F. No. PPRA/AP-62/2026
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.

NADRA and Another

...the "Respondent"

Date of Hearing **06.10.2026**	Mr. Jameel Hussain Qureshi (ASC), Mr. Qadar-ul-Nisa (Advocate) ***(On behalf of Appellant)*** Mr. Adnan Akram (DG Procurement), Syed M. Raza (President GRC), Ms. Maryam Siddique (Legal Officer) ***(On behalf of Respondent i.e., NADRA)*** Mr. Sanaullah Kalwar (Advocate) ***(On behalf of Respondent i.e., M/s Piffers)***

APPEAL UNDER RULE 48(7) OF THE PUBLIC PROCUREMENT RULES, 2004

The Authority received the titled Appeal on 02.09.2026 filed by M/s Himalaya Security Services (Pvt.) Ltd. ("the Appellant"), under Rule 48(7) of the Public Procurement Rules, 2004. The abovementioned learned counsel(s) and representative of the Appellant and the Respondents tendered appearance before the Appellate Committee ("the Committee") on the date of hearing fixed and furnished their arguments at length.

2. At the very outset, learned counsel of the Appellant i.e., M/s Himalaya Security Services (Pvt.) Ltd submitted that, being aggrieved by the impugned order dated 20.08.2026 passed by Respondent No. 2 (NADRA)/GRC, whereby its complaint was rejected without adequately addressing the material objections raised, has preferred the instant Appeal. Respondent No. 1 (NADRA) invited bids under Tender No. RHO NADRA/SGD/05/2026 for the **hiring of 150 security guards through a services contract**, with bid security of PKR 1,047,960/-, under the Single Stage–Two Envelope procedure. The bid submission deadline was 29.04.2026, and the Appellant submitted its technical and financial bids within the prescribed time. Having fulfilled the requisite criteria, the Appellant was declared technically qualified.

3. The counsel of the Appellant also submitted that the Respondent No. 1 published the Final Evaluation Report through EPADS on 12.08.2026, declaring Respondent No. 3, M/s Piffers Security (Pvt.) Ltd., the Most Advantageous Bidder at PKR 45,511/- per guard per month. The Appellant challenged the said determination before the GRC on 13.08.2026, contending that the accepted bid was abnormally low, commercially unviable, and inconsistent with the mandatory financial requirements of the bidding documents and applicable procurement, labour, and taxation laws. However, the GRC rejected the complaint vide order dated 20.08.2026, principally on the ground that PST and withholding tax had incorrectly been calculated on minimum wages, EOBI, and PESSI rather than on service charges alone.

4. The counsel of the Appellant further submitted that the Price Schedule expressly requires bidders to quote minimum wages as fixed by the Government and comply with all applicable Federal/Provincial laws and Government instructions, failing which the financial bid is liable to

rejection. Accordingly, the Appellant calculated the minimum monthly cost per guard at PKR 54,594/-, comprising minimum wage of PKR 40,000/-, PESSI of PKR 2,400/-, EOBI of PKR 2,000/-, PST at 16% amounting to PKR 7,104/-, and withholding tax at 6% amounting to PKR 3,090/-. The Appellant submits that bids below this threshold cannot meet the mandatory statutory and contractual obligations and that Respondents Nos. 1 and 2 failed to meaningfully examine the financial viability of the accepted bid, including its capacity to cover statutory dues, operational and administrative expenses, uniforms, and service charges.

5. The counsel of the Appellant further added that the Respondent No. 1's objection to the Appellant's tax calculation is inconsistent with its own conduct under the existing contract for the same services. Following the judgment in Civil Petitions No. 414 of 2021, reported as **2023 SCMR 1776**, the Appellant submitted invoices applying PST only to service charges, excluding salaries, EOBI, and PESSI; however, NADRA rejected those invoices. Furthermore, Invoice No. HSS/NADRA/034-213 dated 31.10.2024, reflected in the Punjab Revenue Authority record, shows an invoice value of PKR 2,308,131/- and PST at 16% amounting to PKR 369,301/-, demonstrating that PST was charged on the gross invoice amount. NADRA has not produced any contrary invoice or record establishing that it applied the cited judgment in its dealings with the Appellant. The Appellant therefore contends that NADRA cannot apply taxation to the gross invoice value under the existing contract while rejecting the same calculation for evaluating bids.

6. The counsel of the Appellant also submitted that, Respondent No. 1 violated Rule 38 of the Public Procurement Rules, 2004, by failing to provide meaningful clarification of material ambiguities before the bid submission deadline. The

Appellant sought clarification twice through EPADS before 29.04.2026. In the first request, it asked whether a bidder applying tax only to service charges/profit margin, rather than the gross amount, in view of the relevant Lahore High Court judgment, would be accepted as responsive. NADRA merely replied that the heads were clearly mentioned in the financial bid form. In the second request, the Appellant asked whether omission of EOBI and Social Security contributions would render a bid non-responsive; NADRA replied that the technical and financial criteria were already mentioned in the bidding documents. The Appellant submitted that these replies did not resolve the questions raised or establish a uniform basis for financial quoting.

7. The counsel of the Appellant further argued that they disputed NADRA's assertion before the Appellate Committee that the clarification requests were submitted after bid submission, maintaining that both were raised before the deadline, and that EPADS does not permit such clarification requests after bid submission. Had NADRA considered PST inapplicable to salaries, EOBI, and PESSI, it ought to have clarified the position before bids were submitted. Owing to this failure, the Appellant quoted its rates in accordance with NADRA's established contractual practice. The Appellant accordingly submits that the objection concerning the timing of the clarification requests is misconceived and that the failure to clarify material bidding terms constitutes a violation of Rule 38, warranting appropriate action in accordance with law.

8. The counsel of the Appellant also submitted that the Price Schedule required bidders to quote minimum wages as announced by the Government. The Government of Punjab, vide notification dated 08.09.2025, fixed the minimum wage at PKR 40,000/- per month, which the Appellant quoted

accordingly. However, the bidding documents do not specify the working hours to which the minimum wage applies, provide any separate column for overtime or additional hours, or prescribe a calculation formula; they merely state "7 Days a Week (12 Hrs)" under the service-period column without expressly linking it to the wage calculation. The Appellant contends that this ambiguity arose from the procuring agency's own documents, contrary to Rule 23 of the Public Procurement Rules, 2004, and that the Appellant cannot be penalized for such deficiency. Moreover, the Final Evaluation Report, impugned order, and NADRA's reply did not identify the Appellant's quoted wage as deficient; hence, evaluation must remain confined to the stated criteria under Rule 36(b) of the PP Rules, 2004.

9. The counsel of the Appellant Further argued that, even without prejudice to the Appellant's primary tax calculation, the bid of Respondent No. 3 i.e., M/s Piffers Security (Pvt.) Ltd remains abnormally low on NADRA's own interpretation. The minimum wage of PKR 40,000/-, PESSI of PKR 2,400/-, and EOBI of PKR 2,000/- aggregate to PKR 44,400/- per guard per month. Even if PST is excluded, withholding tax at 6% under section 153(1)(b) of the Income Tax Ordinance, 2001, amounts to PKR 2,664/-, resulting in a minimum cost of PKR 47,064/- per guard per month. Respondent No. 3's quoted rate of PKR 45,511/- falls short by PKR 1,553/- per guard per month, leaving no amount for service charges or profit. The Appellant submits that such a rate cannot cover even the stated statutory costs and that acceptance of the bid without meaningful scrutiny is contrary to the bidding documents and applicable law.

10. The counsel of the Appellant also added that, Respondents Nos. 1 and 2 also failed to apply a consistent financial viability benchmark to all bidders, particularly M/s

Piffers Security (Pvt.) Ltd., despite NADRA's own practice of deducting PST and withholding tax from the Appellant's invoices under the existing contract. The Appellant maintains that its bid was responsive, compliant, and financially feasible for the public exchequer, whereas the accepted bid was below the asserted statutory cost threshold. Such evaluation, it is contended, is arbitrary, discriminatory, and contrary to Rules 4, 29, 30, and 36(b) of the Public Procurement Rules, 2004, which require transparency, fair competition, value for money, and evaluation in accordance with the bidding documents. The Appellant further alleged favouritism and mala fide in sidelining its bid and submits that the impugned order is non-speaking, lacks proper application of mind, and violates section 24-A of the General Clauses Act.

11. At the last, the counsel of the Appellant also submitted and prayed that the impugned GRC order dated 20.08.2026 be set aside as illegal, unlawful, and devoid of merit, and that the Final Evaluation Report dated 12.08.2026, insofar as it declares M/s Piffers Security (Pvt.) Ltd. the Most Advantageous Bidder under Tender No. RHO NADRA/SGD/05/2026, be declared contrary to the bidding documents, the Public Procurement Rules, 2004, and applicable labour and taxation laws. The Appellant further seeks a direction to Respondent No. 1 to declare financially non-responsive the bids falling below the applicable minimum threshold of PKR 54,594/- per guard per month and declare the Appellant the successful/Most Advantageous Bidder, being the lowest compliant bidder, with consequential award of the contract. Alternative, the Appellant further prayed that the procurement be cancelled and re-tendered.

12. On the other side, learned representative of the Respondent i.e., National Database and Registration Authority (NADRA) submitted that the instant Appeal is not

maintainable for want of a valid cause of action and is frivolous, vexatious, and devoid of merit. The Respondent contends that the Appeal has been filed with mala fide intent to obstruct and delay the ongoing tender proceedings, causing irreparable loss to the Respondent, and is therefore liable to be dismissed with costs.

13. The representative of the Respondent (NADRA) also submitted that they published Tender No. RHO NADRA/SGD/05/2026 on 11.04.2026 for hiring 150 Security Guards through a services contract, with an estimated annual cost of PKR 104,796,000/-. Moreover, ten (10) bidders participated in the procurement process, out of whom nine (09) were declared technically qualified. The Technical Evaluation Report was published on 02.07.2026, whereas the financial bids of the nine technically qualified bidders were opened on 17.07.2026. The Final Evaluation Report was subsequently published on 12.08.2026, declaring M/s Piffers Security Services as the Most Advantageous Bidder.

14. The representative of the Respondent (NADRA) further submitted that, on 13.08.2026, the Grievance Redressal Committee (GRC) received a complaint from M/s Himalaya Security Services (Pvt.) Ltd. challenging the qualification of M/s Piffers Security Services. The GRC afforded an opportunity of personal hearing on 19.08.2026, regarding the complainant filed by the Appellant and, after hearing the complainant, unanimously rejected the complaint vide decision dated 20.08.2026 in respect of Tender No. RHO NADRA/SGD/05/2026.

15. The representative of the Respondent (NADRA) further added that the GRC acted within the jurisdiction conferred upon it under Rule 48 of the Public Procurement Rules, 2004. The Respondent maintains that the grievance

was duly considered and decided in accordance with the prescribed procedure. Furthermore, the Technical Evaluation Committee evaluated the bids against the mandatory requirements prescribed under Rule 36(b) of the Public Procurement Rules, 2004. The Respondent further asserts that the requisite requirements governing financial evaluation were also complied with under the said Rule.

16. The representative of the Respondent (NADRA) further submitted that, in response to Grounds IV to XI of the Appeal, the Appellant's contention that any bid rate below PKR 54,594/- necessarily results in a statutory deficit and violates the tender requirements is based on an erroneous tax calculation. The Appellant has applied Punjab Sales Tax at 16%, amounting to PKR 7,104/-, to the aggregate amount of PKR 44,400/- comprising minimum wages, PESSI, and EOBI, and has further calculated withholding tax at 6%, amounting to PKR 3,090/-, on PKR 51,504/-.

17. The representative of the Respondent also submitted that, under the Punjab Sales Tax on Services Act, 2012, Punjab Sales Tax is chargeable on the contractor's management fee / service charges and not on the wages payable to the security guards. In support, reliance is placed upon Section 6(3)(a) of the said Act, which excludes an employee providing services to an employer in that capacity from the concept of "economic activity", and Section 7(1), which defines the value of a taxable service with reference to the consideration received for the service, excluding the amount of tax itself. Moreover, the Respondent further relies upon the judgment of the Honourable Supreme Court of Pakistan in Civil Petitions No. 414 of 2021, etc. **(2023 SCMR 1776)**, wherein the Court held, inter alia, that reimbursable expenses, including salaries paid by the employer to employees, do not constitute consideration for the service

rendered and are not subject to sales tax merely because they are included in the invoice. The Court clarified that sales tax on services is leviable on the consideration for the service provided and not on salaries paid to employees.

18. The representative of the Respondent further submitted and added in view of the aforesaid statutory provisions and judicial precedent, the Respondent maintains that salaries payable to security guards do not fall within the ambit of taxable consideration for the purposes of Punjab Sales Tax on Services. Accordingly, the Appellant's tax calculation and its assertion that a bid below PKR 54,594/- necessarily creates a statutory deficit are misconceived and cannot, on the basis asserted, establish a violation of the applicable law or tender requirements. Therefore, the Respondent submitted that the procurement process and the impugned GRC decision do not warrant interference on the grounds raised by the Appellant. The Appeal is therefore liable to be dismissed as not maintainable, frivolous, and devoid of merit.

19. On the other hand, learned counsel of the Respondent No.03 i.e., M/s Piffers Security Services (Private) Limited ("Piffers") submitted that the instant Appeal filed by M/s Himalaya Security Services (Pvt.) Ltd. is misconceived and liable to be dismissed, as no legal injury, statutory violation, or procedural irregularity attributable to Respondent No. 03 has been established. Respondent No. 03 is a duly registered and licensed security service provider and participated in Tender No. RHO NADRA/SGD/05/2026, floated by Respondent No. 01 for hiring 150 Armed Security Guards through the Single Stage Two Envelope Procedure under Rule 36(b) of the Public Procurement Rules, 2004 (PPR, 2004). It submitted its financial proposal through EPADS in accordance with the prescribed Price Schedule, and both the

Appellant and Respondent No. 03 qualified at the technical evaluation stage by the bid-closing date of 29.04.2026.

20. The counsel of the Respondent (Piffers) also submitted that they quoted PKR 40,000 as the basic monthly wage per guard, in accordance with the applicable government-notified minimum wage, together with EOBI contributions of PKR 2,000 (5%), PESSI/social security contributions of PKR 2,400 (6%), an administrative /management fee of PKR 900, PST at the stated rate of 16% amounting to PKR 144, and withholding tax at the stated rate of 6% amounting to PKR 67, thereby quoting a total monthly unit rate of PKR 45,511 per guard. The Answering Respondent maintains that its bid is workable, commercially viable, and compliant with the applicable wage requirements, and denies that it is abnormally low or compromises workers' statutory rights. The Appellant's proposed hourly calculation and asserted minimum threshold of PKR 54,594 are disputed as unsupported by the prescribed bidding criteria and based on a different tax calculation methodology.

21. The counsel of the Respondent (Piffers) further submitted that, under Section 153(1)(b) read with Section 153(1A) of the Income Tax Ordinance, 2001, and the applicable provincial sales tax legislation, the tax treatment of service consideration must be distinguished from statutory wage disbursements and labour-related contributions. Further contended that the wage, EOBI, and PESSI components are pass-through disbursements intended for security personnel and the relevant statutory institutions, rather than income or administrative remuneration retained by the service provider. It accordingly maintains that PST at 16% and withholding tax at the stated rate of 6% should be calculated on the administrative/service fee of PKR 900, yielding PKR 144 and PKR 54 respectively, subject to the

applicable statutory provisions. Taxing the wage component in the manner proposed by the Appellant, according to Respondent No. 03, would unnecessarily burden the contractual cost and potentially prejudice the payment of statutory minimum wages.

22. The counsel of the Respondent (Piffers) further added and relied upon the judicial authorities cited in its reply, namely *M/s Security & Management Services (Pvt.) Ltd. v. Sindh Revenue Board*, 2018 PTD 1917, 2021 PTD 132, and 2023 SCMR 360, in support of its contention concerning the distinction between taxable service consideration and pass-through disbursements. The Answering Respondent submits that the Appellant's calculation of PKR 54,594 per guard improperly applies PST and withholding tax to the entire wage and statutory contribution components, thereby inflating the evaluated cost and potentially imposing an unnecessary burden on the public exchequer. It maintains that its administrative fee of PKR 900 per guard per month is commercially viable for the contract involving 150 guards and that its bid offers value for money without compromising the prescribed remuneration of security personnel.

23. The counsel of the Respondent (Piffers) further argued that the GRC examined the financial proposals and disputed tax calculations before passing its order dated 20.08.2026, and that Respondent Nos. 01 and 02 evaluated the bids in accordance with Rules 29, 30, and 36(b) of PP Rules, 2004, and the disclosed bidding criteria. The allegations of favouritism or bias are unsubstantiated, and the Appellant's tax methodology cannot be justified by past invoicing practices or market conventions. Furthermore, it maintains that its bid is viable and that the procurement achieved transparency, equal opportunity, and value for money under Rule 4 of PP Rules, 2004, while the Appellant's

proposed calculation would unnecessarily inflate the procurement cost. Moreover, the Respondent further relies upon the judgment of the Honourable Supreme Court of Pakistan **(2023 SCMR 1776)**, wherein the Court held, inter alia, that reimbursable expenses, including salaries paid by the employer to employees, do not constitute consideration for the service rendered and are not subject to sales tax merely because they are included in the invoice. The Court clarified that sales tax on services is leviable on the consideration for the service provided and not on salaries paid to employees.

24. The counsel of the Respondent (Piffers) also submitted that, as the impugned GRC order dated 20.08.2026 is stated to be a reasoned administrative decision complying with Section 24-A of the General Clauses Act, 1897, and Rule 48 of PPR, 2004, having addressed the disputed tax calculation and recorded reasons for rejecting the complaint. Accordingly supports the GRC order and the Final Evaluation Report dated 12.08.2026 declaring it the Most Advantageous Bidder under Rule 2(1)(h) read with Rule 38 of the PP Rules, 2004, hence request for dismissal of the instant appeal.

25. After perusal of all available record and arguments rendered by the all the parties, the Appellate Committee ("the Committee") observed that the Respondent i.e., National Database and Registration Authority (NADRA) initiated Tender No. RHO NADRA/SGD/05/2026 for hiring 150 ex-servicemen/civilian trained armed security guards for its Regional Headquarters. The tender was published on 11.04.2026, advertised on EPADS on 12.04.2026 and on NADRA's website on 13.04.2026 under the Single Stage Two Envelope Procedure prescribed under Rule 36(b) of the Public Procurement Rules, 2004 ("the Rules").

26. The principal controversy concerns the financial viability of the accepted bid, particularly the treatment of minimum wages, EOBI and PESSI contributions, Punjab Sales Tax, withholding tax and service charges. The Appellant calculated the minimum monthly cost at PKR 54,594 per guard, whereas NADRA and Piffers maintain that sales tax and withholding tax are chargeable on the service or management fee rather than on wages and statutory contributions, relying upon the applicable tax legislation and the judgment of the Honourable Supreme Court of Pakistan reported as ***2023 SCMR 1776***.

27. The Committee observed that neither party's proposed tax calculation can be accepted without verification of the applicable statutory provisions, taxable base, rates and relevant contractual arrangements. The previous invoicing practice relied upon by the Appellant does not, by itself, establish the correct tax treatment for the present procurement. NADRA must determine the applicability of the cited judgment and explain the methodology adopted for evaluating the financial bids. The apparent discrepancy in Piffers' calculation of withholding tax, stated as PKR 67 against a management fee of PKR 900 at 6%, also requires verification.

28. The Committee also observed that the Appellant's objection, that the accepted rate is insufficient to meet the prescribed minimum wage of PKR 40,000, EOBI of PKR 2,000, PESSI of PKR 2,400 and other applicable obligations. The Appellant's asserted minimum threshold of PKR 54,594 is disputed by the Respondents. Accordingly, NADRA shall verify the applicable minimum-wage notification, statutory contributions, taxation requirements and all relevant cost components to determine whether the accepted bid complies

with the bidding documents and applicable law and is capable of fulfilling the contractual obligations.

29. The Appellant also questioned the bidding documents' requirement of "7 Days a Week (12 Hrs)," contending that the working-hours arrangement, overtime treatment and corresponding wage calculation were not adequately specified. The Committee considers it necessary to determine whether the prescribed deployment arrangement complies with applicable labour laws and whether all bids were evaluated on a uniform basis. Any material ambiguity affecting the preparation or comparison of bids must be addressed in accordance with law, without introducing undisclosed evaluation criteria.

30. Regarding the Appellant's requests for clarification through EPADS, the parties dispute whether the requests were submitted before the bid-submission deadline of 29.04.2026. The Committee observed that the relevant electronic record, timestamps and NADRA's responses must be examined to determine whether the material questions concerning taxation and statutory contributions were adequately addressed. The applicable provision governing clarification shall also be verified before recording any violation.

31. The Committee further observed that the objections concerning financial viability, statutory obligations, taxation methodology, working hours and clarification of material bidding terms require a reasoned determination based on the actual evaluation record. NADRA must demonstrate that the disclosed criteria were applied consistently and that the GRC adequately addressed the material grounds of grievance. Any failure in this regard would be inconsistent with the

requirements of transparency, fairness and evaluation in accordance with the bidding documents and applicable law.

32. The Committee finds that the Appellant's objection regarding an abnormally low bid warranted specific consideration under Clause 36.2 of the Instructions to Bidders. The Appellant relied upon Piffers' quoted rate, the alleged absence of a profit/service charge, the statutory cost components and NADRA's estimated annual cost of Rs.104,796,000. Although a low price or nil profit margin does not automatically render a bid non-responsive, NADRA was required to demonstrate that the prescribed price analysis and verification had been undertaken where Clause 36.2 was attracted. The material reproduced in the record does not sufficiently establish the nature and outcome of such scrutiny.

33. In light of above, the Committee finds that material issues remain unresolved regarding the interpretation of the 12-hour service requirement, the corresponding staffing arrangements, applicable minimum wages, statutory contributions and tax treatment, scrutiny under Clause 36.2, and the adequacy of the GRC's reasoning. These deficiencies raise concerns under Rules 4, 29 and 30(1) of the PP Rules, 2004 and require fresh examination. However, the present record does not justify conclusively declaring Piffers' bid non-responsive, accepting the Appellant's calculations as definitive or declaring mis-procurement under Rule 50 without further examination.

34. For the foregoing reasons, the Committee, finds that the impugned Final Evaluation Report dated 12.08.2026 and the consequential GRC order dated 20.08.2026 cannot be sustained in their present form, therefore, the same are hereby *set-aside*, as the material issues affecting the comparability

and legality of the financial bids have not been adequately resolved in accordance with the bidding documents and applicable law. Accordingly, the Appeal in hand is ***partially allowed***, and the matter is remanded to the Respondent i.e., NADRA for fresh evaluation / re-evaluation, with directions to determine the scope of the 12-hour, seven-days-a-week requirement by collectively examining the Scope of Work, Schedule of Requirements, Instructions to Bidders, Bid Data Sheet and Price Schedule, without retrospectively introducing any undisclosed criterion; verify the applicable minimum-wage notifications, lawful working hours, staffing arrangements and compliance with labour laws, EOBI, PESSI/social security and other statutory obligations at the relevant deployment locations; and examine the wage, tax, statutory contribution and service-charge components of the relevant bids on a consistent basis in accordance with the bidding documents, applicable legislation and binding judicial precedents. The tax judgment relied upon by the Respondents is relevant in the instant case and shall be applicable on the calculations of applicable taxes.

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

(Abdul Majeed)
Sr. Specialist (M&E)
(Member)

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

Dated: 12th October, 2026

Each page of the order has been signed by all members of the Committee. The order comprises sixteen (16) pages.