



7th April, 2016

TL16/0704/1A

Mr. Khuwaja Muhammad Asif,
Federal Minister for Water & Power,
Government of Pakistan,
Islamabad.

**Sub: Massive Corruption of Ministry of Water and Power Department and National
Transmission and Dispatch Company.**

Dear Sir,

Transparency International has been informing the Minister of Water and Power, Chairman of WAPDA and heads of various subsidiary departments of Ministry of Water and Power about the massive corruption in development projects since last 15 years, which has caused billions of Rs losses to exchequer in illegal and manipulated award of contracts.

This has also caused delays in execution of projects which has further caused trillions of Rs loss due to price escalation as in the cases of Nandipur Project, Neelum-Jhelum Project, where the cost of Nandipur Project has increased from \$19 billion to \$57 billion and Neelum-Jhelum Project increased by \$300 billion.

Moreover, the delays in these and other power projects has caused shortage of electricity in Pakistan which has affected the economy as the cost of production has increased in Pakistan and Pakistan exports have declined remarkably.

One important issue raised with Chairman, WAPDA by TI-Pakistan vide its letter dated 21st March, 2016 was against the behavior of M/s Altsom, who were involved in many WAPDA projects since last 15 years including Golen Gol Project, supply of Switch Gas and the Mangla Dam Project. USAID has also objected on their inclusion as they were debarred by World Bank in 2014. Recently M/s Altsom has accepted that they have given bribe in USA of about \$75 million and US Court has fined \$772 Million. The company has also accepted giving bribes all over the world and mentioned few countries like Saudi Arabia, Indonesia, Egypt, the Bahamas and Taiwan.

However, WAPDA delayed the re-tendering of Manlga Dam Project till the time that the period for which M/s Altsom was debarred by the World Bank was over, and invited tenders in March or May, 2015, where M/s Altsom also participated and is evaluated as lowest bidders. This particular behavior of WAPDA is highly objectionable and even USAID had taken serious note of such illegal action of WAPDA.

TI-Pakistan, Advisor personally talked to Chairman, WAPDA, and he informed that WAPDA cannot do anything, as one of the contractors has gone to the Lahore High Court against the tender of Manla Dam Project. This is a routine of the WAPDA and MOW&P departments, that they manipulate and collude with the bidders, and try to make them the lowest responsive bidder, and when somebody objects, they take the excuse of court litigation, and do not award the contract to the next lowest responsive bidder, as it doesn't meet their personal aims.

Another complaint received in March, 2016 is against the Neelem-Jhelum Project, handled by NTDC from a Chinese Contractor Zhongli Sci-Tech Group o. Ltd. You may note that NESPAK and NTDC are encouraging with M/s Newage Cables Lahore whose bid is for Rs 1.6 billion whereas the lowest bid of specified material by the Chinese contractor is about Rs 1 billion, but NESPAK under the pretext of taking excuse of local preference has recommended to award the contract to Newage Cables at 16% to 60 % more than the market prices. Even comparing apple to apple the landed cost difference between the lowest bidders and Newage Cables is Rs 210 million. Such practice is routine in the Ministry of Water and Power and if the local preference given by the Government allow 16% to 60% extra money to the local manufactures, this law should be revisited by the Government of Pakistan.

The above two complaints are of serious nature and Transparency International Pakistan request the Minister to take immediate action in these two cases and if he finds the complaints as correct, the action should be taken against the responsible officers, contractors and all the colluding parties under NAO 1999.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.


With Regards,


Sohail Muzaffar
Chairman

Copies forwarded for the information with request to take action under their mandate to:

1. Secretary to Prime Minister, Islamabad.
2. Chairman, NAB, Rawalpindi.
3. Chairman, Prime Minister's Inspection Commission, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.
5. Managing Director, PPRA, Islamabad.
6. Chairman, WAPDA, Islamabad.
7. Managing Director, NTDC, Islamabad



21st March 2016

Mr. Zafar Mahmood,
Chairman
Water and Power Development Authority
703 Wapda House
Lahore

**Sub: Violation of PPRA Rules in Tender for Rehabilitation of Units 5 & 6 –
Generators, Mangla Dam to M/s Alstom Sentenced by US court to Pay \$772
Million Criminal Fine to Resolve Foreign Bribery Charges**

Dear Sir,

Transparency International Pakistan refers to the newspaper report on 17.3.2016 that Water and Power Development Authority (WAPDA) is in a fix whether to award a multibillion-rupee contract for six turbine generators under the Mangla refurbishment project to a French firm whose parent company has been penalized by a US court. **Annex-A**

Transparency International Pakistan has to report that it has been informing WAPDA since 2011 about the suspicious inclusion of M/s Alstom in various tenders.

The role of **M/s Alstom** is now exposed as according to the press release of the Department of Justice US dated 13.11.2015, the company has accepted bribing officers in many countries including **Indonesia, Egypt, Saudi Arabia, the Bahamas and Taiwan** and has been fined US \$ 772 million under FCPA for corruption in a sentence announced by US District Judge Janet Bond Arterton of the District of Connecticut. In Indonesia, for example, Alstom, Alstom Prom and Alstom Power paid bribes to government officials—including a high-ranking member of the Indonesian Parliament and high-ranking members of Perusahaan Listrik Negara, the state-owned electricity company in Indonesia—in exchange for assistance in securing several contracts to provide power-related services valued at approximately \$375 million. In total, Alstom paid more than \$75 million to secure more than \$4 billion in projects around the world, with a profit to the company of approximately \$300 million. **Annex-B.**

Following issues raised by TI Pakistan are serious and needs to be inquired by the Chairman.

1. On TI Pakistan complaint dated 12.11.2014 and 1.12.2014, on the non-responsive bid because of defective bid security, and also being blacklisted by World Bank, submitted by M/s Alstom in Tender for Rehabilitation of Units 5 & 6 – Generators, Mangla Dam, the Contract was not awarded to Alstom and bids were discharged and TI Pakistan was informed by WAPDA vide letter dated 1.1.2015. **Annex - C**
2. On 3.January 2015 TI Pakistan informed WAPDA that after the acknowledgement of the ineligibility of previously selected company Alstom ✓



Hydro, the bid, ideally should have been handed over to the next lowest bidder, contrary to the cancellation altogether. Since the tender is now cancelled, TI-Pakistan would like to request WAPDA to re-invite bids from interested parties, after immediately advertising prior to February 2015. Delay in the re advertisement and re-invitation of new bids from interested parties, may indicate collusion, as Alstom Hydro's debarment stands affective till the end of January 2015, waiting till February for re-advertisement would give another chance to Alstom Hydro to be selected again and indicate collusive practice on part of WAPDA. **Annex - D**

3. However, WAPDA did not invite the Tenders for Rehabilitation of Units 5 & 6 – Generators, Mangla Dam till the Alstom Hydro's debarment ended on 31 January 2015.
4. On 2nd March 2012, TI Pakistan informed the Chairman WAPDA that in the Golen Gol Hydropower Project-Lot-3.2 E&M Works, M/s Rainpower / ARVEA T&D Pakistan (Pvt.) Limited was prequalified as a JV. But 51 days after the last date of submission of Prequalification, WAPDA allowed change in the JV of M/s Rainpower / ARVEA T&D Pakistan (Pvt.) Ltd, to new JV of M/s Rainpower/ **ALSTOM Grid Pakistan**, as per letter dated 21-05-2011 just few days before the tender opening i.e. 30-06-2011. TI Pakistan pointed out that M/s Alstom Hydro France and M/s Alstom Network Schweiz AG (Switzerland) have been debarred by the World Bank on 22-2-2012.

Chairman is requested to urgently take action against all those who knowingly about Alstom debarment, tried to approve the company in JV of Golen Gol Proejct and also in Mangla Project in 2014, and delayed the issue to tenders prior to debarment date of M/s Alstom , which has now caused difficulties in award of Rehabilitation of Units 5 & 6 – Generators, Mangla Dam.

Chairman is also requested to inquire whether M/s Alstom was involved in bribing in the above projects in the light of M/s Alstom's own admission of bribing foreign officials to obtain contracts, in the US Court.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With regards,

Sohail Muzzafar
Chairman

Copy forwarded for information with request to take action under the Rules and Regulations to;

1. Chairman, Public Accounts Committee, Islamabad.
2. Chairman, NAB, Islamabad.
3. Minister, Ministry of Water & Power, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.
5. Chairman, PMIC, PM House, Islamabad.
6. Managing Director, PPRA, Islamabad.

Mangla power plant: WAPDA undecided about turbine rehabilitation deal

By Zafar Bhutta

Published: March 17, 2016

ISLAMABAD:

The Water and Power Development Authority (Wapda) is in a fix whether to award a multibillion-rupee contract for six turbine generators under the Mangla refurbishment project to a French firm whose parent company has been penalised by a US court.

Under the project, which is being funded by Wapda and the US Agency for International Development (USAID), six turbine generators of the Mangla power plant will undergo rehabilitation.

Wapda's legal consultant Saad Rasool Associates has cautioned against giving the contract to France's Alstom Hydro, which interestingly offered the lowest bid among three competitors.

The consultant suggested that Wapda should not ignore the news about alleged involvement of Alstom's parent company in corruption involving at least \$75 million in secret bribes paid to government officials and different countries. The report was also highlighted by the US Department of Justice on November 13, 2015 and December 22, 2015.

The report stated that Alstom SA was directed by US District Judge Janet Bond Arterton of the District of Connecticut to pay \$772 million in fine.

The consultant pointed out that Wapda under a clause of the contract conditions could not award project work to a company debarred, blacklisted or sanctioned by the Public Procurement Regulatory Authority (PPRA) and international agencies/departments of the US, World Bank, Asian Development Bank, European Bank for Reconstruction and Development, African Development Bank and Inter-American Development Bank.

Following these suggestions, Wapda could not figure out how to award the contract to Alstom Hydro.

Earlier, four companies had submitted bids for winning the contract in September 2015. These were Alstom Hydro, Voith Hydro Germany, Andritz Hydro Austria and OJSC Power Machines Russia. Since OJSC Power Machines could not make security deposits along with the bid, it was considered a non-responsive firm, which left three companies to compete for the project.

PPRA rules and a contract clause are clear under this situation. They say any firm that conceals any relevant information in its bid is considered ineligible for the contract. The French firm had not informed Wapda that a case was being heard against the company.


In a letter written to Wapda Director Legal Shahzad A Sheikh on February 24, 2016, the legal consultant cited clause 59.1 of the contract which says, "A bidder is prohibited from being awarded a contract if it is a subsidiary of a parent company that is debarred, blacklisted or otherwise sanctioned."

"In view of the foregoing, the consultant firm recommends that Wapda conduct a thorough in-house technical and cost-benefit analysis in order to determine whether the participating company in fact forms a part of or is associated with a blacklisted/sanctioned company that has been mentioned in the US press release, in order to ensure that there is no adverse impact on the project or increase in Wapda's risks associated with the same," the letter said.

A senior Wapda official said they were evaluating the Alstom's bid and would check the discrepancy, if any, committed by the French firm during the process.

He agreed that the World Bank had blacklisted the company last year and as a result it was barred from vying for the contract. Later, the sanctions were lifted. "We have entertained the firm after sanctions were removed," he said.

An anomaly noted during the bidding process was that all bidders were bound to conduct two separate tests for the rehabilitation of turbine generators. However, Alstom conducted only one test.
Published in The Express Tribune, March 17th, 2016



Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, November 13, 2015

Alstom Sentenced to Pay \$772 Million Criminal Fine to Resolve Foreign Bribery Charges

Represents Largest-Ever Criminal Foreign Bribery Fine

Alstom S.A., a French power and transportation company, was sentenced today to pay a \$772,290,000 fine to resolve criminal charges related to a widespread corruption scheme involving at least \$75 million in secret bribes paid to government officials in countries around the world, including Indonesia, Saudi Arabia, Egypt, the Bahamas and Taiwan.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, First Assistant U.S. Attorney Michael J. Gustafson the District of Connecticut and Assistant Director in Charge Paul M. Abbate of the FBI's Washington Field Office made the announcement.

Alstom was sentenced by U.S. District Judge Janet Bond Arterton of the District of Connecticut. Alstom pleaded guilty on Dec. 22, 2014, to a two-count criminal information charging the company with violating the Foreign Corrupt Practices Act (FCPA) by falsifying its books and records and failing to implement adequate internal controls.

In addition, Alstom Network Schweiz AG, formerly Alstom Prom AG (Alstom Prom), Alstom's Swiss subsidiary, which pleaded guilty on Dec. 22, 2014, to a criminal information charging the company with conspiracy to violate the anti-bribery provisions of the FCPA, was also sentenced today pursuant to its plea agreement. Alstom Power Inc. and Alstom Grid Inc., formerly Alstom T&D Inc., two U.S. subsidiaries, both entered into deferred prosecution agreements on Dec. 22, 2014, admitting that they conspired to violate the anti-bribery provisions of the FCPA.

According to the companies' admissions, Alstom, Alstom Prom, Alstom Power and Alstom T&D, through various executives and employees, paid bribes to government officials and falsified books and records in connection with power, grid and transportation projects for state-owned entities around the world, including in Indonesia, Egypt, Saudi Arabia, the Bahamas and Taiwan. In Indonesia, for example, Alstom, Alstom Prom and Alstom Power paid bribes to government officials—including a high-ranking member of the Indonesian Parliament and high-ranking members of Perusahaan Listrik Negara, the state-owned electricity company in Indonesia—in exchange for assistance in securing several contracts to provide power-related services valued at approximately \$375 million. In total, Alstom paid more than \$75 million to secure more than \$4 billion in projects around the world, with a profit to the company of approximately \$300 million.

Alstom and its subsidiaries also attempted to conceal the bribery scheme by retaining consultants who purportedly provided consulting services on behalf of the companies, but who actually served as conduits for corrupt payments to the government officials. Internal Alstom documents refer to some of the consultants in code, including "Mr. Geneva," "Mr. Paris," "London," "Quiet Man" and "Old Friend."

The sentence, which is the largest criminal fine ever imposed in an FCPA case, reflects a number of factors, including: Alstom's failure to voluntarily disclose the misconduct, even though it was aware of related misconduct at a U.S. subsidiary that previously resolved corruption charges with the department in connection with a power project in Italy; Alstom's refusal to fully cooperate with the department's investigation for several years; the breadth of the companies' misconduct, which spanned many years, occurred in countries around the globe and in several business lines, and involved sophisticated schemes to bribe high-level government officials; Alstom's lack of an effective compliance and ethics program at the time of the conduct; and Alstom's prior criminal misconduct, including conduct that led to resolutions with various other governments and the World Bank.

After the department publicly charged several Alstom executives, however, Alstom began providing thorough cooperation, including assisting the department's prosecution of other companies and individuals.

To date, the department has announced charges against five corporate executives for alleged corrupt conduct involving Alstom. Frederic Pierucci, Alstom's former vice president of global boiler sales, pleaded guilty on July 29, 2013, to conspiring to violate the FCPA and a charge of violating the FCPA for his role in the Indonesia bribery scheme. David Rothschild, Alstom Power's former vice president of regional sales, pleaded guilty on Nov. 2, 2012, to conspiracy to violate the FCPA. William Pomponi, Alstom Power's former vice president of regional sales, pleaded guilty on July 17, 2014, to conspiracy to violate the FCPA. Lawrence Hoskins, Alstom's former senior vice president for the Asia region, was charged in an indictment in connection with the Indonesia bribery scheme, and is pending trial in the District of Connecticut in April 2016. The charges against Hoskins are merely allegations, and he is presumed innocent unless and until proven guilty. The high-ranking member of Indonesian Parliament was also convicted in Indonesia of accepting bribes from Alstom, and is currently serving a three-year prison term. In addition, Marubeni Corporation, which partnered with Alstom on the Indonesia project, pleaded guilty on March 19, 2014 to a criminal information charging conspiracy to violate the FCPA and seven counts of violating the FCPA, and was sentenced on May 15, 2014, to pay an \$88 million criminal fine.

In connection with a corrupt scheme in Egypt, Asem Elgawhary, the general manager of an entity working on behalf of the Egyptian Electricity Holding Company, a state-owned electricity company, was the fifth individual charge and pleaded guilty on Dec. 4, 2014, in the District of Maryland to mail fraud, conspiring to launder money and tax fraud for accepting kickbacks from Alstom and other companies, and was sentenced on March 23, 2015, to serve 42 months in prison and forfeit approximately \$5.2 million in proceeds.

This case is being investigated by the FBI's Washington Field Office, with assistance from the FBI's Meriden, Connecticut, Resident Agency. The department appreciates the significant cooperation provided by its law enforcement colleagues in Indonesia at the Komisi Pemberantasan Korupsi (Corruption Eradication Commission), the Switzerland Office of the Attorney General and the United Kingdom's Serious Fraud Office, as well as authorities in France, Germany, Italy, Singapore and Taiwan.

The case is being prosecuted by Assistant Chief Daniel S. Kahn of the Criminal Division's Fraud Section and Assistant U.S. Attorney David E. Novick of the District of Connecticut, together with Assistant U.S. Attorney Zach Intrater of the District of New Jersey on the investigation of Alstom T&D, and Assistant U.S. Attorney David I. Salem of the District of Maryland on the investigation of Asem Elgawhary. The Criminal Division's Office of International Affairs also provided substantial assistance.

Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

15-1408

Criminal Division

PAKISTAN
WATER AND POWER DEVELOPMENT AUTHORITY



Member(Power)

Phone : 99202225
Fax : 99202486

No. M(P)/ 809-17
Date: 01/01/2015

Mr. Sohail Muzzafar,
Chairman Transparency International-Pakistan,
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase VII, Defence Housing Authority,
Karachi.

Subject: CANCELLATION OF BIDS FOR PACKAGE-I OF MANGLA
REFURBISHMENT PROJECT "REFURBISHMENT AND UP-
GRADATION OF MANGLA UNITS 5 & 6, OPENED ON 30.06.2014.

Ref: Letters dated 12.11.2014 and 01.12.2014 addressed to Chairman
WAPDA with copies to others.

Dear Sir,

It is apprised that the WAPDA Authority has decided to annul Bids for
Package-I "Refurbishment & Up-gradation of Mangla Units 5 & 6" of Mangla
Refurbishment Project, which were opened on 30.06.2014, under the relevant
provisions of the Bidding Documents. The Bids will be re-invited on the basis of
"Single Stage, 2-Envelope" procedure.

Yours faithfully,

B. In. Murtiza
1/1/15
(Badr ul Munir Murtiza)

cc:

1. Secretary to Prime Minister of Pakistan, Islamabad.
2. Chairman, PAC, Leader of the Opposition, National Assembly Sectt.
Islamabad.
3. Chairman, National Accountability Bureau, Islamabad.
4. Federal Minister, Ministry of Water and Power, Islamabad.
5. Mr. Daniel Altman, OIG.
6. Registrar, Supreme Court of Pakistan, Islamabad.
7. Managing Director, PPRA, Islamabad.
8. PSO to Chairman WAPDA



TRANSPARENCY INTERNATIONAL-PAKISTAN

January 3rd, 2015

Chairman
Water and Power Development Authority
703 Wapda House
Lahore,

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: Violation of PPRA Rules in Tender for Rehabilitation of Units 5 & 6 – Generators, Mangla Dam

Dear Sir,

With reference to your letter dated 01/01/2015, regarding the cancellation of Bids for the subjected tender, TI-Pakistan would like to make following recommendations;

- After the acknowledgement of the ineligibility of previously selected company Alstom Hydro, the bid, ideally should've have been handed over to the next lowest bidder, contrary to the cancellation altogether.
- Since the tender is now cancelled, TI-Pakistan would like to request WAPDA to re-invite bids from interested parties, after immediately advertising prior to February 2015. Delay in the re-advertisement and re-invitation of new bids from interested parties, may indicate collusion, as Alstom Hydro's debarment stands affective till the end of January 2015, waiting till February for re-advertisement would give another chance to Alstom Hydro to be selected again and indicate collusive practice on part of WAPDA.

With regards,

Sohail Muzaffar
Chairman

Copies forwarded for the information with request to take action under their mandate to:

1. Secretary to Prime Minister, Islamabad
2. Chairman, PAC, Leader of Opposition, National Assembly, Islamabad
3. Chairman, NAB, Islamabad.
4. Federal Minister, Ministry of Water and Power, Islamabad
5. Mr. Daniel Altman, OIG
6. Registrar SC, Islamabad
7. Managing Director, PPRA, Islamabad

PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY



CHAIRMAN WAPDA

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No. C/PSO/ 110
29, March 2016

To: Mr Sohail Muzzafar
Chairman
Transparency International-Pakistan
Karachi

Subject: **VIOLATION OF PPRA RULES IN TENDER FOR REHABILITATION OF UNITS 5 & 6 –GENERATORS, MANGLA DAM TO M/S ALSTOM SENTENCED BY US COURT TO PAY \$772 MILLION CRIMINAL FINE TO RESOLVE FOREIGN BRIBERY CHARGES**

I highly appreciate your keen interest in the award of WAPDA contracts to ensure transparency and merit. I would like to highlight that WAPDA has a sound system of contract evaluation. The decisions are taken after thorough deliberations taking into considerations all the aspects including bidding conditions and legal implications.

With regard to fine imposed by United States Court on M/s Alstom, SA, the relevant details are in our knowledge. Kindly rest assure that the decision of award of contract for the refurbishment of WAPDA Power Stations Unit 1 to 6 will be taken after thorough deliberations based on merit. WAPDA strictly follows the disciplinary code and takes prompt action on any allegation of malpractice.

Your valuable pointations have always been appreciated and welcomed.

Regards.


(Zafar Mahmood)



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<http://www.zhongli.com>

Ref: PK-3217(R1)-3M-70

Date: 29-03-2016

Transparency International
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase VII, D.H.A., Karachi.

Subject: **CONTRACT NO.3217 (R1)-3M FOR SUPPLY OF ACSR "DRAKE"
CONDUCTOR AND EHS GALVANIZED STEEL SHIELD WIRE
FOR 500KV NEELUM-JHELUM TO DOMILE TRANSMISSION
LINE.**

Dear Sir,

Reference our bid opened on February 25, 2016 and subsequent post bid clarifications to the entire satisfaction of NTDC/ NESPAK. According to the comparative statement of bid opening result following are the three bidders with their quoted bid prices:

- 1) Zhongli Sci-Tech US\$ 10,340,200 CIF (Eq Pak Rupees 1,085,721,000)
- 2) Steel Complex Pvt Ltd (Ex-Works) Pak Rs 1,502,398,400
- 3) Newage Cable Ltd (Ex-Works) Pak Rs 1,614,480,000

We hear whispers in corridors that the consultant has manipulated the Domestic Preference clause and managed to declare the Evaluated Price of M/s Newage Cables Lahore as lowest than our price after bridging the huge price difference. As you are aware that such type of evaluation of NESPAK is not unprecedented

Sir, we had already shown our concern and fear vide our letter no. 3217(R1)-3M dated 29-01-2016 with its reminder dated 19-02-2016 that the local manufacturers can play with the Clause 5(b) of IB 42 of section -II (R4), in absence of specifying of method /documents required for such substantiation. We understand that M/s Newage Cables has provided wrong calculations/documents to substantiate their claim of total import requirements. Correct calculations based on LME rates and wheeling charges are internationally available which can be provided if required.

We had also shown our concern that local manufacturers include their profit towards value addition to claim price preference, and we had suggested that the profit should be excluded from the value addition in case of local manufacturers for determining the price preference.

Clause 3(1) (a) of SRO 827(I)/2001 stipulates that to be eligible to domestic preference the saving in foreign exchange should be not less than amount of price preference. We sincerely feel that M/s Newage Ltd does not fulfill this requirement and therefore is not eligible for price preference. The foreign component requirement of bid price of M/s Newage and Steel Complex was not announced at the time of bid opening which should



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have been done for the information of the bidders, as this component is major criteria for eligibility of domestic price preference.

According to our expert's calculations the landed price/ Ex-Works price of the three bidders, (the basis for award of contract) works out as under:

- (i) Zhongli Sci-Tech China landed price Pak Rupees 1,405,096,071.57 (Bid Price+Pak Rupees 319, 76,071.57 as Govt taxes and duty)
- (ii) Steel Complex Pvt Ltd Ex-Works price Pak Rs 1,502,398,400
- (iii) Newage Cable Ltd Ex-Works price Pak Rs 1,614,480,000 (Not eligible for Domestic Preference)
- (iv) Net Benefit to NTDC/ GOP = Pak Rupees 528,760,000 (1,614,480,000-1,085,720,000)

If the contract is award to Zhongli Sci-Tech Group Co.Ltd China the Govt will earn extra benefit in the shape of custom duty and other taxes.

We hope that the evaluation shall be carried out in accordance with letter and spirit of Bidding Documents, SRO 827(I)/2001 and Justice shall prevail.

However, if Justice is not done, we shall knock the door of proper forum for obtaining justice.

We hope our request will not go unheard.

Best Regards

Aaron Zhang
Senior Project Manager
Zhongli Sci-Tech Group Co.Ltd.



TENDER NO. 3217 (R) - 3M

COSTING AFTER COURT ORDER (INCLUDING SALES TAX AND WITH HOLDING TAX)

827 (I) / 2001 DETERMINED ON 22-04-2014

1	FOB VALUE	
2	SEA FREIGHT (ACTUAL QUOTED BY THE BIDDER ON THE BASIS OF PNSC RATES, WHICH SHALL BE ANNOUNCED BY THE BIDDER AT TIME OF OPENING OF THE BID)	
3	C&F VALUE (1 + 2) (CFR VALUE)	
4	INSURANCE @ 1% OF C&F VALUE GIVEN AT 3 ABOVE	-
5	CIF (3 + 4) (USD 10340200.00 EXCHANGE RATE US\$ = PKR 105)	1,085,721,000.00
6	HANDLING CHARGES @ 1% OF CIF VALUE GIVEN AT 5 ABOVE	10,857,210.00
7	IMPORT VALUE (5 + 6) FOR THE PURPOSE LEVYING CUSTOM DUTY	1,096,578,210.00
8	CUSTOM DUTY AT APPLICABLE RATE, WHICH SHALL BE CALCULATED ON THE IMPORT VALUE GIVEN AT 7 ABOVE	219,315,642.00
9	DUTY PAID VALUE	1,315,893,852.00
10	SALES TAX AT APPLICABLE RATE, WHICH SHALL BE CALCULATED ON THE DUTY PAID VALUE GIVEN AT 9 ABOVE	263,178,770.40
11	DUTY AND SALES TAX PAID VALUE (9 + 10)	1,579,072,622.40
12	WITHHOLDING TAX AT APPLICABLE RATE, WHICH SHALL BE CALCULATED ON DUTY AND SALES TAX PAID VALUE GIVEN AT 11 ABOVE	94,744,357.34
13	LC CHARGES @ 0.25% OF FOB VALUE GIVEN AT 1 ABOVE	2,741,445.53
14	CLEARING CHARGES @ 0.25% OF C&F VALUE GIVEN AT 3 ABOVE	2,741,445.53
15	SED AT APPLICABLE RATE, IF REQUIRED WHICH SHALL BE CALCULATED ON THE IMPORT VALUE GIVEN AT 7 ABOVE TO BE TAKEN AS NIL AS IT STANDS WITHDRAWN	10,417,493.00
16	KPT WHARFAGE @ RS. 140 PER CUBIC METER ON THE PREVAILING RATE	29,937,600.00
17	CARNAGE LOADING & OTHER CHARGES @ 0.25% OF C&F VALUE GIVEN AT 3 ABOVE	2,741,445.53
18	INLAND TRANSPORTATION CHARGES FROM PORT TO COATING FACTORY (FROM PORT OF FINAL DESTINATION IN CASE OF PRODUCTS OTHER THAN PIPES, WHERE COATING IS NOT REQUIRED), LOADING AT PORT AND UNLOADING AT DESTINATION.	51,480,000.00
19	COST OF IMPORTED ENGINEERING GOODS	1,773,876,409.31
20	LESS: HANDLING CHARGES TAKEN AT S.NO. 6 (NATIONAL VALUE TAKEN FOR CALCULATING ASSESSED VALUE FOR PURPOSE OF CALCULATING CUSTOM DUTY, SALES TAX AND WITHHOLDING TAX BY THE CUSTOMS AUTHORITY)	10,857,210.00
21	LESS SALES TAX TAKEN AT 10 ABOVE (ADJUSTABLE AS OUTPUT TAX)	263,178,770.40
22	LESS WITH HOLDING TAX TAKEN AT 12 (ADJUSTABLE AGAINST FINAL ASSESSED TAX)	94,744,357.34
23	TOTAL DEDUCTIONS (20 + 21 + 22)	368,780,337.74
	NET COST OF IMPORTED ENGINEERING GOODS (19 MINUS 23)	1,405,096,071.57
NEWAGE COST		1,614,480,000.00
STEEL COMPLEX		1,502,398,400.00