



Sui Southern Gas Company Limited

Most Immediate
By Fax/Courier

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

SGM (CS)/Coord/F-47/2011
24 March 2011

Subject: **Complaints on the violation of Public Procurement Rules, 2004
Tender No. SSGC/FP/3627 for Joint Coating Mate, SSGC/FP/3104
& 3398 for Pipe Wrap Tapes / Primer**

Reference: **Deputy Director –II PRRA Letter No. F.1 (20)/DD-II/PPRA dated 17.2.2011**

Dear Sir,

We acknowledge with thanks the receipt of your letter no. F.1 (20)/DD-II/PPRA dated 17 February 2011 and its enclosures. As directed by your good self we hereunder provide you with the requested comments.

It may please be noted that “**Pipe wrap Tapes and Primer**” is used as protection against corrosion of water, oil and gas pipelines and consists of two parts (i) Adhesive: Inner layer and (ii) Backing: Outer layer and Primer. Due to the nature and application of the product it is required to be procured from one source so that the product as a whole remain compatible with each other.

According to the Complainant (M/s. Siprion Petrotools (Private) Limited Karachi, Sui Southern Gas Company Limited has violated Clause 35, Clause 36(a), and Clause 48 of the Public Procurement Rules, 2004 following Rules of Public Procurement Rules 2004 in connection with the following tenders:

- (1) Tender no. SSGC/FP/3627 “**Joint Coating Mate**”
- (2) Tender no SSGC/FP/3104 for “**Pipe wrap Tapes and Primer**” and
- (3) Tender no SSGC/FP/3398 for “**Pipe wrap Tapes and Primer**”

Our response to the complaints lodged by M/s. Siprion Petrotools (Private) Limited vide its letter dated 12 February 2011 in each of the three individual cases are as follows:



SSGC

Sui Southern Gas Company Limited

1) Tender: SSGC/FP/3627 for the supply of Joint Coating Materials:

Type of Enquiry: Press Tender; Issue date: 7 July 2010; Bid opening date: 17 August 2010.

Five (5) bidders namely (1) M/s. Shiac International (2) Dasheng Corporation (3) M/s. Berry Plastic (4) M/s. Tial Russia and (5) M/s. Canusa participated in the enquiry out of which the following three (3) bidders were determined technically compliant:

Sr.#	Bidder	Total C&F Value
1	M/s. Shaic International	US\$.559,002.40
2	M/s. Berry Plastic	US\$.667,219.43
3	M/s. Canusa	US\$.838,078.30

Pursuant to Clause 35 of the Public Procurement Rules 2004 all Bids are opened publicly in the Bid Opening Room, Materials Management Department, Sui Southern Gas Company Limited in the presence of bidders and /or their authorized agents who wish to attend. Any bidder and /or his duly authorized agent who wish to obtain the copy of the evaluation reports may do so by requesting the Material Management Department, Sui Southern Gas Company Limited.

In response to objection under Clause 36 (a) it is submitted that M/s. Shiac International is an internationally renowned Company with an excellent track record for supplying Heat Shrink Sleeves since last several years. Although M/s. Shiac International had participated in previous tender enquiries of Sui Southern Gas Company Limited but could not technically qualify due to non availability of DVGW Certified Product certification. M/s Shiac International before participating in the subject tender got their product tested by DVGW which was mandatory technical requirement of the tender enquiry due to which the offer was determined technically compliant.

The decision of SSGC to award subject tender to M/s Shiac International was done following all the requisite of PPRA & SSGC rules. M/s Shiac is technically declared compliant by the user department and in addition, M/s Shiac International was the lowest commercial bidder.

It may please be noted in accordance with Rule 48 of the Public Procurement Rules 2004; a Grievance Committee is in place to resolve bidders' grievances/complaints.

Sui Southern Gas Company Limited

2) SSGC/FP/3104 PIPE WRAP TAPES & PRIMER

Type of Enquiry: Press Tender; Issue date: 17 April 2009; Bid opening date: 29 May 2009.

Six bidders namely (1) M/s. Cixi, China (2) M/s. Nia Shimi, Iran (3) M/s. Alta, Italy (4) M/s. Berry Plastic (5) M/s. Denso, Germany and (6) M/s. Keliss, Netherland participated in the tender enquiry and all the bidders were determined technically compliant.

The Commercial status of all the bidders are as under:

Sr.#	Bidder	Total C&F Value	Rank
1	M/s. Cixi, Chaina	Rs.57,098,992.00	1
2	M/s. Nia Shimi, Iran	Rs.64,090,075.00	2
3	M/s. Alta, Italy	Rs.64,283,365.00	3
4	M/s. Berry Plastic	Rs.67,474,606.54	4
5	M/s. Denso, Germany	Rs.69,074,991.50	5
6	M/s. Keliss, Netherland	Rs.64,616,983.70	6

Pursuant to Clause 35 of the Public Procurement Rules 2004 all Bids are opened publicly in the Bid Opening Room, Materials Management Department, Sui Southern Gas Company Limited in the presence of bidders and /or their authorized agents who wish to attend. Any bidder and /or his duly authorized agent who wish to obtain the copy of the evaluation reports may do so by requesting the Material Management Department, Sui Southern Gas Company Limited.

In response to objection under Clause 36 (a) it is submitted that as per clause 14.6 of the tender enquiry SSGC placed a trial order equivalent to 10% of the tender quantity on the technically compliant and commercially lowest bidder M/s Cixi China After satisfactory supply and result of the product order (P.O. No. 9222 on 02.06.2010) the balance 90% quantity of the tender enquiry was also placed on M/s. Cixi China.

It may please be noted in accordance with Rule 48 of the Public Procurement Rules 2004, a Grievance Committee is in place to resolve bidders' grievances/complaints.

3) EP-3398 for Pipe Wrap Tapes & Primer

Type of Enquiry: Press Tender; Issue date: 24 February 2010; Bid opening date: 29 April 2010.

Sui Southern Gas Company Limited

Seven bidders namely (1) M/s. Nia Shimi (2) M/s. Inter man (3) M/s. Shenzen (4) M/s. Morex (5) M/s. Denso (6) M/s. Alta Altene (7) M/s. Berry Plastic participated in the above tender enquiry and all the bidders were determined technically compliant.

The Commercial status of all the bidders are as under:

Sr.#	Bidder	Total C&F Value	Rank
1	M/s. NiaShimi, Iran	Rs.157,551,791	1
2	M/s. Inter man	Rs.176,853,049	2
3	M/s. Shenzen	Rs.189,620,270	3
4	M/s. Morex	Rs.194,001,039	4
5	M/s. Denso	Rs.199,030,748	5
6	M/s. Alta Altene	Rs.211,146,098	6
7	M/s. Berry Plastic	Rs.211,533,589	7

Pursuant to Clause 35 of the Public Procurement Rules 2004 all Bids are opened publicly in the Bid Opening Room, Materials Management Department, Sui Southern Gas Company Limited in the presence of bidders and /or their authorized agents who wish to attend. Any bidder and /or his duly authorized agent who wish to obtain the copy of the evaluation reports may do so by requesting the Material Management Department, Sui Southern Gas Company Limited.

In response to objection under Clause 36 (a) it is submitted that prior to considering placement of an order on the lowest bidder (M/s Nia Shimi, Iran) an engineer of Sui Southern Gas Company Limited (SSGC) was sent to Iran to inspect and ascertain the capabilities for manufacturing tape and primer as per standards specified in the tender enquiry. After satisfactory report of the engineer who inspected the factory, order for the entire quantity was placed (PO # 9948 dated 11-10-2010).

It may please be noted in accordance with Rule 48 of the Public Procurement Rules 2004, a Grievance Committee is in place to resolve bidders' grievances/complaints.

Please note that it is apparent that in all the three tender enquiries there is no evidence of any malpractice or deviation from the Public Procurement Rules 2004. The contentions made by M/s Siprion (Local Agent of M/s. Berry Plastic) are based on malafide intentions in order to damage the reputation and goodwill of Sui Southern Gas Company Limited which it enjoys not only in Pakistan but internationally as well. We wish to advise you that in the last five (5) years Sui Southern Gas Company Limited has placed 14 purchase orders on the complainant (M/s. Siprion Petrotools (Pvt.) Ltd, Karachi and their principal M/s. Berry Plastic for amount of over Rs. 164.5 Million, but as they failed to secure this order due to not being the lowest bidder hence, the complain. The action of the complainant is merely an attempt to defame Sui Southern Gas Company Limited.



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It is hoped that the above would clarify the position of Sui Southern Gas Company Limited; however, please do feel free to write to us if you require any clarification.

With regards,

Yours sincerely,

(Zuhair Siddiqui)
Sr. General Manager
(Corporate Services)

cc:

- 1) Syed Adil Gilani, → with reference to your Letter dated 14 February 2011
Chairman,
Transparency International Pakistan
5 - C, 2nd Floor,
Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority,
Karachi
- 2) Mr. Muhammad Iqbal Mehsood → with reference to your Letter No. NG-III-12(49)/2000-SSGC
Dy. Director (Gas) dated 21 February 2011
Directorate General Gas
Ministry of Petroleum & Natural Resources,
21 - E, Huma Plaza
Karachi
- 3) Mr. M. Farooq Qamar → with reference to your Letter No. OGRA-9(3)/2011
Dy. Executive Director (Gas) dated 21 February 2011
54 - B, Fazal-e-Haq Road, Blue Area,
Islamabad