



No.PPRA/RP-12/2025
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 Lahore Traders

...the "Petitioner"

Vs.

Pakistan Institute of Medical Sciences (PIMS), etc.

...the "Respondents"

Date of Hearing	Syed Shahid Zakir (Advocate)
18.12.2025	<i>(On behalf of Petitioner)</i>
	Mr. Naseer Ullah (Law Officer), Dr. Fahd Khalid Umerzai (Deputy Director)
	<i>(On behalf of Respondent)</i>

REVIEW PETITION UNDER RULE 19(3) OF THE PUBLIC PROCUREMENT RULES, 2004 AGAINST THE ORDER DATED 15.02.2025 WHEREBY THE PIMS / RESPONDENTS BLACKLISTED THE FIRM OF THE APPELLANT M/S LAHORE TRADERS, FOR A PERIOD OF THREE YEARS W.E.F. 15.02.2025 TO 14.02.2028.

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

2. At the very outset, learned counsel of the petitioner i.e., M/s Lahore Traders submitted that they filed the present

Review Petition under Rule 19(3) of the Public Procurement Rules, 2004 (PP Rules, 2004), against the impugned order dated **15.02.2025**, whereby the Respondents unlawfully blacklisted the Petitioner's firm, *M/s Lahore Traders*, for a period of **three years (15.02.2025 to 14.02.2028)**. The said impugned order is **void ab initio**, illegal, arbitrary, violative of fundamental rights, and had passed in complete disregard of mandatory legal requirements, including the principles of natural justice and due process.

3. The counsel of the petitioner also submitted that the Respondent No.1 i.e., Pakistan Institute of Medical Sciences (PIMS) published a public notice in *Daily Dunya* announced an auction through e-tendering for the *Doctor's Cafeteria, PIMS Hospital*, scheduled for 21.10.2024. The Petitioner duly purchased the tender documents after paying Rs. 2,000/-, deposited earnest money of Rs. 500,000/- through CDR, and submitted both technical and financial bids. Upon evaluation, the Petitioner's bids was declared responsive and accepted, and the Petitioner offered a monthly rent of Rs. 13,13,786/-, thereby fulfilling all procedural and substantive requirements of the bidding process.

4. The counsel of the petitioner further submitted that, subsequently they discovered a material illegality in the tender conditions, inasmuch as the Respondent had wilfully and deliberately fixed the earnest money at Rs. 500,000/-, which is contrary to the Public Procurement Rules, 2004.

Under the said Rules, a procuring agency is not empowered to demand earnest money exceeding 5% of the existing contract value. At the relevant time, the existing rent of the Doctor's Cafeteria was Rs. 415,000/- per month, and 5% of the annual rental value amounts to approximately Rs. 249,000/- only. The arbitrary fixation of earnest money at Rs. 500,000/- artificially inflated the perceived contract value, compelling the Petitioner to submit an enhanced bid, thereby vitiating the entire bidding process.

5. The counsel of the petitioner further added and submitted that after becoming aware of the aforesaid discrepancy and illegality, the Petitioner promptly filed a formal application for seeking withdrawal from the bidding process and refund of the earnest money. Despite the lapse of considerable time, the respondent have neither decided the said application nor refunded the earnest money, reflecting malafide intent, administrative arbitrariness, and violation of statutory duties cast upon the respondent under the procurement regime.

6. The counsel of the petitioner further argued and submitted that the said illegality culminated in manifest violation of due process when, on 16.08.2025, respondent no.1 issued another notice for outsourcing the Staff Welfare Canteen. When the Petitioner attempted to purchase the tender documents, he was abruptly informed that his firm stood blacklisted. Notably, no show cause notice, hearing,

order, or prior communication had ever been served upon the Petitioner. Despite repeated verbal and written requests, including a formal reminder sent through TCS on 15.11.2025, the Respondents failed to provide an attested copy of any blacklisting order, thereby depriving the Petitioner of his lawful right to know the reasons and grounds of such an extreme penal action.

7. At the last, the counsel of the petitioner also submitted that, subsequently, the Respondents furnished only a computer-generated extract from the PPRA website, reflecting that the Petitioner's firm had been blacklisted for three years w.e.f. 15.02.2025, allegedly on the ground of failure to fulfil contractual obligations. The Petitioner vehemently denied the said allegation and submitted that no contract was ever executed, nor was any opportunity of hearing afforded. The impugned action is therefore contrary to the Public Procurement Rules, 2004, violative of the principles of natural justice, and infringes the Petitioner's fundamental right to lawful business and fair treatment. Consequently, the impugned order dated 15.02.2025 is liable to be set aside in the interest of justice, equity, and fair play.

8. On the other side, learned representative(s) of the respondent raised preliminary objections regarding the instant petition and submitted that the review petition in hand is factually incorrect, legally misconceived, time barred and devoid of merit, and is therefore liable to be dismissed in

limine. The Petitioner i.e., M/s Lahore Traders, participated in Tender No. 05/2024–2025/PIMS for outsourcing of the Doctor's Cafeteria at the premises of Pakistan Institute of Medical Sciences (PIMS), pursuant to a duly published advertisement. The Petitioner voluntarily submitted the highest bid of Rs.13,13,786/-, unequivocally accepted all terms and conditions of the tender documents, and was accordingly declared the Highest Bidder. Consequent thereto, a Letter of Intent dated 27.12.2024 was issued in its favour, expressly requiring submission of a 10% Performance Guarantee amounting to Rs.31,53,000/- within seven (07) days, strictly in accordance with the tender conditions.

9. The representative of the respondent also submitted that, despite issuance of the Letter of Intent and having willingly quoted the highest financial offer, the Petitioner failed to fulfil the mandatory contractual obligation of furnishing the required Performance Guarantee. In order to ensure fairness and afford an additional opportunity, the Respondent issued a formal reminder dated 13.01.2025, granting time up to 18.01.2025 for compliance. However, the Petitioner wilfully and deliberately failed to comply, thereby dishonouring its own bid, causing avoidable delay in the procurement process and resulting in financial and administrative loss to the Respondent. The matter was therefore placed before the Competent Forum i.e., Purchase Committee of the PIMS, which, after due deliberation and

examination of the record, recommended blacklisting of the Petitioner for a period of three (03) years on account of its failure to deposit the 10% Performance Guarantee and breach of bidding obligations.

10. The representative of the respondent further submitted that, in pursuance of the said recommendation, the Bid Security amounting to Rs. 5,00,000/- was lawfully forfeited in favour of PIMS, and the case for blacklisting was forwarded to this Authority on 15.02.2025 for uploading the same on the Authority's website. The Petitioner's contention regarding non-intimation of blacklisting and forfeiture is wholly misconceived, as all official communications were duly dispatched to the firm through registered post and email, and the record unequivocally established due service.

11. The representative of the respondent further argued and submitted that the Petitioner is estopped by its own conduct from challenging the tender conditions after having participated in the bidding process, accepted all terms, emerged as the highest bidder, and thereafter defaulted. The belated plea regarding "high or wrong earnest money" and alleged withdrawal through a purported letter is categorically denied, as no such communication was ever received or diarized by PIMS. This plea is a clear afterthought, concocted solely to avoid the consequences of default and forfeiture. Had the Petitioner genuinely objected to the earnest money or reserve price, it ought to have raised such grievance prior to

bid opening, not after succeeding in the bid and failing to honour its financial commitments.

12. At the last, the representative of the respondent also denied the Petitioner's challenge to the fixation of reserve price and clarified that the estimated cost / reserve price of Rs. 10 million was determined after due diligence and market assessment from various government departments, strictly to safeguard the public exchequer and ensure transparency. The allegation that the Procuring Agency lacked authority to fix such reserve price is legally untenable. Moreover, the Petitioner has approached this Authority without clean hands, having suppressed material facts relating to its non-compliance with the Performance Guarantee requirement. Additionally, the petition is barred by time under Rule 19(3) of the PP Rules, 2004, which prescribes the manner and limitation for filing a review by a blacklisted bidder. On these grounds alone, as well as those elaborated in said arguments, the instant petition is liable to be dismissed.

13. At the very first, after conclusion of arguments, it is relevant to point out that the instant Review Petition has been filed by M/s Lahore Traders (the petitioner) under Rule 19(3) of the Public Procurement Rules, 2004, seeking review of the impugned order dated **15.02.2025**, whereby the Petitioner's firm was blacklisted for a period of three (03) years, allegedly on account of failure to fulfill contractual obligations in respect of Tender No. 05/2024-2025/PIMS for outsourcing of

Doctor's Cafeteria at Pakistan Institute of Medical Sciences (PIMS). The Respondent i.e., Pakistan Institute of Medical Sciences (PIMS) has opposed the Review Petition on grounds of maintainability, limitation, estoppel by conduct, and legality of the impugned action.

14. After perusal of all relevant record and arguments made by both the parties, the Committee observed that, it is an admitted fact that no show cause notice was issued to the petitioner, nor was any opportunity of personal hearing afforded to the petitioner prior to the issuance of the blacklisting order dated 15.02.2025. The Committee further noted that blacklisting constitutes a penal and stigmatic measure, entailing serious civil and commercial consequences for the affected bidder. It is a well-settled principle under the Public Procurement regime that no bidder can be blacklisted without strict compliance with the principles of natural justice, including the issuance of a proper show cause notice, disclosure of the allegations levelled, and the provision of a reasonable opportunity of hearing, as expressly mandated under Regulation 7 titled "Mechanism for Blacklisting and Debarment of Bidders or Contractors Regulations, 2024." In view of the foregoing, the Committee held that the impugned order passed by the respondent is vitiated by procedural impropriety and is in clear violation of the principle of **audi alteram partem**. Reliance is made on, "2006 SCMR 1519

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Supreme Court”, “PLD 2024 Lahore 545” and “2023 SCMR 1319”.

15. The Committee also observed that, it is evident from the record that the Petitioner was declared the highest bidder and a Letter of Intent dated 27.12.2024 was issued requiring submission of a 10% Performance Guarantee. However, the Committee noted that no **formal contract** was executed between the parties. Moreover, the Petitioner’s failure to furnish Performance Guarantee, though a breach of bidding obligation, does not ipso facto justify blacklisting, unless such consequence is preceded by due notice and reasoned determination. Furthermore, at best, such default may attract forfeiture of bid security as per tender terms and condition, but blacklisting required a higher threshold of misconduct, duly established through a lawful process. Moreover, the Committee further observed that forfeiture of bid security and blacklisting are distinct consequences. While forfeiture may flow from default in complying with tender conditions, whereas, blacklisting entails exclusion from future public procurements and must strictly conform to law.

16. The Committee further observed that the respondent issued the impugned blacklisting order dated 15.02.2025, whereby the petitioner was blacklisted for a period of three (03) years purportedly in exercise of powers under Rule 19(1)(b) of the Public Procurement Rules, 2004. However, the said provision is attracted only in circumstances where a

bidder fails to perform its contractual obligations during the subsistence and execution of a duly executed contract. In the present case, it is also evident from the record that no contract was ever executed or signed between the parties; therefore, the invocation and application of Rule 19(1)(b) of the PP Rules, 2004, is wholly misconceived and legally unsustainable. Consequently, the impugned action reflects a clear misapplication of law and misuse of authority on the part of the respondent and, as such, cannot be sustained in the eyes of law.

17. Moreover, the entire factual matrix further established that the impugned blacklisting order is *void ab initio*, as it fails to satisfy the mandatory requirements of the principles of natural justice and was passed in violation of the said Public Procurement Rules, 2004, and the regulations framed thereunder. It is also a settled principle of law, consistently affirmed through judicial precedent, that no limitation runs against a void order, reliance is made on "**2002 SCMR 122**" and "**2023 MLD 511 (Lahore)**", hence, the respondent's objection regarding the alleged time-barred case is devoid of legal force and is not tenable.

18. In view of the foregoing observations and findings, the Review Petition Committee is of the considered view that the impugned blacklisting order dated **15.02.2025** was passed in violation of Rule 19 of the PP Rules, 2004 and principles of natural justice. Therefore, the blacklisting of the Petitioner for

a period of three (03) years is therefore illegal, void, and unsustainable in the eye of law.

19. For what the reasons and observations mentioned above, the petition in hand is **allowed** and the impugned blacklisting order dated 15.02.2025 passed by the respondent is hereby **set aside**.


(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)

Note: A copy of this order is being forwarded to Director-IT, PPRA, Islamabad) for implementation of this order and to **de-list the petitioner's company i.e., M/s Lahore Traders** from the list of active blacklisted / debarred firms on PPRA's website.

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

