



COMPETITION COMMISSION OF INDIA

Suo Motu Case No. 03 of 2019

In Re: Alleged bid-rigging in Tenders invited by Department of Printing for printing, packing and dispatch of confidential documents

M/s Chandra Prabhu Offset Printing Works Pvt. Ltd.
10, DSIDC Complex, Mata Sundari Road,
New Delhi-110002

Opposite Party No. 1

M/s Saraswati Offset Printers Pvt. Ltd.
Saraswati House, A-5, Naraina Industrial
Area, Phase-II, New Delhi-110028

Opposite Party No. 2

M/s United India Tradex Pvt. Ltd.
910, Pocket "C", IFC, Wholesale Paper
Market, Gazipur, New Delhi-110096

Opposite Party No. 3

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

Order under Section 26(6) of the Competition Act, 2002

1. The present case originated from complaints received by the Commission alleging co-ordination amongst Chandra Prabhu Offset Printing Works Pvt. Ltd. ('**Chandraprabhu**'), United India Tradex Pvt. Ltd. ('**United India Tradex**') and Saraswati Offset Printers Pvt. Ltd. ("**Saraswati**") (hereinafter collectively referred to as '**Opposite Parties**') in rigging bids in three Tenders, viz Tender No. L-15057/3/2013 ('**Tender No. 1**'), Tender No.15015/7/2015 ('**Tender No. 2**') and Tender No. MSDE-18021/4/2015-TTC ('**Tender No. 3**') issued by Department of



Printing, Ministry of Urban Development for printing, packing and dispatch of confidential documents. The co-ordination has been alleged to be in contravention of the provisions of Section 3(3)(d) read with Section 3(1) of the Competition Act, 2002 (“Act”).

Background

2. As per the complaints, bids in respect of the following tenders were allegedly rigged:
 - a. Tender No. 1, dated 18.12.2014, issued by Department of Printing, Ministry of Urban Development on behalf of the Indenting Department, for packing and dispatch of confidential documents (4,50,00,000 pages).
 - b. Tender No. 2, dated 29.05.2015, issued by Directorate of Printing, Ministry of Urban Development on behalf of the Indenting Department for packing and dispatch of question papers (4,00,00,000 leaf).
 - c. Tender No. 3, dated 14.10.2015, for translation (per page); printing, packing, delivery of question papers (per leaf); printing, packing & delivery of OMR sheets (per sheet) issued by Directorate General of Training, Ministry of Skill Development and Entrepreneurship.
3. It was alleged in the complaints that Chandrababhu, through its Directors, and in connivance with United India Tradex and Saraswati, conspired to fix rates in bids submitted in tenders floated by the aforementioned procurer, namely Department of Printing, New Delhi. It was further alleged that for Tender No.1, Chandrababhu, United India Tradex and Saraswati had colluded at the time of submitting the bids and it was pre-determined that Chandrababhu would submit the lowest bid. Chandrababhu also transferred funds from its account in favour of the other two bidders, *i.e.* United India Tradex and Saraswati for the aforesaid alleged conduct.
4. In addition to the material submitted alongwith the complaints pertaining to all the three Tenders, the Commission collected information/documents from the Ministry of Urban Development with respect to Tender No. 1 and Tender No. 2. The



Commission also collected information from the Ministry of Skill Development and Entrepreneurship with respect to Tender No.3.

5. As per the Tender Summary Report of Tender No. 1, following Companies participated in the tender process:
- Chandraprabhu
 - United India Tradex
 - Saraswati
 - Personal Graphics & Advertisers Pvt. Ltd., New Delhi.

After evaluation of technical bids, United India Tradex was disqualified on the grounds of improper sample and Earnest Money Deposit ('EMD'). The rates quoted by other three bidders were as under:

Table A: Tender No.1

S.No.	Name of the Company	Rates Quoted (in ₹)
1.	Chandraprabhu	2.23 (L1)
2.	Saraswati	2.30 (L2)
3.	Personal Graphics & Advertisers Pvt. Ltd., New Delhi	2.75 (L3)

6. As per the Tender Summary Report of Tender No. 2, following Companies participated in the Tender process:
- Chandraprabhu
 - Saraswati
 - Aadarsh Private Limited
 - Gopsons Printers Private Limited

Out of the four bidders, Aadarsh Private Limited was disqualified since it did not fulfill the technical criteria. The rates quoted by other three bidders were as under:



Table B: Tender No.2

Sr.No.	Name of the Company	Rate Quoted (in ₹.)
1.	Chandraprabhu	2.19 (L1)
2.	Saraswati	2.3 (L2)
3.	Gopsons Printers Pvt. Ltd	2.52 (L3)

7. In Tender No. 3, following Companies participated in the Tender process as per the Tender Summary Report:

- a. Chandraprabhu
- b. Saraswati
- c. Lynx Designers & Creators Pvt. Ltd., Noida UP.
- d. Aegean offset Printers, Greater Noida, UP.
- e. Sarvatra IT Services Pvt. Ltd., New Delhi.
- f. Manipal Technologies Ltd., Manipal Karnataka

8. Out of all the six firms only three firms were found to be technically qualified by the procurer during bid evaluation process. The rates quoted by these firms were as under:

Table C: Tender No. 3

Sr. No.	Name of the Company	Rate Quoted (in ₹)
1.	Chandraprabhu	5.87 (L1)
2.	Saraswati	16.90 (L2)
3.	Lynx Designers & Creators Pvt. Ltd.	328.86 (L3)

9. Upon perusal of bank statements of Chandraprabhu obtained from Oriental Bank of Commerce (“OBC”) for the period from 2014 to 2018, it was observed that a total amount of ₹10,02,32,906/- was transferred by Chandraprabhu (L1 in all the three Tenders) to United India Tradex (bidder failing technical evaluation in Tender No. 1) from 12.02.2014 to 01.12.2015. Further, a total amount of ₹67,68,000/- was



transferred by Chandrababhu to Saraswati on various dates such as on 28.07.2014, 06.01.2015, 21.04.2016 and 02.03.2017. The bank statements also revealed that some payments were made by Saraswati to Chandrababhu and by United India Tradex to Chandrababhu, which indicated apparent connections between bidders

10. Annual Reports and other information of these entities obtained from MCA 21, revealed the following:

- a. Directors of Chandrababhu and their Shareholding as per Annual Reports of 2014-2015, 2015-16, 2016-2017 and 2017-18:

Table D

Sr. No.	Director	% Shareholding
1	Karan Vir Aneja	25
2	Deepak Aneja	25
3	Abhishek Jain	25
4	Kalpana Jain	25

- b. Directors of United India Tradex and their Shareholding as per Annual Reports of 2014-2015 and 2015-2016:

Table E

Sr. No.	Director	% Shareholding
1	Karan Vir Aneja	60
2	Deepak Aneja	40

From the aforesaid, it can be inferred that both the Directors as well as shareholders of United India Tradex, were amongst the Directors and shareholders of Chandrababhu also.

11. In the Annual Reports of Chandrababhu for the year 2015-16, 2016-2017, 2017-2018, it has been stated that United India Tradex was an enterprise over which Key Managerial Personnel of Chandrababhu had significant influence.
12. Mrs. Saroj Agarwal, one of the Directors of Saraswati, holding 23.05% Equity Shares (as per its Annual Report of 2015-2016), was paid a total amount of



₹6,81,591/- by Chandraprabhu. Further, in the Annual Report of 2014- 2015 of Saraswati, it is stated that United India Tradex is its sundry creditor as on 31.03.2015 with an outstanding amount of ₹4,71,30,003/-.

Order under Section 26(1) of the Act

13. Considering the above, the Commission was *prima facie* satisfied that Chandraprabhu and United India Tradex though purportedly competing in the market, were owned and/ or managed by the same set of people and funds were exchanged amongst them on various instances. It was also observed that funds were also transferred from Chandraprabhu to Saraswati during 2014-2017. Further, L1 and L2 bids were quoted by the same bidders in all the three Tenders. The Commission was of the *prima facie* opinion that despite being competitors, these companies have taken advantage of their close linkages to manipulate the process of bidding in respect of the tenders floated by the Department of Printing. Accordingly, the Commission passed an order dated 18.07.2019 under Section 26(1) of the Act directing the Director General ('DG') to cause an investigation into the matter and submit its report. The Commission also directed the DG to investigate the role of the persons/officers who were in charge of and were responsible for the conduct of business of the contravening companies.

Findings of Investigation

14. After seeking due extension of time, the DG submitted the Investigation Report to Commission on 06.11.2020. Investigation looked into the allegations raised in the order under Section 26(1) of the Act in order to examine the conduct of the Opposite parties in the three impugned tenders. The investigation also collected information from Directorate of Printing and Directorate General of Training regarding similar tenders from 2011 to 2019 including the bid details, details of bidder, tender summary and details regarding award of tender, etc. A summary of findings of the investigation is as under:



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- a. In all the three tenders under investigation, investigation revealed that Chandraprabhu and Saraswati were L1 and L2 bidders respectively, whereas United India Tradex participated only in Tender No.1 and was disqualified on scrutiny of technical bid. A summary of the bid rates quoted by each of the Opposite Parties and their status is tabulated as under:

Table F

	Bid by Chandraprabhu (In ₹)	Bid by Saraswati (In ₹)	Bid by United India	Tender awarded
Tender No.1	2.23 (L1)	2.30 (L2)	Technically disqualified	Chandraprabhu
Tender No.2	2.19 (L1)	2.30 (L2)	Did not bid	Chandraprabhu
Tender No.3	5.87 (L1)	16.90 (L2)	Did not bid	Chandraprabhu

- b. The details of each of the Opposite Parties is as under:
- Saraswati:** Saraswati is engaged in the business of printing and binding of books. Mr. Arun Kumar Agarwal and Mr. Amit Agarwal are the Directors of the Company. Mr. Arun Kumar Agarwal, on being examined by the DG, stated that he along with his son Mr. Amit Agarwal are Directors in the company. Earlier Ms. Saroj Agarwal, wife of Mr. Arun Kumar Agarwal was the Director in Saraswati. Ms. Saroj Agarwal expired on 06.07.2019. It was also mentioned that Mr. Arun Kumar Agarwal takes final decision regarding day to day affairs of Saraswati including the decision regarding preparation of bid, uploading and submission of bids in government tenders.
 - United India Tradex:** United India Tradex deals in the sale of writing, printing paper and paper board. It also undertakes tenders relating to printing order and general supplies to the Government departments. The



Directors of United India Tradex are a) Deepak Aneja; b) Karan Vir Aneja; c) Himali Aneja; and d) Vandana Aneja. In its response to the questionnaire by the DG, it has been stated that Mr. Deepak Aneja is the key person involved in taking the final decisions regarding tenders. It was revealed that United India Tradex does not have a printing press of its own and outsources the printing works, in case, it gets any tenders. Mr. Deepak Aneja also mentioned that in 2011, he opened a new firm by the name of Chandraprabhu on the land purchased in 2010. In this, he along with Mr. Karan Vir Aneja, Mr. Abhishek Jain and Ms. Kalpana Jain are the Directors. However, Mr. Deepak Aneja is not involved in the day to day affairs of Chandraprabhu.

iii. **Chandraprabhu:** Chandraprabhu is a private limited company and has four Directors, namely Mr. Abhishek Jain, Karan Vir Aneja, Deepak Aneja and Kalpana Jain and is engaged in all type of printing and confidential work for the Government of India. In its response submitted during the course of investigation, it has been mentioned that there are no business and commercial links with other companies. It has also been stated that the final decision regarding tenders is taken collectively by Mr. Karan Vir Aneja and Mr. Abhishek Jain. It has also been revealed that Chandraprabhu often delegates some of its work to Saraswati in case of excess workload and that Chandraprabhu also sells printing paper to Saraswati. Mr. Arun Kumar Agarwal, Director of Saraswati in his statement before the DG, stated that he knew Mr. R.C. Jain of Chandra Prabhu for the past 20-25 years. He also mentioned that Mr. Jain's son is currently looking after the business. He also stated that Chandraprabhu and Saraswati sell and buy paper from each other as per need basis and also help to complete excess printing work. Mr. Deepak Aneja was asked whether he knew Saraswati and whether he had any money transactions with Saraswati and its officials. Mr. Aneja stated that Saraaswati is his client and their firm supplies paper to Saraswati. He



also mentioned that United India Tradex does not do any other business with Saraswati except for sale of paper.

c. **Related Parties under the Companies Act:** The investigation also examined the relationship between Chandraprabhu and United India Tradex as related parties as per the provisions of the Companies Act and found that Mr. Karan Vir Aneja and Mr. Deepak Aneja hold 60 per cent and 40 per cent shareholding, respectively, in United India Tradex. Mr. Karan Vir Aneja and Mr. Deepak Aneja hold 25 per cent shareholding each in Chandraprabhu as well. Investigation thus brought out that United India Tradex and Chandraprabhu are related parties. Further, related party transactions are also mentioned in the annual reports of each of the companies. The investigation has revealed that there are commercial transactions between United India Tradex and Chandraprabhu. The transactions observed between Chandraprabhu and United India Tradex were related to purchase of paper by Chandraprabhu from United India Tradex and loan exchanges between them. Investigation has also brought out that there existed transactions between Chandraprabhu and Saraswati which were related to purchase of paper by Chandraprabhu from Saraswati and loan exchanges between them. Investigation, thus revealed that the Opposite Parties were closely linked.

d. **Similar other tenders:** The investigation also looked at other similar tenders floated by Department of Printing to find out the role of Opposite Parties in similar tenders. During investigation, Department of Printing provided details of two other earlier tenders. In one of these two tenders (03.05.2012), the DG found that L1 was Chandraprabhu and L3 was Saraswati. As per the investigation, United India Tradex had participated in only one tender, i.e Tender No.1 and Chandraprabhu and Saraswati informed that they participated in four tenders out of which three tenders have been investigated in the present case. In the fourth tender dated 08.07.2014, Saraswati was L-1



and Chandraprabhu was L-2. Tender was awarded to Saraswati. This tender was few months before Tender No.1. To ascertain if there was collusion between the Opposite parties, the DG investigated into suspicious transactions during the period 08.07.2014 to 18.12.2014. The investigation revealed that there were two transactions of ₹ 25,00,000/- each for the payment made by Chandraprabhu on 28.07.2014. This was a short-term loan which was returned by Saraswati. There were certain advance payments for purchase of paper. The investigation has also revealed a lot of fund transactions among the Opposite Parties.

- e. **Other bidders in three tenders:** The investigation also looked into details of other bidders in three impugned tenders under the investigation in order to find out any irregularity in the tenders in question. The DG could not find any irregularities in the impugned tenders after considering the responses of other bidders namely Aadarsh Private Ltd., Gopsons Printers Private Ltd., Lynx Designers and Creators Pvt. Ltd., Manipal Technologies Ltd., and Aegean Offset Printers.
- f. **Fund transactions among the Opposite Parties:** Information was also collected from concerned banks to examine the transactions among the Opposite Parties. Bank account statements for the period from 01.04.2013 to 31.03.2019 were examined. It was observed that there were fund transactions among the three Opposite Parties which were either related to sale of paper, printing work order or loan transactions. United India Tradex supplied paper to both Chandraprabhu and Saraswati. Furthermore, United India Tradex also provided funds to Chandraprabhu for its requirements such as payments of taxes, electricity, etc. Whereas the transactions between Chandraprabhu and Saraswati were mostly related to sale of paper and also for printing work orders shared between them. There were also exchanges of interest free loans given by Chandraprabhu to Saraswati.



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- g. The investigation recorded the statements of the Directors of the Opposite Parties to examine their role. The DG also examined the evidences such as bills, ledgers and bank details submitted by the Opposite Parties in support of these transactions. Analysis of these documents by the DG could not reveal any discrepancy in fund transactions among the Opposite Parties.
- h. The investigation revealed close linkages among the three Opposite Parties. The evidence gathered by investigation showed that there are business dealings, funds transactions, loan exchanges, sharing of work orders and personal acquaintances among the Opposite Parties. However, the investigation could not unearth any cogent evidence that could establish contravention of the provisions of Section 3(3) of the Act.
15. The Commission has given a careful consideration to the Investigation Report. This matter was taken up by the Commission on *suo motu* basis to examine whether Chandrababhu, United India Tradex and Saraswati coordinated in rigging bids in Tender No. 1, Tender No. 2 and Tender No. 3 issued for printing, packing and dispatch of confidential documents, which was alleged to be in contravention of the provisions of Section 3(3)(d) read with Section 3(1) of the Act. Upon consideration of the Investigation Report, the Commission notes that in all the three tenders in question, Chandrababhu was awarded the contract. Saraswati was L2 in all three tenders. United India Tradex participated only in Tender No.1 but was disqualified. The Commission notes that the investigation has brought out close linkages between the Opposite Parties on the basis of common directorship, *inter-se* shareholding and commercial transactions between the Opposite Parties in the nature of loan exchanges, fund transfers, sale of paper, etc. The Commission notes that United India Tradex and Chandrababhu are related parties in terms of the Companies Act, 2013. Both the companies have certain common directors as well. The Commission notes that the Opposite Parties *viz.* Saraswati, United India



Tradex and Chandraprabhu are closely linked. The Commission also notes that the *inter-se* dealings between the Opposite Parties are explained to be on account of their historic business linkages and such dealings thus appear to be in usual course of business. Accordingly, there is nothing on record as per investigation to suggest that the Opposite Parties joined hands to manipulate the process of bidding in respect of the aforementioned three tenders. According to investigation, no case of contravention of the provisions of Section 3(3) of the Act is made out in the facts and circumstances of the case. The Commission tends to agree with the findings of the investigation in this regard.

16. Accordingly, the Commission orders the matter to be closed in terms of Section 26(6) of the Act.
17. The Secretary is directed to inform the parties, accordingly.

Sd/-
(Ashok Kumar Gupta)
Chairperson

Sd/-
(Sangeeta Verma)
Member

Sd/-
(Bhagwant Singh Bishnoi)
Member

New Delhi
Date: 12-02-2021