audit Report shall be binding on the Board. If the Board does not accept the recommendations of AC, it shall record the reasons thereof and communicate such reasons to the shareholders.

## **7. REVIEW OF AUDIT COMMITTEE CHARTER**

The adequacy of this charter shall be reviewed and reassessed by AC preferably annually and appropriate recommendations shall be made to the Board for its decision from time to time.

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# ***NOMINATION & REMUNERATION COMMITTEE***

## **1. STATUTORY PROVISION**

Section 178 of the Companies Act, 2013 and the rules made thereunder deal with the constitution of the Nomination and Remuneration Committee (NRC) and matters related thereto. Further, Chapter 5 of the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 (CPSE) provides for the constitution of the Remuneration Committee and its role.

Although the requirements for constitution of NRC is exempted in terms of Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, such constitution is made mandatory in terms of Chapter 5 of the said DPE Guidelines which became effective on 14.05.2010. Considering the practical/ administrative requirements it is proposed to constitute NRC covering the requirements of the said DPE Guidelines.

*NRC/RC which was initially constituted by the Board at its 370<sup>th</sup> meeting held on 30.07.2012 as HRM & R Committee and renamed as NRC w.e.f. 18.12.2021) has conducted 24 meetings till date.*

## **2. ROLE & RESPONSIBILITIES**

Based on the terms of reference as specified under statutory provisions and also the administrative requirements of the Company as perceived by the Board from time to time, the terms of reference (ToR) for the NRC shall be as specified hereunder:

- a) To formulate and recommend to the Board all HR related strategy/policy matters;
- b) To decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the prescribed limits;
- c) Consideration and recommendation of sitting fees to the Independent Directors; and
- d) The Committee may assume such other responsibilities as it deems necessary or appropriate in carrying out its functions and perform other activities related to this Charter or as may be referred by the Board of Directors from time to time.

## **3. COMPOSITION & CHAIRPERSON**

- 3.1. The NRC shall consist of a minimum of three Directors, all of whom shall be non-executive directors and at least fifty percent of the members shall be Independent Directors.
- 3.2. The Chairperson of the NRC shall be an Independent Director.
- 3.3. In the case where the Board is unable to constitute NRC for want of an adequate number of members as prescribed under the said DPE Guidelines the agenda items pertaining to

NRC as per ToR shall be placed before the Board directly for consideration and approval/ information till such time, regular NRC is constituted by the Board.

- 3.4. The Chairperson of the NRC may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

#### **4. MEETINGS & QUORUM**

- 4.1. NRC shall meet at least once in a financial year. Further in addition, the Committee can convene additional meetings as per administrative and operational requirements of the Company.
- 4.2. NRC shall invite members of the Management team or such other persons as it may consider necessary.
- 4.3. NRC may meet in person or through other methods including video and/or audio conferencing, as may be permitted by the Board from time to time.
- 4.4. NRC may opt to take decisions by way of a Circular Resolution wherever it is not possible or in the matter of urgency to have a meeting.
- 4.5. All decisions of NRC shall be made by a majority of its members.
- 4.6. Quorum for the meeting shall either be 2 (two) members or one-third of the members, whichever is higher and the Chairperson of the meeting shall be an Independent Director.

#### **5. REPORTS AND DOCUMENTATION**

- 5.1. Members of the NRC will be provided Agenda along with the required briefing materials.
- 5.2. NRC meetings will record its summaries of recommendations to the Board and these shall be incorporated as a part of the Minutes provided to its members and Board.
- 5.3. NRC may report and update the Board, periodically, on various matters from time to time.

#### **6. REVIEW OF NRC CHARTER**

The adequacy of this charter shall be reviewed and reassessed by NRC preferably annually and appropriate recommendations shall be made to the decision of the Board.

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# ***PROJECT APPRAISAL & HSE COMMITTEE***

ONGC Videsh Limited being engaged in the Exploration and Production of Oil & Gas is required to undertake various projects at international levels. Accordingly, to access the need and genuineness of the proposal Project Appraisal & HSE Committee was constituted at the 370<sup>th</sup> meeting of the Board held on 30.07.2012 to consider and recommend the proposal to the Board for approval.

*Project Appraisal & HSE Committee which was initially constituted by the Board at its 370<sup>th</sup> meeting held on 30.07.2012 as PAC, HSE and RMC Committee and renamed as PAC and HSE w.e.f. 19.05.2015) has conducted 93 meetings till date.*

## **1. ROLE & RESPONSIBILITIES**

To meet the administrative and operational requirements of the Company the terms and reference of PAC include as under:

1. Periodical review and finalize all the bid parameters for Business Development Projects;
2. Review and recommendation of exploration, discovered and producing projects before being considered by the Board of Directors;
3. Review and recommend approval for additional investments in the existing project(s);
4. Periodical review of the activities, production and operating performance of the project(s);
5. Status update of BD projects and Exploration projects; and
6. Review of policy, processes and systems on Safety, Health, Environment and Ecology aspects.

## **2. COMPOSITION & CHAIRPERSON**

Being non-statutory in nature the composition of the PAC will be minimum 03 Directors with Chairperson being outside Director.

## **3. MEETINGS & QUORAM**

- 3.1. The PAC shall meet at least once in a financial year. Further in addition, the Committee can convene additional meetings as per administrative and operational requirements of the Company.
- 3.2. The PAC shall invite members of the Management team or such other persons as it may consider necessary.
- 3.3. The PAC may meet in person or through other methods like video conferencing, audio conferencing etc. as may be permitted by law from time to time.

- 3.4. The decisions to be taken by the PAC members may be taken by way of a Circular Resolution wherever it is not possible or in the matter of urgency to have a meeting.
- 3.5. All decisions of the PAC shall be made by a majority of its members present at a duly convened meeting.
- 3.6. The quorum for the PAC shall either be 2 (two) members or one-third of the members, whichever is higher.

**4. REPORTS AND DOCUMENTATION**

- 4.1. Members of the PAC will be provided Agenda along with the required briefing materials.
- 4.2. PAC meetings will record its summaries of recommendations to the Board and these shall be incorporated as a part of the Minutes provided to its members and Board.
- 4.3. The PAC may report and update the Board, periodically, on various matters that it has considered

**5. REVIEW OF PAC CHARTER**

The adequacy of this charter shall be reviewed and reassessed by the PAC preferably annually and appropriate recommendations shall be made to the Board to update the same based on the operational requirements and exposure of the Company.

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## ***CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE***

### **1. ADMINISTRATIVE COMMITTEE**

ONGC Videsh Limited being overseas arms of the parent company is engaged in the Exploration and Production of Oil & Gas. Accordingly, the turnover/profit of the Company is from overseas business and accordingly doesn't fall under the requirement of constituting CSR Committee as per the Companies Act.

*However, for the purpose of MoU based performance evaluation, the CSR&S which was initially constituted by the Board at its 381<sup>st</sup> meeting held on 21.08.2013 has conducted 7 meetings till date.*

Further, vide companies' amendment 2020 it was provided under S 135(9) that "Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company."

Since the revenue/profit generation of the Company is through its overseas operations and spending for CSR activities in India is Nil, there is no statutory requirement to constitute CSR Committee. However, the same would continue to meet the administrative and operational requirements of its overseas CSR expenditures as may be required under the local regulations/contracts.

### **2. ROLE & RESPONSIBILITIES**

To meet the administrative and operational requirements of the Company the terms and reference of CSR &S include overseeing the implementation of the CSR & Sustainability activities.

CSR expenditure of Non-operated projects will be approved as part of the Annual Work Program and Budget with annual information to the Committee and CSR programs of Operated projects of the Company will be submitted to the Committee for approval.

### **3. COMPOSITION & CHAIRPERSON**

Being non-statutory in nature the composition of the CSR&S Committee will be a minimum of 03 Directors with the Chairperson being the outside Director.

### **4. MEETINGS & QUORUM**

- 4.1. The CSR&S Committee shall meet as per administrative and operational requirements of the Company.
- 4.2. The CSR&S Committee shall invite members of the Management team or such other

persons as it may consider necessary.

- 4.3. The CSR&S Committee may meet in person or through other methods like video conferencing, audio conferencing etc. as may be permitted by law from time to time.
- 4.4. The decisions to be taken by the CSR&S Committee members may be taken by way of a Circular Resolution wherever it is not possible or in the matter of urgency to have a meeting.
- 4.5. All decisions of the CSR&S Committee shall be made by a majority of its members present at a duly convened meeting.
- 4.6. The quorum for the CSR &S Committee shall either be 2 (two) members or one-third of the members, whichever is higher.

## **5. REPORTS AND DOCUMENTATION**

- 5.1. Members of the CSR &S Committee will be provided Agenda along with the required briefing materials.
- 5.2. CSR &S Committee meetings will record its summaries of recommendations to the Board and these shall be incorporated as a part of the Minutes provided to its members and Board.
- 5.3. The CSR&S Committee may report and update the Board, periodically, on various matters that it has considered

## **6. REVIEW OF CSR&S COMMITTEE CHARTER**

The adequacy of this charter shall be reviewed and reassessed by the CSR &S Committee preferably annually and appropriate recommendations shall be made to the Board to update the same based on the operational requirements and exposure of the Company.

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