



COMPETITION COMMISSION OF INDIA

Case No. 58 of 2017

In Re:

Association of Registration Plates Manufacturers of India

Having its Office at:

F-119, Mayapuri Industrial Area, Phase-2

New Delhi-110064

Informant

And

1. Shimnit UTSCH India Private Limited

Having its Office at:

8th Floor, Regent Chambers,

Nariman Point, Mumbai,

Maharashtra-400021

Opposite Party No. 1

2. Real Mazon India Private Limited

Having its Office at:

04, Building No. 26,

Nirmal Tower, Barakhamba Road,

Connaught Place, New Delhi -110001

Opposite Party No. 2



3. TEST Security License Plates Private Limited

Having its Office at:

**21-B Vatsa House, Janmabhoomi Marg Fort,
Mumbai, Maharashtra-400001**

Opposite Party No. 3

CORAM

**Mr. Devender Kumar Sikri
Chairperson**

**Mr. S. L. Bunker
Member**

**Mr. Sudhir Mital
Member**

**Mr. Augustine Peter
Member**

**Mr. U. C. Nahta
Member**

**Mr. Justice G. P. Mittal
Member**

Order under Section 26(2) of the Competition Act, 2002

1. The present information has been filed by Association of Registration Plates Manufacturers of India ('the Informant') under Section 19(1)(a) of the Competition Act, 2002 ('the Act') against Shimnit UTSCH India Private Limited (OP-1/ Shimnit), Real Mazon India Private Limited (OP-2/ Real) and TEST Security License Plates Private Limited (OP-3/ TEST) (collectively, 'OPs') alleging, *inter alia*, contravention of the provisions of the Act.
2. The Informant is an association of registration plates manufacturers. It is stated to have filed various cases in High Courts/ Supreme Court for "larger



interest of competition and public interest in the implementation of the High Security Registration Plates (HSRP) Policy’.

3. The information has been filed seeking investigation into the anti-competitive manner through cartelisation of implementation of the mandatory HSRP Policy in various States by the aforesaid OPs.
4. It has been stated that the HSRP Policy was promulgated in the aftermath of the Parliament attack in 2001, which sought to address the lacuna in registration and monitoring of vehicles in the country as the same had led to the usage of counterfeit registration plates over the vehicles and misuse thereof. The Policy is implemented in pursuance to Rule 50 of the Central Motor Vehicle Rules, 1989 and the Motor Vehicles (New High Security Registration Plates) Order, 2001.
5. It is alleged that the OP companies were type-approved on three consecutive days in the year 2001 by the testing agency *i.e.* Central Road Research Institute (CRRRI).
6. It is pointed out that the Hon’ble Supreme Court in *Association of Registration Plates v. Union of India*, WP (C) No. 41 of 2003 decided on 30.11.2004, has held that the State shall have the power to select a manufacturer through notice inviting tender (NIT) and can impose tender conditions, for the purposes of manufacturing, supplying or selling of the HSRP.
7. The Informant has alleged that the tailor-made tender conditions ensured that only the OPs qualified for participation in the bids. It was highlighted that the rates quoted by the OPs in the bids were very high and the same could only be secured through a cartel if there was lack of competition in the selection process.



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8. The Informant has alleged that a pattern was followed by the OPs in procuring the HSRP contracts whereby they connived with the officials of the Transport Departments to come up with tailor-made tender conditions so as to collectively bid and quote high prices to procure the contracts by subverting competition. Subsequently, when open NITs were floated by various States, the OPs were unable to eliminate the other competing HSRP manufacturers at the pre-qualification stage of the bidding process which led to steep fall of HSRP rates in those States. Thus, it is alleged that to circumvent competition and sustain their monopoly in the market, the OPs re-strategized their *modus operandi* and started dexterously quoting lower rates and connived to quote predatory prices in response to NITs.
9. Based on the above averments and allegations, the Informant has sought the following reliefs from the Commission:
- (i) *Direct the Director General to initiate an inquiry/ investigation on the cartel formed by the three companies namely, M/s Shimnit Utsch Pvt. Ltd., M/s Real Mazon Pvt. Ltd and M/s Test Security License Pvt. Ltd (formerly known as Tonnjes Eastern Security Pvt. Ltd.) and its appreciable adverse effect on competition in the HSRP contracts awarded to the same Companies;*
- (ii) *Pass any order or direction which the Hon'ble Commission deems fit and proper.*
10. The Commission has perused the information and the documents filed therewith.
11. The sum and substance of the allegations made by the Informant Association against the OPs essentially centres around the tendering process of various States in awarding HSRP contracts.



12. The Informant has stated that the OP companies have formed a cartel to engage in collusive bidding in various States to get HSRP contracts. It is alleged that OPs have been rigging bids with the connivance of officials of Transport Departments to come up with “tailor-made pre-eligibility criteria” which ensured erection of artificial barriers at the pre-qualification stage for other manufacturers. To buttress the allegation, the Informant has stated that in June 2014, CBI wrote letters to Chief Secretaries of Meghalaya, Mizoram, Arunachal Pradesh, Manipur, Sikkim and Nagaland requesting State Governments to grant requisite sanction in terms of Section 6 of the Delhi Special Police Establishment Act, 1946 for enabling CBI to investigate offences under Section 120B read with 420 IPC and Section 13(2) read with 13(1)(d) of the PC Act against Shri Nitin Shah, Director, Shimnit and some unknown officials of the Transport Departments.

13. Further, the Informant has shown through charts the rates at which tenders were awarded to the OPs in different States over time. Initially, when tenders were floated with “tailor-made” conditions, the OPs were awarded tenders at exorbitant rates in case of north-eastern States whereas after open NITs (*i.e.* without “tailor-made” tender conditions) were floated, the OPs re-strategized their *modus operandi* and started quoting unreasonably lower/ predatory rates for securing contracts. The charts containing the details provided therein are excerpted below:

Before Open Tender

States	Year	Rates		
		2W	LMV	MCV/HCV
Meghalaya	2008		924	2044
Karnataka	2008		627.75	1336.5
Goa	2008		696	1578
Rajasthan	2008		555	1130
Mizoram	2008		924	2044



After Open Tender

States	Year	Selected Manufacturer	Rates		
			2W	LMV	MCV/HCV
Andaman & Nicobar Islands	2011	Real Mazon	212	328	328
Jammu & Kashmir	2012	Real Mazon	169	401	401
Chandigarh	2012	Real Mazon	79	183	189
Rajasthan	2012	Real Mazon	75	220	232

14. It is also alleged that owing to aforementioned reasons, various States (Goa, Rajasthan, UP and Karnataka) cancelled the contracts initially awarded in favour of Shimnit (one of the OPs).
15. From the above detailed factual matrix, it is evident that the *substratum* of allegations made by the Informant rests upon “tailor-made” tender conditions which have been allegedly incorporated in the tenders floated by various State Governments for awarding HSRP contracts. These conditions are stated to be included with the connivance of officials of Transport Departments. The process for initiation of CBI investigation in this regard appears to have been set in motion.
16. The Commission notes that the Informant has made unique allegations against the OPs. Initially, when these companies quoted exorbitant rates, the Informant alleged cartel formation by them. Subsequently, when the tender conditions were eased, the Informant has alleged that they started abusing their dominant position through predatory pricing.
17. From the averments made in the information, it is observed that the OP companies succeeded in getting contracts initially when tender conditions were favourable to them and most of such tenders pertain to the year 2009 or earlier period. In fact, the Informant has mentioned that some of such contracts



were subsequently cancelled by the respective State Governments. Post-relaxing of norms, prices have fallen and other manufacturers have got contracts as well. This is reflected from the chart furnished by the Informant itself which clearly indicates that other manufacturers have got tenders in various States:

States	Year	Selected Manufacturer	Rates		
			2W	LMV	MCV/HCV
West Bengal	2011	M/s Celex	282	441	469
Himachal Pradesh	2011	M/s Link Utsav	105	304	315
Punjab	2012	M/s Agros	100	295	315
Madhya Pradesh	2012	M/s Link Utsav Auto System Pvt. Ltd.	98.65	296.03	228.19
Uttarakhand	2012	Link Utsav HSRP Pvt. Ltd.	215.78	373.23	293.87
Pondicherry	2012	M/s Promuk	105.55	369.83	345.83
Delhi	2012	M/s Rosmerta HSRP Ventures	61.25	189.55	195.55
Haryana	2012	M/s Link Utsav	107.02	321.91	247.19
Bihar	2012	M/s Link Point	131	335	310
Gujarat	2012	M/s Agros	95	295	280

18. On a careful consideration of the matter, the Commission is of the opinion that the allegation made by the Informant does not make out any specific case of bid rigging in any State tender post-2009. No conduct nor any evidence amongst the OPs post-2009 has been detailed in the information. The allegations, at the most, may indicate misconduct by public officials in connivance with some of the persons associated with bidding entities as also *hawala* transactions through shell/ front companies, however, same does not concern the Commission and cognizance of the same has already been taken by the Government and the CBI.



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19. In view of the above, the Commission holds that no case of contravention of the provisions of the Act is made out against the Opposite Parties and the information is ordered to be closed forthwith in terms of the provisions contained in Section 26(2) of the Act.
20. The Secretary is directed to communicate to the Informant, accordingly.

Sd/-
(Devender Kumar Sikri)
Chairperson

Sd/-
(S. L. Bunker)
Member

Sd/-
(Sudhir Mital)
Member

Sd/-
(Augustine Peter)
Member

Sd/-
(U. C. Nahta)
Member

Sd/-
(Justice G. P. Mittal)
Member

New Delhi
Date: 14/11/2017