



PAKISTAN STEEL
(Marketing Department)

- Afterward contract is signed between the parties and accordingly execution of the contract is followed. For the sake of transparency the management of PAKISTAN STEEL invited TI-P officials to attend the tender opening process held on 08th September, 2010 and 16th September, 2010 for the sale of 08 Yards.

Presently PAKISTAN STEEL is passing through the serious liquidity crunch and financial emergency has already been declared to generate funds from other sources. Like sale of waste material yards lying as a dead inventory accumulated over the years is one of the avenue to ease out financial problem.

PAKISTAN STEEL is running at low capacity due to non-availability of raw material. To run the mill at the budgeted capacity of utilization i.e. around 70% arrangements of raw material i.e. Iron Ore and Coal is of pivotal importance for which PAKISTAN STEEL is in shortage of finance.

It would be appropriate to mention here that PS made several attempts for the sale of its yard No.1, 17, 22, 30, 31, 32, 33 and 34 in different time. The history of previous tenders is placed at F/A (for Yard 1, 17, 22 & 30) and at F/B (for Yard Nos. 31, 32, 33 and 34).

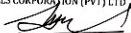
TIP officials who attended our tender process observed some discrepancies and the reason of such occurrence was also explained to them, for example, PAKISTAN STEEL allowed response time in the advertisement 11 to 12 days which is less than 15 days for the national bidding in clause 13 of PPRA rules, but there is a last line in the said clause i.e. "provided that no time limit shall be applicable in case of emergency" which provided provision to PAKISTAN STEEL to give less response time to handle financial emergency of the mill as earlier stated. Other discrepancies mentioned in your letter were the cause of uneducated representatives / bidders who are usually not well versed with documentation in such type of scrap business. However, all the directives and advices have been well taken and in future, PAKISTAN STEEL would try to overcome such shortcomings which is obviously not on the part of PAKISTAN STEEL directly.

The management has already scrapped the tender of Yard No. 31, 32, 33 and 34 opened on 08-09-2010 due to observation of TI-P and also not feasible with respect to offered price received in the past. PAKISTAN STEEL in its another tender opened on 16-09-2010 for the sale of Yard No. 1, 17, 22 and 30, received appropriate offers with reference to the reserve price as well as price offered in past tenders, as such this tender needs to be materialized to give comfort to PAKISTAN STEEL in its state of financial crunch.

It is hoped that your good self will understand the transparent mechanism PAKISTAN STEEL is following in its commercial affairs. However, we welcome TI-P advice for further strengthening the commercial affairs.

With best regards,

Yours faithfully,
For PAKISTAN STEEL MILLS CORPORATION (PVT) LTD.


Engr. S. Naeem-ul-Haque
A/GM (Marketing)

PAST TENDER HISTORY OF YARD NOS. 1, 17, 22 AND 30

Yard No.	Tender Opening Date	No. of Bidders	Name of highest Bidder	Highest Offer (in Million Rs.)	Reserve Price (Rs.)	Remarks
1	25-11-2009	03	M/s Aman Steel	42,500,000	-	Reserve Price could not be determined.
	19-07-2010	03	M/s Allied Enterprises	70,000,000		
	16-09-2010	03	M/s Aamna Enterprise	88,080,800	73.50 Million	
17	25-11-2010	03	M/s Essa Enterprises	42,500,000	-	Reserve Price could not be determined
	19-07-2010	05	M/s Aamna Enterprise	105,000,000		
	16-09-2010	03	M/s Arslan Steel	115,000,000	11.25 Million	
22	25-11-2009	04	M/s M.W.Trading Co	45,317,170	-	Reserve Price was could not be determined
	19-07-2010	02	M/s R.U. Brothers	60,000,000		
	16-09-2010	05	M/s. Amjad Traders	92,000,000	63.00 Million	
30	25-11-2009	04	M/s. Arslan Steel	4,000,000	-	Reserve Price was could not be determined
	19-07-2010	07	M/s. Faraz Enterprises	6,300,000		
	16-09-2010	04	M/s. Talha & Co.,	13,000,000	6.615 Million	

PAST TENDER HISTORY OF YARD NOS. 31, 32, 33 AND 34

Yard No.	Tender Opening Date	No. of Bidders	Name of highest bidder	Highest Offer (in Million Rs.)	Reserve Price (in Million Rs.)	Remarks
31	16-12-2009	03	M/s Hussain & Co.,	47,500,000	55.12 Million	Reserve Price was could not be determined
	19-07-2010	02	M/s HST Trading Pvt Ltd	52,500,000		
	08-09-2010	02	M/s HST Trading Pvt Ltd	47,500,000		
32	16-12-2009	05	M/s Hussain & Co.	47,500,000	57.67 Million	Reserve Price was could not be determined
	17-08-2010	01	M/s Hussain & Co.	52,500,000		
	08-09-2010	02	M/s HST Trading Pvt Ltd	47,500,000		
33	16-12-2009	03	M/s Hussain & Co.	47,500,000	Nil	Reserve Price was could not be determined
	19-07-2010	02	M/s HST Trading Pvt Ltd	57,500,000		
	08-09-2010	02	HST Trading Pvt Ltd	50,000,000		
34	16-12-2009	04	M/s Hussain & Co.	47,500,000	62.99 Million	Reserve Price was could not be determined
	19-07-2010	02	M/s HST Trading Pvt Ltd	57,500,000		
	08-09-2010	02	M/s HST Trading Pvt Ltd	50,000,000		

NOTE:

The offers received and opened on 08-09-2010 were less than the reserve price as well as price offered on 19-07-2010, hence re-tendered, appeared on 28-09-2010.