

No: BMD/Misc/12

December 11, 2012

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Fax: 021-35390410

Subject: REPORTS ON TENDERS OF IRON ORE;

Dear Sir,

This refers to your e mail dated: 10.12.2012, regarding the 02 tenders which are under evaluation.

2. The prices of the referred 02 tenders are under consideration of the Board Price Committee. We shall inform as soon as the same are finalized.

3. It is not understood that when the prices are still under finalization how the losses to the tune of Rs. 2 billion are estimated which appeared to be more than total estimated cost of the tender.

4. As regard your inference about violation of PPRA Rules, please recall that the single offer of M/s Swiss Singapore was opened on 08.11.2012 on the advise of TIP and reevaluated vide letter dated: 15.11.2012. Please rest assures that we are strictly following the PPRA Rules and the advices rendered from time to time by TIP. Both the tenders under discussion are in accordance with PPRA Rules No: 36 (b) and the following terms and conditions of the tender documents which are already vetted by TIP are required to be submitted by each bidder:-

- i) Complete set of tender documents duly signed and stamped by the bidder in a token of having accepted the terms and conditions.
- ii) Latest audited balance sheet of the bidding company.
- iii) Authorization letter from the mine owner in favour of bidder that mine owner will provide material to the bidder.
- iv) Latest track record of exported shipments alongwith B/L, Quality Certificates etc.

5. All the above documents have always been required to be submitted by the bidders not only for long term contracts but also for spot contracts as well. However, for long term contracts, these requirements are more than that of spot contracts. For example in long term contract audited balance sheet of last three years are required whereas for spot, only latest audited balance sheet is required. Similarly for long term, quality certificate of exported shipment should be at least 100 million ton spread over two years, whereas for spot record of latest exports may be provided irrespective of the quantity.

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PAKISTAN STEEL MILLS CORPN. LTD.
(BULK MATERIAL DEPARTMENT)

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- 6 As such we are of the view that no violation of PPRA Rules has been committed and the whole process of referred (02) tenders is transparent.
7. It is also apprised in connection of one (01) year requirement tender that we have already floated a tender for five (05) years long term requirement with the opening date of 10.01.2010. PSM would appreciate your assurance for participation of many bidders in this tender.

Best regards.

Yours faithfully,


(CAPT. SHAMSI HASAN)
General Manager (BMD)