



सत्यमेव जयते



P.R. No. _____/ 2018

01.05.2018

PRESS RELEASE

Lesser Penalty Provisions aid CCI to bust cartel in tenders of Pune Municipal Corporation

The Competition Commission of India ('CCI') passed final order imposing penalty on six firms - Fortified Security Solutions ('Fortified'), Ecoman Enviro Solutions Pvt. Ltd. ('Ecoman'), Lahs Green India Pvt. Ltd. ('Lahs Green'), Sanjay Agencies, Mahalakshmi Steels ('Mahalakshmi') and Raghunath Industry Pvt. Ltd. ('Raghunath') for bid rigging/ collusion in five tenders floated by Pune Municipal Corporation during the period December 2014 to March 2015 for "Design, Supply, Installation, Commissioning, Operation and Maintenance of Municipal Organic and Inorganic Solid Waste Processing Plant(s)". Under the provisions of Section 46 of the Competition Act, 2002 ('the Act') read with the Competition Commission of India (Lesser Penalty) Regulations, 2009 ('Lesser Penalty Regulations') CCI reduced penalty on four bidders *i.e.* Mahalakshmi, Lahs Green, Sanjay Agencies and Ecoman.

The case against these firms was initiated on the basis of an information filed under Section 19(1)(a) of the Act by Nagrik Chetna Manch. During investigation, all six firms approached CCI as lesser penalty applicants.

From the evidence gathered during the investigation, CCI found that there was bid rigging/ collusive bidding in the Tender nos. 34, 35, 44, 62 and 63 of 2014 for 'Design, Supply, Installation, Commissioning, Operation and Maintenance of Municipal Organic and Inorganic Solid Waste Processing Plant(s)' in contravention of Section 3(3)(d) read with Section 3(1) of the Act. Further, CCI also found meeting of mind and co-ordination between various individuals which included the proprietor/ partner/ director of the firms to rig the tenders by way of submitting proxy/ cover bids.

Considering contravention of provisions of the Act, an amount of INR 13.07 Lakhs, INR 45.20 Lakhs, INR 42 Lakhs, INR 1.51 Crores, INR 3.36 Crores and INR 30.55 Lakhs was computed as leviable penalty on six firms *namely* Fortified, Ecoman, Lahs Green, Sanjay Agencies, Mahalakshmi and Raghunath, respectively, in terms of Section 27 (b) of the Act. CCI imposed penalty on firms at the rate of 10 percent of their profit for the years 2012-13, 2013-14 and 2014-15 *i.e.* three years preceding



the year in which collusion took place. Additionally, considering totality of facts and circumstances of the case, penalty leviable on individual officials of four firms *namely* Ecoman, Lahs Green, Sanjay Agencies and Raghunath was computed at the rate of 10 percent of their average income for the same three years. No penalty was imposed on individuals of Fortified and Mahalakshmi as these are proprietorship firms.

Keeping in view the *modus operandi* of the cartel, the stage at which the lesser penalty application was filed, the evidences gathered by the DG independent of Lesser Penalty Application and co-operation extended in conjunction with the value addition provided in establishing the existence of cartel, CCI granted Mahalaksmi and Lahs Green and their individuals 50 percent reduction in penalty than otherwise leviable on them. Sanjay Agencies and Ecoman, along with their individuals, were granted 40 and 25 percent reduction in penalty respectively. Pursuant to reduction, penalty imposed on Mahalkshmi was INR 1.68 Crores, on Lahs Green was INR 21 Lakh, on Sanjay Agencies was INR 90.64 Lakh and on Ecoman was INR 33.90 Lakhs.
