



**No. PPRA/AP-30/2026**  
Government of Pakistan  
**Public Procurement Regulatory Authority**  
**(Appeal & Review Petition Secretariat)**  
1<sup>st</sup> Floor, FBC Building, G-5/2, Islamabad  
<><><>

**ORDER**

M/s Malik Ghulam Mustafa & Co. (Pvt.) Ltd.

**...the "Appellant"**

Vs.

Federal Directorate of Education & Another

**...the "Respondent(s)"**

<b>Date of Hearing</b> <b>04.06.2026</b>	Mr. Muhammad Hassan Malik (Advocate), Malik Ghulam Mustafa (CEO), Mr. Usman Hafeez (G.M Opps), Mr. Usman Hussain (Project Manager) <p style="text-align: right;"><b>(On behalf of Appellant)</b></p> Mr. Mushtaq Khan (AD) <p style="text-align: right;"><b>(On behalf of Respondent Nos. 1 to 3)</b></p> Mr. Abdullah Shah (Advocate) <p style="text-align: right;"><b>(On behalf of Respondent No.4)</b></p>
---	---

**APPEAL UNDER RULE 48(7) OF THE PUBLIC PROCUREMENT RULES, 2004**  
**REA WITH REDRESSAL OF GRIEVANCES REGULATIONS, 2021 AGAINST THE**  
**DECISION / REPORT OF GRIEVANCE REDRESSAL COMMITTEE DATED**  
**11.05.2026**

The Authority received an Appeal filed by M/s Malik Ghulam Mustafa & Co. (Pvt.) Ltd., *through its CEO Mr. Malik Ghulam Mustafa*, "the Appellant" on 21-05-2026 under Rule 48(7) of the Public Procurement Rules, 2004. The Authority on receipt of the Appeal issued notices to M/s Malik Ghulam Mustafa & Co. (Pvt.) Ltd., *through its CEO Mr. Malik Ghulam Mustafa* ("Appellant"); Federal Directorate of Education *through its Director General*; Federal Directorate of Education *through*

its Chairman Procurement Committee; and M/s N&U Enterprises (Pvt.) Ltd., (the "Respondents"), wherein it was directed to appear in person or through their nominated representatives or Counsel before the Authority on 04.06.2026 before the Appellate Committee in the Committee Room of Public Procurement Regulatory Authority (PPRA).

2. On the said date of hearing (04-06-2026) the above-mentioned learned counsel(s) and representatives of the parties, appeared before the Committee and presented their arguments at length. The Respondents provided written arguments to the Committee.

3. The learned counsel for the Appellant submitted that the subject matter of the instant appeal falls within the jurisdiction of this Honourable Authority under Rule 48(7) of the Public Procurement Rules, 2004, read with the Redressal of Grievances Regulations, 2021, as the present appeal is directed against the decision/report of the Grievance Redressal Committee dated 11.05.2026 passed in respect of the procurement process titled "Provision of Janitorial Staff for Islamabad Model Schools/Colleges under the Administrative Control of FDE." The Redressal of Grievances Regulations, 2021 specifically provide appeal before PPRA against the decision of the GRC under Rule 48(7).

4. The counsel for the appellant submitted that the instant Appeal is filed through the CEO Mr. Malik Ghulam



Mustafa, who is duly authorized by a board Resolution dated 20-05-2026. The Appellant has deposited the prescribed appeal fee in accordance with the requirements of the Redressal of Grievances Regulations, 2021. The appeal is therefore competent and complete in all material respects.

5. The counsel for the appellant further submitted that the impugned GRC decision/report is dated 11.05.2026 and was communicated through WhatsApp to the Appellant on 14-05-2026. The present appeal is being filed within the prescribed limitation period of thirty days from the communication of the GRC decision and is, therefore, within time.

6. The counsel for the appellant further submitted that the Respondent Federal Directorate of Education initiated procurement proceedings through EPADS for the tender titled "Provision of Janitorial Staff for Islamabad Model Schools/Colleges under the Administrative Control of FDE. That the tender was for provision of 356 janitorial staff for schools/colleges under the administrative control of FDE. As per the Terms of Reference, the service provider was required to provide janitorial staff, ensure payment of wages, provide replacement staff, maintain documentation, ensure discipline, provide accessories/uniform, and comply with all statutory obligations. The bidding documents specifically required that the rates offered by the company shall be inclusive of all costs

relating to provision of services, including but not limited to overtime charges, EOBI, Social Security charges, cost of uniform and accessories, all direct and indirect applicable taxes/duties, and medical care in case of on-duty injuries.

7. The counsel for the appellant contended that the bidding documents further required the contractor to ensure that all janitorial staff engaged under the contract are paid at least the minimum wages prescribed by the Government of Pakistan/competent authority. The applicable minimum wage notification for ICT prescribed minimum wages of Rs. 37,000/- per month for adult unskilled workers for eight working hours, and the note in the said notification clearly provides that in any case the minimum wage for eight hours shall not be less than Rs. 37,000/-. The Appellant participated in the procurement process and submitted its bid in accordance with the bidding documents, PPRA Rules, minimum wage notification, and applicable statutory obligations. The Financial Bid Result of the subject procurement/tender was published on new EPADS on 30.04.2026, whereby the financial bids of the technically responsive bidders were evaluated and M/s N & U Enterprises (Pvt) Ltd. was shown/recommended as the successful bidder on the basis of its quoted rate of Rs. 47,800/-, despite the fact that the said rate was below the lawful and financially sustainable threshold required for payment of minimum wages and mandatory statutory obligations.



8. The counsel for the appellant submitted that the financial evaluation revealed that M/s N & U Enterprises (Pvt) Ltd. quoted Rs. 47,800/-, whereas the Appellant quoted Rs. 50,731/-. The Appellant had earlier obtained a clarification from the Public Procurement Regulatory Authority vide letter No. 11(56)/M&E/PPRA/2018/03 dated 08.01.2025, titled "Clarification Regarding PPRA Rules & Regulations (Most Advantageous Bid)", wherein PPRA clarified that under Rule 30(1) bids are to be evaluated strictly in accordance with the evaluation criteria and terms and conditions of the bidding documents, and under Rule 38 the procuring agency must ensure that award of contract is not in conflict with any other law, rules, regulations or Federal Government policy. PPRA further clarified that minimum wages along with EOBI, IESSI/Social Security, insurance, GST, WHT and other mandatory expenses are required to be incorporated in the bidding documents/contract conditions, and deviation from the bidding documents shall amount to mis-procurement under Rule 50.

9. The counsel for the appellant averred that the Appellant submitted a grievance, dated 02.05.2026 before the GRC, specifically pointing out that the minimum legally sustainable benchmark cost per employee could not be less than Rs. 48,840/-, calculated as under:

Minimum Wage	PKR. 37000
EOBI (5%)	PRK 1850
Social Security (6%)	PKR 2,220
GST (15%)	PKR. 5,550
Income Tax (6%)	PKR 2,220
Total minimum benchmark	PKR. 48,840

The quoted rate of Respondent No. 4, of Rs. 47,800/-, is below the minimum legally sustainable rate and does not cover the statutory threshold once mandatory taxes, EOBI, Social Security and other statutory/contractual obligations are considered.

10. The counsel for the appellant submitted that the GRC, vide impugned report dated 11.05.2026, rejected the Appellant's grievance by simply holding that the minimum benchmark for quotation was "not tenable under law, PPRA Rules and public interest". The GRC further upheld the selection of M/s N & U Enterprises (Pvt) Ltd. as successful bidder by placing reliance upon a subsequent undertaking/declaration submitted by the said bidder, whereby it attempted to cover and improve its original financial bid after opening of bids, whereas such undertaking was not a mere clarification, rather it amounted to an unfair and dishonest post-bid improvement, as the bidder, after quoting a rate below the lawful/statutory threshold, was allowed to cure its financial non-conformance to the prejudice of other bidders who had quoted their rates in compliance with minimum



wages, taxes and statutory obligations. Hence the same course has defeated fair competition, equal treatment, transparency and the sanctity of the bidding process.

11. The counsel for the appellant further submitted that the said undertaking was submitted after opening/evaluation of the bid and could not lawfully cure, supplement, improve or modify the original financial bid. **Under Rule 31 of the PPRA Rules, no bidder can alter or modify its bid after opening; only such clarification may be accepted which does not change the substance of the bid.** Further added that the acceptance of Respondent No. 4's post-bid undertaking amounts to allowing a substantive post-bid improvement, which is contrary to the PPRA Rules, the E-Pak-Procurement Regulations, 2023, and the principles of transparency, equal treatment and value for money. The impugned GRC decision is non-speaking, arbitrary, contrary to the bidding documents, contrary to minimum wage obligations, and contrary to the statutory procurement framework. The Appellant, being the first lowest legally responsive bidder after exclusion of the financially non-conforming bid of Respondent No. 4, is aggrieved by the impugned GRC decision and the intended award in favour of Respondent No. 4.

12. The counsel for the appellant contended that the GRC has failed to appreciate that after amendments in PPRA Rules, the governing test is not merely the arithmetically lowest bid,

but the "most advantageous bid." A bid can be treated as most advantageous only after it meets eligibility/qualification criteria, is substantially responsive to the bidding documents, and is evaluated according to the prescribed criteria. The substitution of "lowest evaluated bid" with "most advantageous bid" and the definition of the same make it clear that a non-compliant bid cannot be accepted merely because it is numerically lower. Rule 38 expressly provides that the bidder with the most advantageous bid may be awarded the contract only if the bid is not in conflict with any other law, rules, regulations or policy of the Federal Government. Respondent No. 4's quoted rate of Rs. 47,800/- does not meet the statutory cost threshold when minimum wage, EOBI, Social Security, GST, income tax and other obligations are considered. Therefore, the bid is in conflict with minimum wage law, Labour welfare obligations and statutory procurement requirements.

13. The counsel for the appellant further submitted that even under the admitted minimum wage of Rs. 37,000/-, the statutory additions of EOBI, Social Security, GST and income tax take the minimum sustainable cost to Rs. 48,840/-. Respondent No. 4's quote of Rs. 47,800/- is below the said minimum threshold and is therefore financially non-conforming, commercially unrealistic, and not rate-reasonable. Rule 38B emphasizes financial conformance, rate

reasonability, due diligence, economy, efficiency and value for money. The GRC unlawfully relied upon the undertaking/declaration of Respondent No. 4. The original financial bid was Rs. 47,800/-. A subsequent undertaking that the bidder will bear taxes and statutory expenses beyond the quoted amount materially changes the substance and financial effect of the bid. Rule 31 prohibits alteration or modification of a bid after opening, and only permits clarifications that do not change the substance of the bid. The tender was processed through EPADS. Regulation 9(2) of the E-Pak-Procurement Regulations, 2023 permits review/modification before submission, but after submission the procuring agency cannot allow editing, updating or uploading of any attachment. Therefore, Respondent No. 4's post-bid undertaking could not lawfully be used to cure the original below-benchmark financial bid.

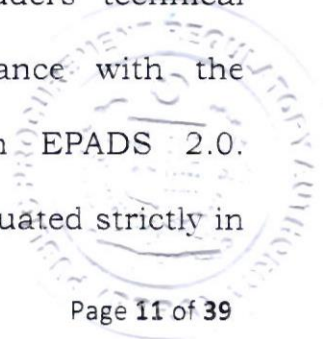
14. Further argued that the GRC merely states that the benchmark plea is "not tenable under law, PPRA Rules and public interest without discussing the bidding clauses, minimum wage notification, EOBI, Social Security, GST, income tax, Rule 31, Rule 38, Rule 38B, or the legal effect of the post-bid undertaking. The impugned decision is therefore arbitrary, non-speaking, and liable to be set aside. Further argued that if Respondent No. 4 is permitted to rely on an undertaking after financial opening, the same amounts to

giving it an opportunity not available to other bidders. Other bidders, including the Appellant, quoted rates keeping in view minimum wages and statutory obligations. Acceptance of a post-bid undertaking defeats equal opportunity, transparency, and fair competition under Rule 4. That even at the contract finalization stage, Rule 40 allows negotiations only without changing the cost and scope of work/services. Therefore, an undertaking which effectively allows Respondent No. 4 to improve or explain away an unsustainable financial bid cannot be treated as lawful negotiation or clarification. The Terms of Reference and bidding documents required that rates shall be inclusive of all costs, including wages, EOBI, Social Security, taxes, duties, uniform, accessories and related costs. A bidder quoting below the mandatory statutory threshold cannot be treated as substantially responsive merely because it later promises to absorb the loss.

15. The counsel for the appellant further added that any unauthorized breach of PPRA Rules amounts to mis procurement under Rule 50. The acceptance of a bid conflicting with minimum wage/statutory obligations, reliance on post-bid undertaking, non-application of bidding terms, and non-speaking rejection of the Appellant's grievance collectively amount to mis procurement. Under the Public Procurement Regulations, 2008, the procuring agency is required to maintain procurement record, including price or basis for

determining price, qualification/disqualification information, evaluation report, record of rejection, and clarification/modification record. The procurement record is necessary to determine whether Respondent No. 4's bid was unlawfully cured after opening. That if the Respondents issue Notice of Award, work order, sign the contract, or allow Respondent No. 4 to commence services during pendency of the present appeal, the appeal shall be rendered infructuous. Under the E-Pak-Procurement Regulations, the contract award process involves publication of evaluation report, final draft contract, Notice of Award, performance guarantee and signing of contract, and therefore the Respondents may be directed not to proceed further until decision of this appeal.

16. The representative of the Respondent (FDE) submitted that the Federal Directorate of Education (FDE) initiated a procurement process for the Provision of 356 Janitorial Staff for deployment in schools/ colleges of Federal Directorate of Education Islamabad through Single Stage Two Envelope procedure for educational institutions under its administrative control. As per the approved bidding documents, the Technical Evaluation carried a weightage of 70%, reflecting the critical importance of bidders' technical capacity, relevant experience, and compliance with the prescribed evaluation criteria available on EPADS 2.0. Accordingly, the Technical Proposals were evaluated strictly in



accordance with the criteria set forth in the bidding documents and on the basis of the information and documentary evidence submitted by the bidders themselves.

17. The representative of the Respondent (FDE) further submitted that no bidder raised any grievance, objection, or complaint regarding the Technical Evaluation process up to the opening of the Financial Proposals. This indicates that the participating firms accepted the outcome of the Technical Evaluation and did not contest the evaluation methodology or the treatment of documents uploaded in different sections of EPADS 2.0.

18. **Further submitted that the Appellant M/s Malik Ghulam Mustafa & Co (Pvt) Ltd contended that the minimum benchmark for quotations to provide janitorial services should be Rs. 48,800/- per employee, calculated on the basis of minimum wage, EOBI contribution, Social Security contribution, GST, and withholding tax.** In the instant case, EPADS 2.0 declared M/s N&U Enterprises (Pvt) Ltd. as the most advantageous bidder after completion of the technical and financial evaluation process.

19. The representative of the Respondent (FDE) contended that the grievance was examined in detail by the Grievance Redressal Committee. After considering the relevant provisions of the bidding documents, applicable PPRA Rules,

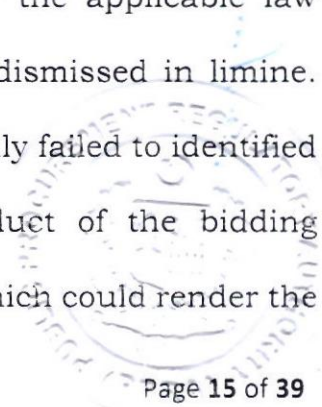
and the public interest involved, the Committee concluded that the grievance raised by M/s Malik Ghulam Mustafa & Co (Pvt) Ltd was not tenable. The Committee observed that the bidder's proposed benchmark had no legal basis in the bidding documents and could not be used as a mandatory threshold for determining responsiveness of bids. Accordingly, the GRC rejected the grievance dated 01-05-2026 and upheld the procurement process, holding that the objection raised by the firm was not sustainable under the applicable law, PPRA Rules, or principles of public procurement. The Appellant **M/s Malik Ghulam Mustafa & Co. (Pvt.) Ltd.**, raised concerns regarding the rates quoted by M/s N&U Enterprises (Pvt.) Ltd. and requested that a benchmark be established to ensure compliance with the minimum wage, EOBI contribution, Social Security contribution, GST, and withholding tax requirements.

20. The representative of the Respondent (FDE) submitted that in the instant case, EPADS 2.0 declared M/s N&U Enterprises (Pvt) Ltd. as the most advantageous bidder upon completion of the technical and financial evaluation process. Further submitted that M/s N&U Enterprises (Pvt) Ltd. furnished an affidavit on judicial stamp paper affirming that its quoted rate of Rs 47,800/- is fully inclusive of all applicable costs and statutory obligations, including minimum wage, EOBI, Social Security, taxes, and other mandatory contributions. The evaluation results were duly scrutinized by

both the Procurement Committee and the Grievance Redressal Committee (GRC), which found the bid responsive and fully compliant with the requirements of the bidding documents. Accordingly, the objections raised by the complainant firms were examined and found to be unsubstantiated in light of the bidding requirements and the documentary evidence provided by the successful bidder.

21. The counsel for the Respondent No. 4 (M/s N&U Enterprises Pvt Limited) submitted that the appeal filed by the Appellant is misconceived, frivolous, and based upon assumptions rather than any provision of the bidding documents, procurement law, or factual evidence. The Appeal is misconceived, factually incorrect, legally untenable and liable to be dismissed in limine. The Appellant has failed to identify any clause of the bidding documents, PPRA Rules, Procurement Regulations or any other applicable law which rendered the bid submitted by Respondent No. 4 non-responsive. The Appellant has failed to point out any law, rule, regulation or clause of the applicable law or bidding documents which has allegedly been violated by the procuring agency. The Grievance Redressal Committee (GRC) of the Procuring Agency has already examined and dismissed the complaint. The present appeal is nothing but merely an attempt to re-agitate the same grounds without demonstrating any violation of the applicable law, rules and regulations.

22. The counsel for the Respondent No. 4 further submitted that the appeal proceeds on the erroneous assumption that a bid can be declared non-responsive merely because another bidder believes that the quoted rate is insufficient. Neither the PPRA law nor the Public Procurement Rules, 2004 provide any such ground. The Appellant filed the present appeal alleging that the Respondent's bid is below a purported benchmark of PKR 48,840/- which is self-calculated, self-created and self-invented figure, by adding EOBI, Social Security, GST and Income Tax to the minimum wage but the said contention is legally and factually untenable. Further added that Rule 30(1) of the Public Procurement Rules, 2004 provides that all bids shall be evaluated strictly in accordance with the evaluation criteria and terms and conditions specified in the bidding documents and it is settled principle under procurement law that evaluation criteria cannot be introduced or imported after opening of bids. In the instant case the Appellant seeks to introduce and import a new evaluation criterion after completion of the bidding process, namely a benchmark rate allegedly derived from its own calculations which is not tenable under the applicable law hence the instant appeal is liable to be dismissed in limine. Further argued that the Appellant has badly failed to identified any procedural irregularity in the conduct of the bidding process on part of the procuring agency which could render the



bidding process illegal or unlawful mere disagreement with the quoted rates of the competitive participant does not establish any breach of law or rules in vogue.

23. The counsel for the Respondent No. 4 further submitted that it is noteworthy that a bid cannot be declared illegal merely because it is lower than the rate quoted by a competing bidder. Only allegation of a lower quoted rate cannot constitute mis-procurement. Moreover, since the procurement process was conducted in accordance with the prescribed law, rules and criteria therefore, the instant appeal is not sustainable in the eye of law. The Appellant has attempted to create a self-invented benchmark and desire others competing participant should follow the following table:

Sr.#	Component	Amount
1.	Minimum wages	Rs. 37,000
2	Eobi @ 6%	Rs. 1,850
3.	Social security %	Rs. 2,220
4.	GST 15%	Rs. 5,550
5.	Income Tax 6%	Rs. 2,220
6.	Alleged benchmark	Rs. 48,840

24. The counsel for the Respondent No. 4 contended that the calculation is fundamentally misconceived because GST is a tax governed by fiscal statutes and is not part of employee wages. Moreover, GST is generally charged on taxable supplies which is recoverable, adjustable, or dealt with under the applicable tax regime and labor law has nothing to do with GST because that is the sole liability of the Respondent's company

failure of which will bring personal liability to the company and he will be dealt under the relevant law. Therefore, GST cannot automatically be added to minimum wage for determining responsiveness of a bid. That Income tax is subject to the Income Tax Ordinance, 2001 and depends upon the tax status of the taxpayer and it varies according to the nature of the entity, exemptions, deductions, withholding mechanisms and applicable fiscal provisions, hence income tax cannot be presumed as a fixed component of labor cost or applicable unanimously to every company or individual.

25. The counsel for the Respondent No. 4 averred that this Honourable Authority may please appreciate the fact that the issue before the Authority is not whether the Respondent will comply with labor laws during contract execution; rather, the issue is whether the bid was responsive under the bidding documents. Rule 4 of the PPRA Rules requires procuring agencies to ensure fairness, transparency, efficiency, economy and value for money whereas the Appellant's argument effectively seeks elimination of legitimate price competition and acceptance of such a proposition would defeat the fundamental objectives of public procurement and unnecessarily increase public expenditure. Since the Respondent fulfilled the technical requirements and submitted a competitive financial offer, the Procuring Agency rightly considered the bid in accordance with Rule 4. Further added that unless the bidding

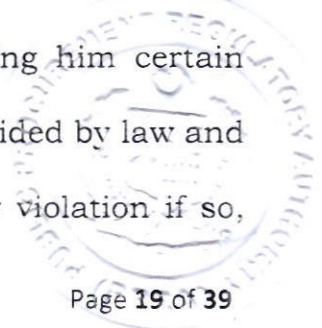


documents prescribed a mandatory minimum financial threshold or formula for minimum wages and other relevant levy and taxes, the appellant cannot seek rejection of the answering Respondent's bid after bid opening and any such action would violate the principles of transparency, equal treatment and certainty embedded in the PPRA framework.

26. The counsel for the Respondent No. 4 further submitted that the Appellant's entire case is founded upon the assumption that the answering Respondent's quoted rate of PKR 47,800/- per employee constitutes an abnormally low bid. An abnormally low bid is not a bid that is merely lower than another bidder's price. A bid can only be regarded as abnormally low where the procuring agency, after objective assessment, forms the view that the price is unrealistically low and may jeopardize performing the contract satisfactorily. The Appellant has ignored the fact that procurement law generally encouraged low price unless there is credible evidence that the bidder cannot perform the contract at the quoted price. In current scenario the Appellant has failed to produce evidence whatsoever demonstrating that the Respondent lacks the capacity, resources, financial strength, technical expertise or operational capability to perform the contract. The Appellant merely relies upon a self-devised mathematical formula which has no basis in the bidding documents. That for the sake of argument even assuming (without admitting) that the

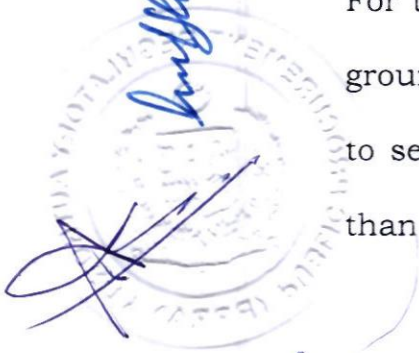
Appellant's calculation is accepted, a difference of approximately PKR 1,040/- per employee between the alleged benchmark and the Respondent's quoted price cannot by any standard establish that the bid is unrealistically low, unsustainable or incapable of performance.

27. The counsel for the Respondent No. 4 further argued that the Procuring Agency examined the bid, evaluated it in accordance with the bidding documents and declared it responsive. Once the Procuring Agency has satisfied itself regarding the bidder's capacity and responsiveness, a competing bidder cannot seek disqualification merely on assumptions. Rule 38 does not permit a procuring agency to reject a responsive bid merely because another bidder/competitor believes the quoted rate should be higher. Moreover, the concept of "Most Advantageous Bid" requires evaluation according to the criteria disclosed in the bidding documents which has properly been done by the procuring agency by declaring the answering Respondent as successful bidder. The Appellant merely assumes that the answering Respondent No. 4 will not comply with statutory obligation of minimum wages, Eobi Contribution, social security and Income Tax but he failed to appreciate that failure of statutory obligation on part of the respondent will bring him certain liabilities and for that procedure has been provided by law and certainly he will be proceeded against for any violation if so,



done in future but at the present stage he cannot be condemned before any violation done by the answering Respondent.

28. The counsel for the Respondent No. 4 further highlighted that the alleged benchmark figure is entirely Appellant's own creation and the bidding documents suggested no such benchmark. The GRC has correctly held that the alleged benchmark is not tenable under law, PPRA Rules or public interest. Moreover, with great respect to this Honourable Authority, neither the Appellant nor any other authority can introduce a new evaluation criterion after bid opening. Further added that the plea of the Appellant regarding undertaking is not sustainable under the law because the undertaking merely reaffirmed existing contractual and statutory obligations. The undertaking neither revised nor uploaded a new financial proposal. The Appellant has attempted to create an artificial floor price which is not permissible under the law and standard bidding documents. The procuring agency has examined the bidding documents of all the participant and the answering Respondent secured high marks in technical as well as in financial stage therefore, he was declared as successful bidder. For the sake of arguments and without admitting the alleged grounds of the Appellant if the answering respondent has failed to secure high marks at the time of opening of technical bid than lower financial proposal would be of no help to the



Respondent but in the instant case the score of technical when calculated with financial score became higher than all other participants. The decision of GRC is based on sound reasoning and it expressly found the alleged benchmark argument untenable.

29. Further submitted that acceptance of the instant appeal would establish a dangerous precedent whereby unsuccessful bidders could invent their own benchmark prices after bid opening and seek disqualification of competitors which will reduce competition and undermine transparency.

30. Further submitted that the Respondent No. 04 who is also a successful bidder draw the kind attention of this Honourable Authority to the judgment of the August Supreme Court of Pakistan rendered in CP No. 414 of 2021 dated 12/10/2022. The August Supreme Court of Pakistan as well as the Honorable Sindh High Court, Sindh held that "Sales Tax on services (GST in present case) could only be levied on the value of taxable services and could not include reimbursable expenses such as salaries as these expenses are not part of the service itself and the sales tax (GST) demanded by the SRB (Sindh revenue board) on the salaries of security and manpower is inconsistent with the mandate of the act. The August Supreme Court further held as under: 10. After carefully examining the relevant provisions of the law and the case law in this respect. We find that Petitioner's arguments

that the gross amount charged includes all amounts, including reimbursable expenses such as salaries, lacks merit. This is because these amounts are actually paid by the service recipient, and neither do they form part of the economic activity conducted by the service provider, nor of the consideration paid for by the service recipient for the services rendered. Gross amount charged, for the purpose of sales tax on services, relates to the consideration in money paid for the value of taxable services under section 5, the applicability of which is restricted by section 8 defining the scope of the tax, which means that quantum is charged for the service alone, nothing more and nothing less. The value of taxable service is determined on the basis of the value of economic activity carried out in the provision of the service and salaries, being reimbursable expenses, are not part of the taxable service or its value: thus, they are not included in value of service. The consideration paid is only for the services rendered and cannot include the cost borne by the service recipient in respect of the salaries paid to the security and manpower it procured. In the provision of a service, some expenses are incurred on behalf of the service recipients which are later reimbursed to the service provided, meaning that these expenses have no nexus with the service or its value.



31. That the nutshell of the above judgment is that sales tax on services could only be demanded and deducted by the



procuring agency on the value of taxable services excluding the salaries of the employees of the service provider/bidder i.e. in our case per janitor quotation is Rs. 47800/- so according to the judgment of the Supreme Court the procuring agency cannot deduct/charge GST at gross amount quoted rather it will exclude salaries of manpower which is Rs. 37000/- the will charged/deduct GST on the remaining amount because the expense on providing service is not an economic activity which cannot be consider as part of the taxable service.

32. Further submitted that the wisdom drawn from the judgment mentioned above would be that GST could only be charged/deducted on Rs. 10800/- only and including GST on gross amount will be violation of the judgment of the August Supreme Court of Pakistan. According to the principle laid down by the August Supreme Court of Pakistan in the above quoted judgment GST cannot be calculated in the benchmark or threshold of the quotation given by the answering Respondent.

33. The counsel for the appellant further submitted through rejoinder that the Appellant's case is not based upon technical evaluation, nor upon a mere desire to displace a lower bidder. The Appellant's precise case is that Respondent No. 4's quoted rate of Rs. 47,800/- is financially non-conforming, legally unsustainable, contrary to the bidding documents and statutory obligations, and could not have been cured by a post-

bid undertaking/declaration. The decisive question before this Honourable Authority is not whether Respondent No. 4 is willing to comply in future, but whether its financial bid was responsive, rate-reasonable, and legally sustainable at the time of evaluation and award. That neither FDE nor Respondent No. 4 has placed any lawful calculation on record showing how Rs. 47,800/- per employee can satisfy minimum wage of Rs. 37,000/- plus EOBI, Social Security/IESSI, GST/sales tax, income tax/withholding tax, uniform/accessories, medical care, replacement staff, administrative cost, overheads and other direct/indirect costs expressly required under the bidding documents.

34. Further submitted that the entire defense of the Respondents rests on the plea that the Appellant's benchmark of Rs. 48,840/- was not expressly printed in the bidding documents. This plea is misconceived. The said figure is not a new evaluation criterion. It is the mathematical application of obligations already contained in the bidding documents and mandatory law.

**DETERMINATIVE LEGAL QUESTIONS**

**Question No. 1:** Whether a bidder quoting below the lawful cost necessary to meet minimum wages and statutory obligations can be treated as financially responsive?

Answer: No. A bid may be numerically lowest, but it cannot be treated as most advantageous unless it is first responsive, lawful, financially conforming, rate-reasonable and not in conflict with other applicable laws.

**Question No. 2:** Whether minimum wage, EOBI, Social Security, taxes/duties and other statutory/contractual obligations are outside the bidding documents?

Answer: No. The bidding documents expressly required inclusive rates covering minimum wages, EOBI, Social Security, taxes/duties, uniform/accessories, medical care and all direct/indirect costs.

**Question No. 3:** Whether the Appellant's benchmark is a new evaluation criterion?

Answer: No. It is not a new criterion. It is a calculation drawn from the tender's own inclusive-rate clauses and mandatory statutory obligations.

**Question No. 4:** Whether a post-bid undertaking can cure a financially deficient bid after opening/evaluation?

Answer: No. Under Rule 31 of the Public Procurement Rules, 2004, a bidder cannot alter, modify, improve or supplement the substance of its bid after opening. A post-bid undertaking cannot make a non-conforming bid responsive.

**Question No. 5:** Whether the matter can be left to future contract enforcement?

Answer: No. Responsiveness, rate reasonability and statutory compliance are to be assessed at the evaluation/award stage. A procuring agency cannot award first and test legality later.

**REPLY TO FDE'S PRESENTATION/COMMENTS**

**A. Reply to FDE's Introduction**

- FDE has stated that the procurement was for 356 janitorial staff, conducted through Single Stage Two Envelope procedure, and that the tender was published on 24.02.2026, pre-bid meeting held on 03.03.2026, and evaluations completed on 20.04.2026 and 30.04.2026.
- The said procedural history is not the real controversy. The Appellant does not challenge the mere issuance of tender, pre-bid meeting, technical evaluation schedule or opening of financial bids. The Appellant challenges the unlawful

treatment of Respondent No. 4's financially non-conforming bid as successful.

- A procurement process can follow procedural steps and yet still amount to mis-procurement if the final award is made in violation of bidding documents, PPRA Rules, minimum wage law, statutory obligations, rate reasonability and transparency requirements.

### **B. Reply to FDE's Background Regarding Technical Evaluation**

- FDE has spent considerable portion of its reply on the grievance of M/s Lasifa Travel & Tours (Pvt.) Ltd. regarding technical evaluation. That issue is irrelevant to the present Appellant.
- M/s Malik Ghulam Mustafa & Co. (Pvt.) Ltd. is not challenging technical marks. Its grievance arose from the financial bid result, whereby Respondent No. 4 was shown as successful despite quoting Rs. 47,800/-, which is below the lawful and financially sustainable threshold required under the bidding documents and applicable law. Therefore, FDE's defence of technical evaluation does not answer the Appellant's appeal.

### **C. Reply to FDE's Claim that No Technical Grievance Was Raised**

- FDE's assertion that no technical grievance was raised within time is immaterial. The Appellant's grievance was against the final financial evaluation, not technical evaluation.
- The Appellant raised the grievance at the correct stage, after publication of the financial bid result, and thereafter filed the present appeal within limitation after rejection of grievance by the GRC.

### **D. Reply to FDE's Reliance on GRC Decision**

- FDE relies upon the GRC decision as if the mere existence of a GRC decision validates the procurement. The GRC decision is the very decision under appeal.
- The GRC decision is non-speaking and does not decide the core issue. It does not explain:

a. why the Appellant's calculation of Rs. 48,840/- is wrong:

b. how Rs. 47,800/-satisfies the minimum wage and statutory obligations;

- c. whether EOBI, Social Security, GST/sales tax and withholding tax were evaluated;
- d. why Respondent No. 4's post-bid undertaking was accepted;
- e. how Rule 31, Rule 38, Rule 38B and Rule 50 were complied with,
- f. how the PPRA clarification dated 08.01.2025 was considered.

A conclusion without reasons cannot sustain an award in public procurement.

**E. Reply to FDE's Reliance on N & U's Undertaking**

- FDE has admitted, in substance, that Respondent No. 4 submitted an undertaking/affidavit stating that its rate of Rs. 47,800/- is inclusive of all applicable costs and statutory obligations.
- This admission supports the Appellant's case. If Respondent No. 4's original financial bid was already self-sufficient and fully compliant, there was no need to rely upon a subsequent undertaking.
- The said undertaking was not a neutral clarification. It was used to make a facially below-threshold financial bid appear compliant after opening/evaluation of bids.
- Such course violates Rule 31 of the Public Procurement Rules, 2004, which prohibits alteration or modification of bids after opening. Clarification cannot change the substance, financial effect or legal character of a bid.

**F. Reply to FDE's Reference to Earlier/Existing Contract at Rs. 40,000/-**

- FDE has referred to an existing/previous contract of M/s Lasifa at Rs. 40,000/- per head. This reference is irrelevant and legally unsafe.
- A previous contract cannot override the present bidding documents, present minimum wage notification, present statutory obligations and present PPRA Rules.
- If any earlier arrangement was below lawful statutory cost, it cannot become precedent for repeating illegality. Public procurement must be judged according to the current tender.

current law, current statutory obligations and current evaluation record.

- The present appeal concerns Respondent No. 4's bid of Rs. 47,800/- in the present procurement. Any earlier rate of another contractor does not answer the financial non-conformance of Respondent No. 4.

35. Further submitted that the appeal is based on the bidding documents, minimum wage notification, PPRA clarification dated 08.01.2025, Rule 30, Rule 31, Rule 38, Rule 38B, Rule 40 and Rule 50 of the Public Procurement Rules, 2004, and the admitted quoted rate of Respondent No. 4. The appeal is neither assumption-based nor speculative. It raises an objective legal question: whether Rs. 47,800/- can satisfy minimum wage and all statutory/tender obligations. The Appellant has specifically relied upon:

- a. the inclusive-rate clause of the bidding documents;
- b. the minimum wage clause of the TORS;
- c. the taxes and duties clause;
- d. the ICT minimum wage notification;
- e. Rule 30 regarding evaluation according to bidding documents;
- f. Rule 31 regarding prohibition against bid modification;
- g. Rule 38 regarding award only if not in conflict with other law;
- h. Rule 38B regarding financial conformance and rate reasonability;
- i. Rule 40 regarding no change of cost/scope through negotiation;
- j. Rule 50 regarding mis-procurement;
- k. PPRA clarification dated 08.01.2025.

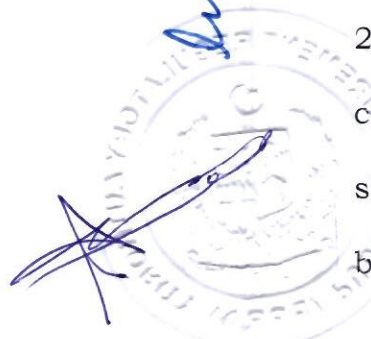
The objection that no law or clause has been identified is factually incorrect and liable to be rejected.

36. Further submitted that Respondent No. 4 states that the GRC has already dismissed the complaint. This is irrelevant because the GRC decision is the impugned decision under appeal. The Appellant is not re-agitating a concluded matter before the same forum. The Appellant is exercising the statutory right of appeal under Rule 48(7) against the GRC decision. The GRC decision does not become immune from appellate scrutiny merely because it exists. Further added that the issue is not that Respondent No. 4 quoted lower than the Appellant. The issue is that Respondent No. 4 quoted below the minimum legally sustainable cost structure arising from the bidding documents and applicable law.

37. Further submitted that the figure of Rs. 48,840/- is not an arbitrary floor price. It is calculated from mandatory components expressly required by the bidding documents and law, namely minimum wage, EOBI, Social Security, GST/sales tax and withholding/income tax. If Respondent No. 4 disputes the calculation, it must provide its own lawful calculation showing how Rs. 47,800/- covers all mandatory obligations and contractual costs. No such calculation has been produced. A bare undertaking cannot substitute objective financial evaluation.

38. Further added that the table is not self-invented. It is derived from lawful and mandatory components. The bidding documents required minimum wage and all-inclusive statutory

costs. The minimum wage notification prescribed Rs. 37,000/- per month. The other components flow from statutory obligations and tax/tender requirements. Respondent No. 4 has not produced a counter-table or lawful computation showing how its rate is financially sustainable. Further argued that the Appellant never pleaded that GST is part of employee wages. The Appellant's case is different: the bidding documents required quoted rates to be inclusive of all applicable taxes and duties. If GST/sales tax is applicable, it must be factored into the quoted rate or lawfully dealt with in the financial bid. If Respondent No. 4 claims that GST/sales tax is not applicable, exempt, adjustable or recoverable in a manner that does not affect bid responsiveness, then Respondent No. 4 must produce the relevant exemption, legal basis or calculation. Respondent No. 4 has produced no tax exemption, no reduced-rate certificate, no rate analysis and no calculation showing that GST/sales tax is irrelevant to its quoted rate. The issue is not whether GST is wage. The issue is whether an all-inclusive financial bid can ignore applicable taxes while claiming compliance with all tender costs. FDE, being a prescribed person/public authority, is required to deduct withholding tax from payments for services under the Income Tax Ordinance, 2001, unless Respondent No. 4 produces a valid exemption certificate, reduced-rate certificate or any other lawful basis showing that no such deduction is applicable. In any event, the bidding documents required inclusive rates covering applicable



taxes/duties. Thus, tax impact is a relevant financial factor in determining responsiveness and rate reasonability.

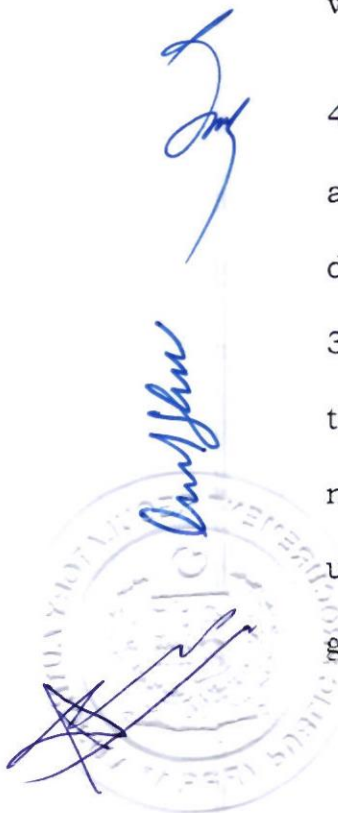
39. Further contended that Respondent No. 4 says the issue is whether it will comply with labour laws during contract execution, not whether its bid was responsive under bidding documents. This argument is self-contradictory. The issue is precisely responsiveness under the bidding documents. Since the bidding documents required minimum wages and all-inclusive statutory costs, a bid which does not financially demonstrate compliance cannot be treated as responsive merely because the bidder promises future compliance. Mandatory legal compliance does not depend upon the procuring agency printing a separate arithmetic figure in the tender. Minimum wage law, EOBI, Social Security, tax obligations and all-inclusive tender clauses apply by operation of law and tender terms.

40. Further submitted that the Respondent No. 4 says that even if the Appellant's calculation is accepted, the difference is only Rs. 1,040/- per employee and therefore cannot establish that the bid is unrealistic. This plea trivializes a substantial financial gap as Rs. 1,040/- per employee for 356 employees equals Rs. 370,240/- per month. Over the two-year contract period, the shortfall equals Rs. 8,885,760/- This shortfall exists even before accounting for uniform, accessories, medical care, replacement staff, supervision,

administrative cost, overheads and profit. The difference is not trivial. It is substantial and directly affects financial responsiveness.

41. Further argued that Rule 38 itself provides that award may be made to the most advantageous bidder only where the award is not in conflict with any other law, rules, regulations or Federal Government policy. Minimum wage law, EOBI, Social Security, tax law and binding tender obligations are "other law/rules/regulations" within the meaning of Rule 38. A bid conflicting with such obligations cannot be the most advantageous bid. Further submitted that the GRC did not give a reasoned finding. It did not discuss the Appellant's statutory calculation, the tender's inclusive-rate clauses, PPRA clarification, Rule 31, Rule 38, Rule 38B, Rule 40 or Rule 50. A decision that merely says the grievance is "not tenable" without analysis is not a speaking order.

42. Further added that the undertaking was submitted after opening/evaluation and was used to neutralize a financial defect. This is not clarification. It is post-bid improvement. Rule 31 permits clarification only where it does not alter or modify the bid. A clarification cannot convert an otherwise financially non-conforming bid into a responsive bid. Acceptance of such undertaking gave Respondent No. 4 an unfair opportunity not given to other bidders. Other bidders quoted after factoring



statutory costs. Respondent No. 4 quoted lower and then sought to cure the gap later.

43. The Appellate Committee has heard the learned representatives of the Appellant, the Procuring Agency (Federal Directorate of Education), and Respondent No. 4 at considerable length and has carefully examined the record, including the bidding documents, grievance petition, impugned decision/report of the Grievance Redressal Committee (GRC) dated 11.05.2026, Financial Evaluation Report, submissions of the parties and all material placed before it.

44. The preliminary objections regarding maintainability, competence and limitation have been examined. The appeal has been filed against the decision of the GRC under Rule 48(7) of the Public Procurement Rules, 2004 read with the Redressal of Grievances Regulations, 2021. The appeal has been filed through a duly authorized representative of the Appellant, accompanied by the prescribed fee, and within the limitation period prescribed under the applicable law. Accordingly, the appeal is maintainable and competent.

45. The principal controversy before the Appellate Committee is whether the Procuring Agency lawfully declared Respondent No. 4 as the successful bidder on the basis of its quoted rate of Rs. 47,800/- per janitorial staff member and whether the subsequent undertaking/affidavit furnished by

Respondent No. 4 could lawfully be relied upon to establish compliance with the bidding documents and statutory obligations.

46. The record reveals that the bidding documents expressly required that the quoted rates shall be inclusive of all costs associated with performance of the contract, including payment of minimum wages, EOBI contributions, Social Security obligations, taxes and duties, uniforms, accessories, replacement staff, medical obligations and all other direct and indirect costs necessary for execution of the services. The Terms of Reference further required compliance with the minimum wage notification issued by the competent authority.

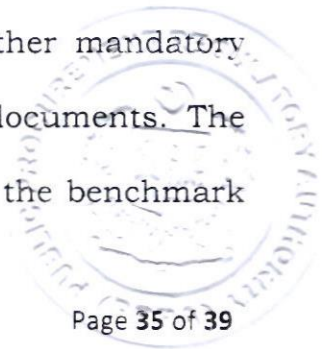
47. The Appellant's grievance before the GRC was not directed against technical evaluation nor against the scoring methodology adopted by the Procuring Agency. The grievance was specifically directed against the financial responsiveness and legal sustainability of the bid submitted by Respondent No. 4. Therefore, substantial portions of the Procuring Agency's submissions relating to technical evaluation do not address the core issue arising in the present appeal.

48. Rules 29 and 30 of the Public Procurement Rules, 2004 mandate that bids shall be evaluated strictly in accordance with the evaluation criteria, terms and conditions contained in the bidding documents. Equally, Rule 38 requires

that award of contract shall not be made in conflict with any other law, rules, regulations or policy of the Federal Government. The concept of "most advantageous bid" introduced in the procurement framework does not permit acceptance of a bid that is otherwise non-compliant with mandatory legal and contractual obligations merely because it offers a lower price.

49. The Appellate Committee notes that the bidding documents required an all-inclusive rate. Consequently, the Procuring Agency was under an obligation to satisfy itself that the quoted rate was financially conforming, commercially realistic, and capable of meeting the contractual and statutory obligations expressly incorporated in the tender documents. Financial responsiveness is not confined merely to the numerical figure quoted by a bidder; it extends to the bidder's demonstrated ability to perform the contract in accordance with the requirements of the bidding documents and applicable law.

50. The record further shows that the Appellant specifically raised before the GRC the issue that the quoted rate of Respondent No. 4 did not appear sufficient to meet the minimum wage requirement together with other mandatory obligations contemplated under the tender documents. The GRC rejected the grievance by observing that the benchmark



proposed by the Appellant was “not tenable under law, PPRA Legal Regulatory Framework, and public interest”.

51. The Appellate Committee has carefully examined the impugned GRC report and finds that the same does not contain any meaningful discussion of the issues raised by the Appellant. The GRC neither examined the financial implications of the minimum wage notification nor addressed the contractual requirement regarding inclusive rates. The impugned decision merely records a conclusion without disclosing the reasons that led to such conclusion.

52. It is a settled principle of administrative and quasi-judicial law that decisions affecting valuable rights of parties must be reasoned and speaking orders. Recording a conclusion without addressing the material contentions raised by the aggrieved bidder does not satisfy the requirement of fairness, transparency and accountability embedded in Rule 4 of the Public Procurement Rules, 2004.

53. The Appellate Committee further notes from the record that the Procuring Agency and Respondent No. 4 have relied upon an affidavit/undertaking furnished after bid opening, wherein Respondent No. 4 affirmed that its quoted rate was inclusive of all statutory obligations and contractual costs. The decisive question is whether such undertaking could lawfully be relied upon during evaluation.

54. Rule 31 of the Public Procurement Rules, 2004 permits clarification of bids only to the extent that such clarification does not alter the substance of the bid. A clarification cannot be permitted to improve, modify, supplement or cure a material deficiency in a bid after opening. The Public Procurement Rules, 2004 consistently protects the principles of equal treatment and fair competition by ensuring that all bidders compete on the basis of the bids submitted before opening and not on the basis of explanations or improvements subsequently introduced.

55. In the present case, the record demonstrates that the undertaking was obtained and relied upon after submission and opening of bids. The Procuring Agency has failed to demonstrate how the undertaking constituted a mere clarification rather than an attempt to reinforce or validate the financial sustainability of the original bid. Once the Procuring Agency found it necessary to seek or rely upon a post-bid declaration to establish compliance with mandatory contractual obligations, a serious question arose regarding the financial responsiveness of the original bid itself.

56. The Appellate Committee is of the view that responsiveness and financial conformance must be established from the bid as submitted. A subsequent undertaking cannot be treated as a substitute for a proper evaluation of whether

the original financial offer adequately complied with the requirements of the bidding documents. Acceptance of such post-bid material compromises the principles of transparency, equal opportunity and fairness guaranteed under Rule 4 of the Public Procurement Rules, 2004.

57. The Appellate Committee is also not persuaded by the argument that the matter may be left entirely to future contract enforcement. Compliance with minimum wage laws and other mandatory obligations is not merely an issue of contract administration; it is a relevant consideration at the evaluation stage where the Procuring Agency is required to determine whether the bid is responsive, financially conforming and capable of lawful performance.

58. After examining the entire record, the Committee finds that the Procuring Agency has failed to establish through a reasoned evaluation process that the quoted rate of Respondent No. 4 satisfied the mandatory requirements of the bidding documents. Likewise, the GRC failed to address the Appellant's material objections and relied upon conclusions unsupported by analysis. The impugned GRC report therefore cannot be sustained.

59. In view of the foregoing, the appeal stands disposed of with the direction that the procuring agency undertakes a fresh evaluation of the bids, treating all quoted prices as inclusive of



The block contains a handwritten signature in blue ink on the left margin. Below the signature is a circular official stamp of the Appellate Committee. The stamp contains the text 'APPPELLATE COMMITTEE' around the perimeter and 'G' in the center. There is a large handwritten mark, possibly initials, over the stamp.

all applicable taxes, duties, EOBI and Social Security contributions, as well as all other statutory and contractual liabilities required to be borne by the bidder under the terms of the bidding documents.

60. The appeal stands **disposed of** in the above terms.



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



**(Abdul Majeed)**  
Senior Specialist (M&E)  
(Member)



**(Hasnat Ahmad Qureshi)**  
Managing Director (PPRA)  
(Head of the Committee)

**Dated:** 15<sup>th</sup> June, 2026

*Each page of the order has been signed by all members of the Committee. The order comprises thirty-nine (39) pages.*

