

No. F. 1(116)/DD-II/PPRA/2011
GOVERNMENT OF PAKISTAN
PUBLIC PROCUREMENT REGULATORY AUTHORITY
(CABINET DIVISION)

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Islamabad, the dated 2nd November, 2011

SUBJECT: VIOLATION OF PUBLIC PROCUREMENT RULES, 2004,
COMPANY SECRETARY, OIL & GAS DEVELOPMENT
COMPANY LIMITED, ISLAMABAD, APPOINTMENT OF
AUDITORS, TI LETTER DATED 20TH SEPTEMBER 2011 &
OGDCL LETTER DATED 22ND SEPTEMBER 2011.

Reference Public Procurement Regulatory Authority's letter No. Nil dated 30.09.2011 on the above noted subject.

2. Your request was forwarded to Oil & Gas Development Company Limited (OGDCL), Islamabad for disposal under Rule – 48 of Public Procurement Rule, 2004. The comments of Procuring Agency are enclosed for kind consideration as it may be deemed appropriate.



(Muhammad Farooq)
Deputy Director

Syed Adil Gilani,
Advisor,
Transparency International- Pakistan,
5 C, 2nd Floor,
Khayaban-e-Ittehad, Phase VII,
DHA,
Karachi.



OIL & GAS DEVELOPMENT COMPANY LIMITED

Board01-14thAGM
November 1, 2011

✓ Mr. Naeem Ahmed
Deputy Director-II
Government of Pakistan
Public Procurement Regulatory Authority
(Cabinet Division)
Islamabad

Subject: VIOLATION OF PPR 2004, COMPANY SECRETARY, OIL & GAS DEVELOPMENT COMPANY LIMITED, ISLAMABAD, APPOINTMENT OF AUDITORS, TI LETTER DATED 20TH SEPTEMBER 2011 & OGDCL LETTER DATED 22ND SEPTEMBER 2011

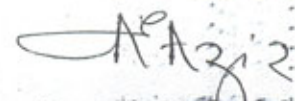
Dear Sir,

This refers to your letter No.F.1(116)/DD-II/PPRA/2011 dated September 30, 2011 on the captioned subject.

The Oil and Gas Development Company Limited is incorporated under the Companies Ordinance 1984, and is also listed in all the three Stock Exchanges of the country. The Company is regulated by the Securities and Exchange Commission of Pakistan within the framework of Companies Ordinance 1984 and has also to comply with all other legal and procedural formalities being a listed company. Appointment of Auditors is specifically governed under sections 252 and 253 of the Companies Ordinance 1984. The said provisions amply ensure that the process of engagement of auditors is not only transparent and open but has the approbation of the shareholders during the Annual General Meeting. It is therefore inconceivable that an auditor would be appointed in an opaque manner or in violation of the Companies Ordinance. The PPRA rules 2004 however cannot in any manner override the provisions of the Companies Ordinance and attributing redundancy to the provisions of the Companies Ordinance by relying on some rules would in itself lead to illegality. From a legal prospective it needs to be underscored that PPRA rules cannot take precedence over statutory provisions; even otherwise Companies Ordinance is the relevant law which prescribes the mode and process through which auditors have to be appointed.

2. It is unfortunate that Transparency International has considered the process under section 253 of the Companies Ordinance 1984 as collusive. It may be mentioned that section 253 of the Companies Ordinance was complied within its entirety and no deviation whatsoever was made in this regard. It may also be mentioned that Transparency International has not pointed out any departure from the provisions of section 253 of the Companies Ordinance. It is reiterated that non adherence to the provisions of Companies Ordinance by according primacy to a subordinate form of legislation would adversely effect corporate governance and lead to confusion in the implementation of corporate law.

Yours truly,


(Eram Ali Aziz)
Company Secretary

Copy to:

Syed Adil Gilani
Transparency International Pakistan
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase VII, Defence Housing Authority
Karachi

Director Enforcement
Securities & Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue
Islamabad

Internal cc CSO to MD/CEO

on file pl.
02/11/2011
Mr. Umer Adil
UOC

HEAD OFFICE: OGDC House, Jinnah Avenue, Blue Area, Islamabad, PAKISTAN.

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