



No. PPRA/AP-15/2025
Government of Pakistan
Public Procurement Regulatory Authority
(Appeal & Review Petition Secretariat)
1st Floor, FBC Building, G-5/2, Islamabad
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ORDER

M/s Himalaya Security Services (Pvt.) Ltd.

...the "Appellant"

Vs.

Foreign Service Academy, etc.

...the "Respondent(s)"

Dates of Hearings	Mr. Shaukat Abbas (Manager HR) <i>(On behalf of Appellant)</i>
03.07.2025	Ms. Shazia (Accounts Officer), Mr. Muhammad Usman Sadiq (AD) <i>(On behalf of Respondent i.e., FSA)</i> Mr. Muhammad Khalid <i>(On behalf of Respondent i.e., M/s SOS)</i>

APPEAL UNDER RULE 48(7) OF THE PUBLIC PROCUREMENT RULES, 2004 [AGAINST THE DECISION DATED 28.03.2025 OF THE GRIEVANCE REDRESSAL COMMITTEE (GRC) IN TENDER INQUIRY NO.F-250292850 (FOREIGN SERVICE ACADEMY – PROCUREMENT OF SECURITY SERVICES)]

The above mentioned learned representative(s) of the parties tendered appearance before the Appellate Committee and furnished their arguments at length.

2. At the very outset, the learned representative of the appellant i.e., M/s Himalaya Security Services (Pvt.) Ltd. submitted that the Foreign Service Academy ("Respondent No.1") published tender for security services and the respondent adopted single stage two envelope procedure,

wherein, two firms had participated i.e., one is the appellant and the other is M/s SOS Pakistan Pvt. Ltd. ("Respondent No.3"). The respondent No. 01 is going to award the contract for provision of security services to M/s SOS Pakistan (Pvt.) Ltd. / Respondent No.3 at a quoted rate of PKR.42,220/- per guard per month. Therefore, being aggrieved, filed this appeal under Rule 48(7) of the Public Procurement Rules, 2004 ("PP Rules, 2004"), challenging the decision dated 28.03.2025 of the Grievance Redressal Committee ("GRC") on multiple grounds.

3. The representative of the appellant also submitted that the said act of the respondent no. 01 violated the Minimum Wage and Labour Law Requirements. The awarded rate is in breach of statutory obligations. According to Notification No. ADLW 8(20)-ICT/2024-225, dated 08.08.2024, issued by the Office of the Chief Commissioner, Islamabad, the prescribed minimum wage for an 8-hour security guard shift is PKR.37,000/ per month. The awarded bid at PKR 42,220/- does not reasonably allow for:

- GST
- BOBI contributions
- Social Security deductions
- Mandatory insurance
- Administrative and service charges

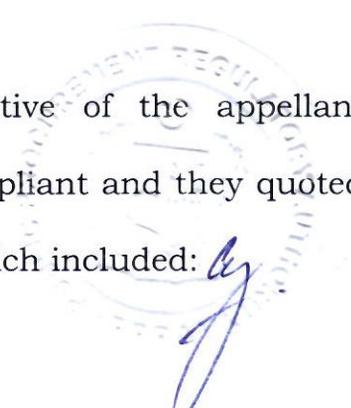
Thus, the bid is legally and financially non-responsive, violating Rule 30(2)(a) and Rule 32 of the Public Procurement Rules, 2004.

4. The representative of the appellant further submitted that the GRC failed to provide an opportunity of hearing to the appellant prior to rendering its decision. This is a blatant violation of the fundamental right to due process and fair hearing, guaranteed under Article 10A of the Constitution of Pakistan and reflected in administrative fairness principles under Rule 48(6). The GRC also failed to summon or hear the successful bidder, i.e., M/s SOS Pakistan (Pvt.) Ltd., thereby precluding any adversarial examination of the disputed claims. This procedural irregularity taints the process and violates the principles of natural justice.

5. The representative of the appellant also submitted that the awarding of contract to a bidder whose quoted rate is not viable under existing wage and tax laws, undermines fair competition and transparency, which are the cornerstones of the procurement framework. This also breaches Rule 4 (Principles of Procurement) and Rule 33(1) (Grounds for Rejection of Bids) of the PP Rules, 2004. Further submitted that the PPRA's own guidelines on Bid Evaluation, which discourage the acceptance of abnormally low bids without proper justification.

6. At the last, the representative of the appellant submitted that their bid was fully compliant and they quoted PKR.61,080/- per guard per month which included:

- Statutory minimum wage



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- All tax obligations
- Social protection (EOBI, Social Security)
- Lawful service charges

The appellant ensured full legal and financial compliance in line with Rule 2(q) (Responsive bid) and Rule 44 (Performance of Contract) of the PP Rules, 2004, hence, filed the instant appeal.

7. On the other hand, learned representative of the respondent no. 01 i.e., Foreign Service Academy (FSA) submitted that the technical bid was opened on 08.03.2025 in the presence of Procurement Committee. In the technical bid following firms had participated:

Sr.#	Name of Firm	Technical Result
1.	M/s SOS Pakistan Pvt. Ltd.	Qualified for next stage
2.	M/s Himalaya Security Services (Pvt.) Ltd.	Qualified for next stage

Further submitted that M/s SOS Pakistan (Pvt.) Ltd. ("Respondent No.3") and M/s Himalaya Security Services (Pvt.) Ltd. ("the Appellant") qualified for financial bid that was opened on 18.03.2025. Both firms quoted the rates as follows:

Sr.#	Name of Firm	No. of Security Personnel	Financially (per year)
1.	M/s SOS Pakistan Pvt. Ltd.	02	1,013,280/-
2.	M/s Himalaya Security Services (Pvt.) Ltd.	02	1,465,920/-

8. The representative of the respondent (FSA) also submitted that as a result of financial bid, M/s SOS Pakistan (Pvt.) Ltd. has qualified for the most advantageous bidder with monthly rate of Rs. 84,440/- for 02 Security personnel. The Appellant had filed a grievance on EPADS dated 22.03.2025. Mr. Shoukat from M/s Himalaya, physically visited the FSA regarding their grievance in which FSA's team members had thoroughly briefed them about the whole bidding process and as per SOPs; FSA replied M/s Himalaya's grievance on EPADS dated 28.03.2025.

9. The representative of the respondent (FSA) further submitted that the following observations have been raised by the Appellant and the FSA reply against each observation is as under:

Comparative Statement Regarding Breakdown					
Company Name	Description		Company Name	Description	
M/s SOS	Shift	08 hours	M/s Himalaya's	Shift	08 hours
	Unit	02		Unit	02
	Salary	37,000		Salary	37,000
	EOBI	1,850		EOBI	1,850
	ESSI	2,220		ESSI	2,220
	Unit Rate (Min. Wage EOBI & ESSI)	41,070		Unit Rate (Min. Wage EOBI & ESSI)	41,070
	Service Charges	962		Service Charges	10000
	GST 15%	144		GST 15%	7661
	WH Tax 04% on services	44		WH Tax 04% on services	2349
	Unit Cost Inc. Tax	42,220		Unit Cost Inc. Tax	61,080
	Monthly Contract Price	84,440		Monthly Contract Price	122,160
	Annual Contract Price	1,013,280		Annual Contract Price	1,465,920

10. The representative of the respondent also submitted that the Foreign Service Academy as procuring agency had notified GRC Committee comprising of 03 senior officers of the Academy and the status has been updated on EPADS. Moreover, the appellant provided the fair trial by hearing Mr. Shoukat who represents the appellant. The team of FSA had thoroughly briefed about the fair process of bidding and as per SOPs the FSA replied appellant's grievance on EPADS dated 28.03.2025.

11. At the last, the representative of the respondent further added that the GRC of the FSA summoned M/s SOS and heard their point of view and noted that the appellant quoted rates are ambiguous regarding shift duration (08 hours or 12 hours). Their annexures suggest rates for 12 hours, which raises concerns about compliance with minimum wage law. The breakdown of the appellant reveals the discrepancies particularly in the calculation and conversion of minimum wage into service charges. M/s SOS won the tender as lowest evaluated bidder, quoted separate rates for 08 and 12 working shift with GST applied only to service charges. The respondent (FSA) believed the whole bidding process complies the PPRA rules and labour law. Moreover, the financial bid submitted by the appellant is more than the respondent No.3 and as per Government directives as the procuring agency after careful evaluation, the FSA consider M/s SOS as the most

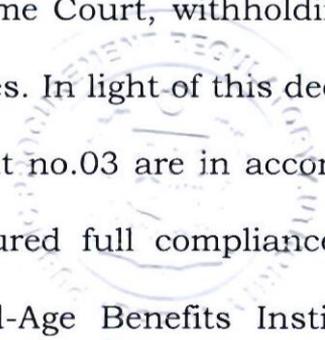
advantageous bidder, hence, request for dismissal of the instant appeal.

12. On the other side, learned representative of the respondent no. 03 i.e., M/s SOS Pakistan Pvt. Ltd. submitted that they ensured compliance with tax regulations and labour laws pertaining to service charges and their quoted rates bifurcation are as follow:-

Sr. #	Description	Take Home	EOBI	ESSI	Unit Cost Excl PST	Service Charges	GST 15% on services	WH Tax @ 4% on services	Unit cost Incl. Tax
1.	Security Guard (for 8hrs shift)	37,000	1,850	2,220	41,070	962	144	44	42,220
2.	Security Guard (for 12hrs shift)	47,000	1,850	2,820	51,670	962	144	44	52,820

Above mentioned rates adhere to minimum wages and ensure full compliance with labour laws, taxes, EOBI, and ESSI. Moreover, the rates requested by FSA were for 8 hours shift, the respondent (SOS) has provided both 8 hours and 12 hours shift rates.

13. The representative of the respondent also submitted that as per the Income Tax Ordinance and the judgment of the Honorable Sindh High Court, further endorsed by the Honorable Supreme Court, withholding tax will be applicable on service charges. In light of this decision, the rates quoted by the respondent no.03 are in accordance with minimum wages which ensured full compliance with minimum wages, Employees' Old-Age Benefits Institution



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(EOBI), Employees Social Security Institution (ESSI), and taxes. Moreover, the rates were fully according to the instructions / criteria laid down in the bidding documents and also included the applicable minimum monthly wage, EOBI and Social Security contributions and Provincial Sales Tax (Applicable on provision of security service) required to be paid in respect of each security guard, as per the applicable laws.

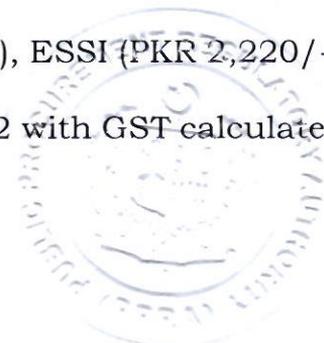
14. The representative of the respondent no.03 further submitted that, when calculating taxes on the total amount of Rs. 42,220/- (for 8 hours shift), exclude the minimum wages, EOBI, and PESSI contributions, as these are reimbursable amounts in accordance with law and Supreme Court precedents. As legitimate expenses made to government institutions, they are not subject to taxation, service providers will submit equivalent deposit receipts to the procuring agency, which will consequently exempt the reimbursable amount for EOBI and PESSI contributions from taxation. Imposing taxes on government fees and contributions contradicts both the law and judgments of the Honorable Supreme Court and High Court.

15. At the last, the representative of the respondent no.03 further added that as per the Supreme Court and High Court precedents, EOBI and PESSI contributions are exempt from taxation, and these institutions do not provide taxable services or engage in taxable activities. Therefore, sales tax and income tax should only be levied on

taxable activities and services, determined in accordance with current minimum wage rates and the latest government notifications, excluding EOBI and PESSI contributions.

16. At the very last, the representative of the respondent no.03 also submitted that Financial Proposal of the appellant mentioned quoted rates for 12 hours (Rs. 47,000/-) with no service charges and less rates for EOBI & ESSI. Breakdown of rates shows rates for 8 hours with additional Rs.10,000/- as service charges. These two statements are inconsistent, raising concerns about the accuracy and transparency of M/s Himalaya's financial bid, hence, requested for dismissal of the instant appeal.

17. After perusal of all relevant record and arguments made by both the parties, the Appellate Committee observed that, the appellant strongly emphasized that the quoted rate of Respondent No. 03 (M/s SOS Pakistan Pvt. Ltd.) i.e., PKR 42,220/- per security guard per month, fails to meet statutory obligations when factoring in GST, service charges, and other mandatory deductions. However, on review of the bid breakdown submitted by respondent no. 03, appears that the awarded rate includes the minimum wage (PKR 37,000/-), EOBI (PKR 1,850/-), ESSI (PKR 2,220/-), and a nominal service charge of PKR 962 with GST calculated only on the service charge.



18. The Committee also observed that both firms i.e., the appellant and the respondent no.03 were declared technically qualified and were evaluated in the financial stage. The respondent No.03 submitted the lowest evaluated bid at Rs. 1,013,280/- per year for 02 guards, while the appellant's bid stood at Rs. 1,465,920/- (for 8-hours shift). Based on the cost comparison and in absence of any legal disqualification, the procuring agency was within its right under Rule 38 of PP Rules, 2004 to declare M/s SOS as the most advantageous bidder.

19. The Committee further observed that the appellant's financial proposal found to be ambiguous regarding shift duration 08 or 12 hours, as two different figures (Rs. 47,000 and Rs. 61,080) are mentioned without clarity. Additionally, the service charge of Rs.10,000/- per guard per month appears disproportionate without adequate justification. These inconsistencies create doubt on the responsiveness and accuracy of the financial proposal.

20. It is an admitted fact that the appellant quoted service charges of PKR 10,000/- per guard per month, whereas Respondent No.03 (M/s SOS Pakistan Pvt. Ltd.) quoted a significantly lower amount of PKR 962/- per guard per month under the same head. For some instance, if the appellant's contention regarding applicable deductions and statutory obligations may be considered, the cumulative rate offered by the appellant would still remain substantially

higher than that of Respondent No. 03. Consequently, the argument advanced by the appellant on this point lacks merit and is not tenable in the given factual position.

21. With regard to the applicability of the taxes on hiring of the services of security guards, the Committee is of the view that the said matter falls under the purview of the relevant tax authorities. However, if the said matter has already been adjudicated by the Honourable Courts, then the parties are directed to follow the same in its true letter and spirit.

22. For what the reasons and observations mentioned above, the appeal filed by M/s Himalaya Security Services (Pvt.) Ltd. is hereby **dismissed** being devoid of merit and disposed of accordingly.


(Dr. Muhammad Aslam Waseem)
Director General (Legal)
(Member)


(Sheikh Afzaal Raza)
Director (M&E)
(Member)


(Hasnat Ahmed Qureshi)
Managing Director (PPRA)
(Chairman of the Committee)

Each page of the order has been signed by all members of the Appellate Committee. The order comprises of eleven (11) pages.

