

Ref: Trittech/BU/RFPA-02

Date: August 20, 2022

To
The Vice Chancellor
BRAC University

Attn: The Project Director
BRAC University New Campus

Contract Ref. No: BRACU/New Campus/2021/188

Date: August 22, 2021

Subject: Request for adjustment of contract price for the unreasonable hike due to Pandemic and War situation

Dear Sir,

Referring to the above subject, we are facing serious difficulties to handle the project due to significant increase in material prices and freights which need your sincere attention. I would like to clarify you the impact of these price escalations in our project as below,

Price Increment due to Material Price:

Since September 2021, the metal prices have increased more than 40%-60%, as because all our HVAC Equipment & accessories are directly dependent with the price of metals (GP Sheet, Coppers, and Steel etc) the suppliers have increased the price of their products from 9% to even 60%. We are enclosing the product wise scenario of this increment for your better understanding.

This price increased due to the shortage of raw materials, pandemic situation and finally for the Ukraine war, which would cause us an estimated loss of over **US\$ 900,000** against all products.

For the sake of the project, we have made several arrangements with our trusted suppliers to assure the payment and make the shipments. We hope Brac would appreciate our efforts to make the project successful and support us to avoid the unbearable loss.

Price Increment due to Freight Price:

The shipping cost have also broke all the previous records and increased unrealistically; earlier this year (January/ February 2022) the cost hit the highest when it increased 3-4 times compared to September 2021, fortunately the container cost came down a bit during the time of the order confirmation but still it's more than **US\$ 250,000** from our budget that we estimated at the time of signing the contract. We have absolutely no room to bear this additional freight cost.

Price Increment due to Increase of Quantity of Materials:

There are items like Pipes & Insulations that increased more than 100% from the contract BOQ due to the change in design and some miscalculation. We were already at loss due to 50% increase of metal price and this increment in quantity resulted a further loss to us. We will lose more than **US\$ 100,000** for this increment due to miscalculation during the design stage and preparation of Tender BOQ.

There were some Non Tender Items that we quoted at current market price (December 2021) after the initial price hike but unfortunately it took more than 4 months (April 2022) to finalize these items and we missed all the chances to enjoy the profit due to further increase in the price.

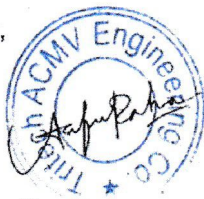
BRAC University project was a challenging job for us from the very beginning, we took it at marginal profit hoping this esteem reference project would bring more projects for us, we still believe in this. But unfortunately the unrealistic price increment for materials & shipping have jeopardised all our calculation and it's no more a feasible project. **The estimated loss for the above reasons is around US\$ 1,250,000!**

We are therefore requesting a price increment of at least 25% on the imported item price, equivalent to BDT 10.0 Crore.

Also, you are requested to exclude the electrical cable works from our scope since the BOQ & size isn't finalized yet as per the shop drawing. The current market price is more than 50% higher than our quoted price and this is impossible for us to supply conceding such big loss.

Please understand we are in dire situation and without the increment in contract price we might have to stop working in the project at this situation. Your favourable response to our appeal would settle the situation and assist us to execute the job.

Sincerely,



Sheikh Asifur Rahman
Proprietor
Tritech ACMV Engineering Company.



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