

PAKISTAN STEEL
(BULK MATERIAL DEPARTMENT)

GENERAL TERMS AND CONDITIONS FOR SUBMISSION OF OFFERS

TO BE NOTED:

Please read the following conditions for submission of your offer:

- a) The terms & conditions shall mainly be covered by our advertisement and bid proforma. Please note all these tender documents including "General Terms and Conditions for submission of Offers" need to be signed (in token of having accepted them) and stamped in original by the bidder and to be submitted to PAKISTAN STEEL alongwith technical offer. (No photocopy/scanned signature or stamp will be acceptable).
- b) Technical offer is to be submitted in separate sealed cover containing guaranteed specifications alongwith other tender documents marked at the top corner as "**TECHNICAL OFFER**" that shall be opened by Technical Scrutiny Committee in public on the day of opening the tender.
- c) The Commercial offer is required to be submitted on CFFO basis separately for fine and lump ores (if the bidder is offering both the ores). The sealed cover containing the offer should be marked at the top corner as "**COMMERCIAL OFFER**", and shall be opened by the Board Procurement Committee before the technically qualified bidder (s), on an appropriate date and time, which shall be informed later.
- d) The bid evaluation report of successful bidder will be displayed on the websites of Pakistan Steel for the duration of 10 days from the date of opening the "Commercial Offers"
- e) Proforma may be filled for Iron Ores fine & lump. Extra copies of the format may be made out or typed if so required but exact wording and format should be followed. Each page has to be signed and company stamp must be affixed.
- f) Bidders are requested to submit their Technical and Commercial offers on or before the specified date & time, in the office of Incharge, BMD, PAKISTAN STEEL.
- g) The Technical Offers will be opened publicly on the same day at 15.00 Hrs. at the venue as already specified in the International Public Notice.
- h) **Validity of offer:** Offers on CFFO basis should remain valid upto **45 days** from the date of tender opening and a certificate to this effect shall also be enclosed separately with tender documents.

TERMS AND CONDITIONS:

1) BID BOND:

- a. The offer should be accompanied by Earnest Money in the form of Bank Guarantee on prescribed proforma I from a scheduled Bank (Approved by State Bank of Pakistan) duly countersigned by a scheduled Bank of Pakistan for an amount equal to US\$ 50,000.
- b. The Earnest Money Deposit / Bid Bond will be returned to the unsuccessful Bidder(s) after signing of contract with the successful Bidder. Earnest Money Deposit / Bid Bond of successful bidder will be released after submission of Performance Bank Guarantee (PBG).

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- c. In case the Bidder withdraws the offer before the expiry of offer validity requested in the tender documents, the Earnest Money Deposit / Bid Bond amount will be forfeited.

2) PERFORMANCE BANK GUARANTEE:

- a) The Seller is required to furnish US\$ 150,000 Performance Bank Guarantee from any approved bank duly confirmed by its scheduled branch in Karachi, Pakistan, approved by State Bank of Pakistan.
- b) The Performance Bank Guarantee will be submitted within minimum possible time but not later than 07 Banking days of signing of contract and shall remain valid for a period of 90 days from the date of issue (as given under tender enquiry). In the event of failure to fulfill contractual obligations by the Seller or unsatisfactory performance, PAKISTAN STEEL shall have the right to terminate the contract and forfeit the Performance Bank Guarantee /Earnest Money in favour of PAKISTAN STEEL without assigning any reason.

3) FRAUD AND CORRUPTION

It is the Pakistan Steel policy to require its staff and contractors to observe the highest standard of ethics during the selection and execution of such contracts. In pursuance of this provision, the terms set forth below: -

- (a) Defines, for the purposes of this provision, the terms set forth below:
- (i) "Corrupt practice" means the offering, giving, receiving, or soliciting, directly or indirectly, of any thing of value to influence the action of a public official in the selection process or in contract execution.
 - (ii) "Fraudulent practice" means a misrepresentation or omission of facts in order to influence a selection process or the execution of a contract.
 - (iii) "Collusive practices" means a scheme or arrangement between two or more contractors with or without the knowledge of Pakistan Steel, designed to establish prices at artificial, noncompetitive levels and to deprive Pakistan Steel of the benefits of free and open competition;
 - (iv) "Coercive practices" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract.
- (b) Pakistan Steel will reject a proposal for award if it determines that the contractor recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the contract in question;
- (c) Pakistan Steel will sanction a contractor, including declaring the contractor ineligible, either indefinitely or for a stated period of time, to be awarded a Pakistan Steel contract if it at any time determines that the contractor has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices.

4) QUOTATION OF PRICE:

- a) In case the bidder intends to opt for My Steel index (For Indian imports to China) then FOB price in USD will be taken from My Steel Index (based on quoted Fe %) on opening date of commercial offer. The bidder will quote the freight and may offer any discount if he desires. The CFFO price will be calculated by adding the FOB price and freight minus discount (if any). This will only be utilized for the purpose of techno economic evaluation of the offer. In case, the bidder intends to work on PLATTS Index, he will quote freight differential from respective port so that PLATTS CFR price (for respective Fe %) and quoted freight differential minus discount (if any) may be counted as CFFO price, for the purpose of techno economic evaluation of the offer.

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- b) The CFFO price for LC establishment for the shipment will be fixed on basis of average price of 05 days prior to LC date, as per following formula.

For Mysteel Index: FOB price (for respective Fe %) + Freight - Discount (if any) = CFFO Price

For Platts Index: CFR price (for respective Fe %) + Freight Differential - Discount (if any) = CFFO Price

(If the quoted Fe content is other than 62% / 63% / 63.5%, its price will be taken after adjusting the per 1% Fe differential as published in the Platts index.)

- c) The final price will be on the basis of average of B/L month.

- 5) The specifications, quantity and other details as set out in the Technical proforma shall be followed strictly in supplying the Iron Ore.
- 6) In the event of the delivery of Iron Ore, not conforming to the specifications set forth in the Technical offer, the penalties shall be levied as agreed upon. (Proforma C).
- 7) In the event if any content of the delivered Iron Ore exceeds by the absolute limit (As per clause 2 of proforma-C), the supplier shall be required to lift back the material and refund all the received payments within 45 days after delivery failing which the material will be forfeited by PAKISTAN STEEL without any further intimation and legal action will be initiated accordingly.

8) **INSPECTION / PAYMENT**

Sampling and analysis of Iron Ore shall be carried out by an internationally recognized assaying agency on behalf of Seller at loading port. It is required that Pakistan posted counter part of the appointed assaying agency should verify the load port analysis certificate for L/C payment. The sampling at discharge port shall be carried out by PAKISTAN STEEL. Discharging Port analysis shall be final except for Iron content which shall be exchanged as per usual International practice and to be averaged if found between the agreed limits, otherwise to be processed through Umpire analysis as per internationally accepted procedure. Seller shall have the right to depute his representative during sampling of the shipment at discharge port and Buyer shall have the right to depute his representative at Load port.

- 9) Bank charges in respect of Letter of Credit shall be at Seller's account in Seller's Country and to Buyer's account in Buyer's Country.
- 10) The weight of the cargo to be determined by a licensed independent Marine Surveyor at discharge port appointed by the Buyer and approved by the Seller shall be final, on a natural basis as to delivery of Iron Ore. Seller shall have the right to be present at the discharge port through his duly authorised representative.
- 11) The contract shall be subject to the approval of the respective Government, if so required, and the parties shall be responsible to obtain such approval from their respective Government.
- 12) Draft Contract prepared on the basis of agreed terms and condition of tender documents will be provided to successful bidder for final signing of contract.

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- 13) If it is established by Buyer to Seller's satisfaction that due to or resulting from the delivery of any of the aforesaid ore by Seller any actual damage is caused to Buyer's ore discharging or conveying equipment, other ore preparation facilities, or any additional cost is incurred by Buyer in the operation thereof, Seller shall promptly pay Buyer, in addition to any amount payable under clause (penalty), the amount of such actual damage and or additional cost. Seller or seller's representative may at Seller's expense be present during the discharging and ore preparation of such ore at the Port of Discharge in a manner which will not delay Buyer's discharging, conveying and / or ore preparation work.

14) **BID EVALUATION REPORT:**

Procuring agency shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

15) **PUBLIC ACCESS AND TRANSPARENCY:**

As soon as a contract has been awarded the procuring agency shall make all documents related to the evaluation of the bid and award of contract in public:

Provided that where the disclosure of any information related to the award of a contract is of proprietary nature of where the procuring agency is convinced that such disclosure shall be against the public interest, it can withhold only such information from public disclosure subject to the prior approval of the Authority.

16) **REDRESSAL OF GRIEVANCES & SETTLEMENT OF DISPUTE:**

Redressal of grievances by the procuring agency: -

- i) The procuring agency shall constitute a committee comprising of odd number of persons, with proper powers and authorizations, to address the complaints of address that may occur prior to the entry into force of the procurement contract.
- ii) Any bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report under rule-35.
- iii) The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint.
- iv) Mere act of lodging of a complaint shall not warrant suspension of the procurement process.
- v) Any bidder not satisfied with the decision of the committee of the procuring agency may lodge an appeal in the relevant court of jurisdiction.

17) **ARBITRATION/DISPUTE RESOLUTION MECHANISM**

- (a) Any dispute, controversy or difference arising under or in connection with the terms and conditions provided herein, shall be referred to arbitration at Karachi in accordance with the Arbitration Act, 1940 or any other law for the time being in force within 90 days of such dispute, controversy or difference, as the case may be, otherwise the claim shall be considered barred and not enforceable by any court/arbitration tribunal.

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- (b) Each party shall nominate one Arbitrator each. In case of difference of opinion between the Arbitrators, the matter shall be referred to an Umpire, who shall be appointed with the mutual consent of the Arbitrators only at the time of difference of opinion and not earlier.
- (c) In case a written notice of arbitration is served by a party to another party and no appointment is made by the second party within 20 days of such written notice, the arbitrator appointed by the first party may be treated as the 'Sole Arbitrator'.
- (d) In case, a competent government agency/authority initiates any investigation relating to corrupt, fraudulent or illegal procurement or performance of the contract, no arbitration proceeding shall commence or proceed, as the case may be, till the decision of any criminal case that may be initiated after such investigation.

18) APPLICABLE LAW

This Agreement shall, in all respects, be read and construed and shall operate in conformity with the laws of PAKISTAN.

19) NOTE:

- a. The final contract will be drafted in the line of terms and conditions of the tender documents.
- b. Mine Owners/ Producers / Traders authorized by Mine Owners, from Israel are not eligible to participate in the tender.
- c. The offers of iron ore for which foreign L/C could not be established due to any reason through normal banking channel will not be entertained. However, the same may be acceptable provided the bidder agrees to receive payment in Pak. Rupees through any alternate mechanism mutually agreed.

(Authorized signature with official stamp)