



**TRANSPARENCY
INTERNATIONAL-PAKISTAN**

9th September , 2010

Mr. Imtiaz Lodhi, ,
Actg. CEO,
Pakistan Steel Mills Corporation Limited
Karachi

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
Tel: (92-21)-35390408, 35390409, Fax: 35390410
E-mail: ti.pakistan@gmail.com
Website: www.transparency.org.pk

**Sub: Tender Opening of 4 No. Sales/Tender 31, 32, 33, 34)/MFN/10 opened on 8th
September 2010**

Dear Sir,

TI Pakistan according to the agreement dated 23 August for TI Pakistan to act as observer in all tenders of Pakistan Steel attended the tender opening of 4 tenders for sale of scrap held on 8-09-2010.

The report of TIP observers is enclosed.

In view of the serious violations, and failure of bidders to comply with of Pakistan Steel tender requirements, following recommendations are submitted for your consideration.

Recommendation

It appears that there is a collusion in all the Four Tenders as only 2 parties attended with a difference of 5 to 20 times and the same party has become the highest bidder.

It is recommended that an Enquiry Committee be constituted by the CEO for an independent enquiry on the actual estimated cost of the material. The weight of the scrap is not mentioned in the tender document which is against the Rules and Regulations. It also appears that the department is in collusion as the Pay Orders submitted is nearly 6 months old which is not allowed among PPRA Rules.

The action should be completed in 7 days time.

The Bids shall be discharged for the reason that the bid security was not provided in the required format, and also the bid security were not given for the required minimum period as stated in the Tender Documents.

With regards

Syed Adif Gilani,
Chairman,

No. Sales/Tender 33

1) Trading and Supplies

Amount : Rs.10,000,000
Earnest Money : Rs. 50,000
Name of Bank : Soneri Bank- Korangi
Pay Order dated : 6th Sept. 2010

Name of Bank : MyBank Clifton
Cheque dated : 8th Sept. 2010
Signatory : Zafar ul Hasan
Discrepancy/s : Cheque unacceptable

2) HST Trading (Private) Limited

Amount : Rs.50,000,000
Earnest Money : Rs. 950,000
Name of Bank : Habib Bank Malir
Pay Order Date : 24th Feb 2010
: revalidated 24th Aug. 2010

Signatory : M. Jamil Khan
Discrepancy :

No. Sales/Tender 34

1) Trading and Supplies

Amount : Rs.12,000,000
Earnest Money : Rs. 50,000
Name of Bank : Soneri Bank- Korangi
Cheque Date : 6th Sept. 2010
Name of Bank : MyBank Clifton
Cheque Date : 8th Sept. 2010
Signatory : Zafar ul Hasan
Discrepancy/s : Cheque unacceptable

2) HST Trading (Private) Limited

Amount : Rs.50,000,000
Earnest Money : Rs. 950,000
Name of Bank : UBL FTC
Pay Order Date : 15th March 2010
Name of Bank : Barclays Bank
Pay Order Date : 1st Sept. 2010
Signatory : M. Jamil Khan
Discrepancy/s : P/O would be invalid. Would provide revalidated P/O by 9-9-10

Discrepancies:

1. Pay Orders dated 15th March 2010 would be valid till 14th Sept. 2010.
2. Cheques given instead of Pay Orders.
3. Power of Attorney for the signatories not available. Has been asked for by 9-9-10.
4. Correction in figures and words in the Bid document by HST Trading (Pvt) Ltd.
5. GST and NTN certificates will be required afterwards.
6. Opening of bid date from the advertisement date was 11 days instead of the required 15 days.

Recommendation

It appears that there is a collusion in all the Four Tenders as only 2 parties attended with a difference of 5 to 20 times and the same party has become the highest bidder.

It is recommended that an Enquiry Committee be constituted by the CEO for an independent enquiry on the actual estimated cost of the material. The weight of the scrap is not mentioned in the tender document which is against the Rules and Regulations. It also appears that the department is in collusion as the Pay Orders submitted is nearly 6 months old which is not allowed among PPRA Rules.

The action should be completed in 7 days time.

The Bids shall be discharged for the reason that the bid security was not provided in the required format, and also the bid security were not given for the required minimum period as stated in the Tender Documents.

Me. Nargis A Mirza. Project Coordinator TIP

Mr. Asif Shakeel Project Coordinator TIP

Mr. Sohail Rans Assistant Project Coordinator TIP



Handwritten signatures in blue ink corresponding to the names listed on the left: Nargis A Mirza, Asif Shakeel, and Sohail Rans.