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COMPETITION COMMISSION OF INDIA

Case No. 25 of 2025

In Re:

Mahesh N R

Informant

And

Bangalore Electricity Supply Company

Opposite Party No.1 (OP-1)

M/s Rajashree Electrical Davangere

Opposite Party No.2 (OP-2)

M/s VR Patil Vividh Vidyuth Nirman Pvt. Ltd.

Opposite Party No.3 (OP-3)

CORAM

**Ravneet Kaur
Chairperson**

**Anil Agrawal
Member**

**Sweta Kakkad
Member**

**Deepak Anurag
Member**

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

1. The Information has been filed by Mahesh N R (**'Informant'**) against Bangalore Electricity Supply Company Limited (**'Opposite Party 1' / 'OP-1'**), M/s Rajashree Electrical Davangere (**'Opposite Party 2' / 'OP-2'**) and M/s VR Patil Vividh



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Vidyuth Nirman (**‘Opposite Party No. 3’/ ‘OP-3’**) (collectively referred as **‘OPs’**), alleging contravention of Section 3 of the Competition Act, 2002 (**‘the Act’**) by way of a concerted and collusive arrangement resulting in bid rigging and exclusionary conduct in the public procurement process.

2. The Informant has stated that he is a consumer of OP-1, who will be forced to pay the Advance Metering Infrastructure (**‘AMI’**) Service Provider charges of Rs 75 per meter per month, once Smart Meters are installed in the jurisdiction of OP-1. This payment would be made to OPs in an allegedly rigged contract at higher prices and would burden the consumers with the price difference, leading to overpayment of several thousand crores.
3. OP-1, is an instrumentality of the State of Karnataka engaged in distribution of electricity, including retail supply, in the State. The distribution area of OP-1, comprises Bengaluru Urban, Bengaluru Rural, Chikkaballapura, Chitradurga, Davanagere, Kolar, Ramanagara and Tumakuru Districts.
4. OP-2, was established in 2009 as a proprietorship firm under the name, Rajashree Electricals-Davangere. It was reconstituted as a private limited company on 25.10.2023. The company undertakes turnkey engineering, procurement and construction (**‘EPC’**) projects to execute all types of electrical works pertaining to distribution and transmission such as cabling, metering, overheads and substations for Karnataka Power Transmission Corporation (**‘KPTCL’**).
5. OP-3, incorporated in 2013 by VR Patil, is engaged in the EPC businesses in Karnataka. It also has a 3-megawatt solar power plant.
6. The Informant has alleged that OP-1, being an instrumentality of the State of Karnataka, is statutorily obligated to adhere to the Karnataka Transparency in Public Procurement Act, 1999 (**‘KTPP Act’**) and the Rules framed thereunder, in all procurement processes involving goods, works, and services. Notwithstanding



this mandate, OP-1, with malafide intent, has deliberately circumvented the provisions of the KTPP Act and the prescribed standard bidding procedures thereunder while issuing the tender floated for the procurement of four lakh Smart Meters per year in the jurisdiction of OP-1, for a period of five years and selection of AMI Service Provider across the State of Karnataka for a period of 10 years.

7. The Informant has alleged that the tender in question was structured in a manner that was not only non-compliant with the statutory framework but was also designed to unduly favour OP-2. The eligibility conditions were tailor-made to ensure that no entity other than OP-2, and its proxy or allied bidder OP-3, could qualify. It is submitted that both the aforementioned entities were acting in concert, under the aegis of OP-1, to restrict entry and manipulate the bidding process.
8. The Informant has alleged that, there is a pattern of the two bidders *i.e.*, OP-2 and OP-3 carrying out similar practices previously with OP-1. This concerted conduct allegedly constitutes a case of bid-rigging and collusive tendering, falling within the meaning of Section 3(3)(d) of the Act. The impugned actions have led to the appreciable effect of eliminating effective competition, inflating procurement costs (by nearly 100% as compared to similar tenders floated in other States), and causing substantial harm to consumer interest and public funds. Moreover, the actions of OP-1 are not only violative of the statutory obligations under the KTPP Act but also amount to facilitation and active participation in the cartel, and attracting liability under Section 3(1) of the Act for facilitating and implementing an anti-competitive agreement.
9. The Informant has mainly relied on four major grounds for breach of the Act, which are as follows:

a. Deviation from the mandatory procurement framework by OP 1

The Informant has alleged that there was deliberate deviation by OP-1, from the mandatory procurement framework under the KTPP Act, and the Standard Tender Documents (Works Format-4) prescribed by the



Government of Karnataka. It is alleged that deviations were not inadvertent but were consciously designed, in concert with OP-2 and OP-3 to foreclose competition. The Informant has stated that contrary to the Works Format-4 (Clause 3.2 d), which permits bidders to rely on the technical credentials and experience of their identified sub-contractors to meet eligibility requirements such as the sub-contractor having the State Government License or having completed 50% of the tender value; the OP-1 tender explicitly disallowed such reliance. The Informant has further alleged that in case of Smart Meter based Information Technology/Telecommunication related experience, the credentials of the sub-contractor were allowed to meet the qualifying criteria of the bidder for the tender. This inclusion/allowance of sub-contractor credentials to meet qualifying requirements for the tender were consciously designed as OP-2 and OP-3 did not have Smart Meter experience.

b. Arbitrary Technical Qualification linked to Prior Execution in Electricity Supply Company ('ESCOM')/ Electricity Distribution Company ('DISCOM')

The Informant has alleged that the tender required bidders to have executed specific quantities of single phase and three phase meters within the last five financial years in ESCOMs or DISCOMs. It is alleged that such a clause is not contemplated in the Works Format-4, whereby it created an artificial condition restricting participation of entities already embedded within Karnataka's electricity distribution ecosystem. The Informant states that as per the requirements of the tender, 50% of the contract value should be supplied in one tender in the last five years. It is stated that the contract value was substituted by estimated annual payment to ensure the contracts awarded to OP-2 and OP-3 could be used to qualify them under the modified criteria.



c. Deletion of Available Tender Capacity ('ATC') Requirement

The Informant has alleged that Clause 3.6 of the Works Format-4 mandates that bidders demonstrate sufficient ATC which OP-1 omitted from the tender in question, thereby eliminating a critical safeguard against over allocation of work to capacity-constrained contractors. The Informant alleges that, based on the publicly available credit rating reports, OP-2 and OP-3 would have failed the ATC test, had the said test been retained.

d. Suppression of Estimated Contract Value

The Informant has alleged that the original estimated annual payment for procurement of supply of four lakh Smart Meters per year for a period of five years and AMI Service provider was Rs. 162.48 crore (inclusive of GST) per year and the total contract value was Rs.571.72 crore. The Informant alleges that, when the project scope was increased to supply four lakh meters per year and provide System Integration Service for eight lakh meters per year for 10 years across the State of Karnataka, the estimated annual payment was arbitrarily reduced to Rs 107.11 crore per year while the total contract value increased to Rs. 997 crore. The Informant alleges that this downward revision of the annual estimated payment and increase in total project cost had no rational basis and was undertaken with the intent of artificially lowering the financial qualification thresholds, particularly in relation to minimum turnover and work experience. The Informant alleges that the actual contract value should be read as Rs. 5,296 crore and estimated annual payment was to be Rs. 1,059 crore.

10. The Informant has alleged that the impugned tendering process has had appreciable adverse effect on competition ('AAEC') within the meaning of Section 19(3) of the Act, *inter alia* through:



- (i) Foreclosure of competition in the relevant market for Smart Meter procurement in Karnataka;
- (ii) Denial of market access to eligible suppliers from other States with proven capabilities;
- (iii) Artificial inflation of prices, resulting in procurement at rates significantly above the prevailing market benchmarks in other States;
- (iv) Limiting and controlling the supply and market in breach of Section 3(3)(b) of the Act;
- (v) Adversely impacting consumer interest and public exchequer, by facilitating overpricing and reducing efficiency in procurement.

11. The Informant has alleged that the OPs have acted in concert with the common objective of manipulating the bidding process, thereby indulging in bid-rigging, collusive conduct, and abuse of public procurement mechanisms in a manner that subverts competition and public interest. The Informant has submitted that the actions of the OPs are not only in violation of statutory procurement law but also constitute a *per se* infringement under the Act.

12. The Informant has prayed for the following interim reliefs under Section 33 of the Act:

- a) Pass an interim order staying the implementation and execution of the contract awarded pursuant to the impugned tender, including any further supply, installation, or billing under the said arrangement; and
- b) Direct OP-1 to refrain from issuing any further purchase orders or making disbursements under the impugned tender, pending final adjudication of the matter under Section 27 of the Act.



13. The Informant has prayed for the following main reliefs:

- a) Declare that the conduct of OPs amounts to an agreement and/or concerted practice in the nature of bid-rigging and collusive tendering, in contravention of Section 3(3)(d) read with Section 3(1) of the Act.
- b) Declare the tendering process undertaken by OP-1 for the procurement of Smart Meters, including the issuance of the work order and execution of the agreement with OP-2 and OP-3 as *void ab initio*, being vitiated by anti-competitive conduct, bid rigging, collusive arrangement, and breach of public procurement norms;
- c) Impose penalty under Section 27(b) of the Act upon OP-2 and OP-3, and any other persons or enterprises found to have participated in the bid-rigging arrangement, to the extent of Rs 1000 Crore or 10% of their average turnover/profit for the last three financial years or of the profits accrued over the next 10 years whichever is higher;
- d) Impose penalty upon OP-1, as a facilitating enterprise, for its role in enabling, designing, and implementing the collusive and exclusionary procurement framework, to the extent of Rs 225 crore or such other sum as may deem just and expedient;
- e) Issue appropriate directions to OP-1 under Section 27(a) read with Section 33 of the Act, mandating the adoption of model bidding documents issued by the Ministry of Power or other competent State and Central agencies, and to implement future tenders in a manner that ensures cost-efficiency, open participation, and compliance with competition norms;
- f) Pass such orders as the Commission may deem fit and proper in the facts and circumstances of the case, including but not limited to monitoring compliance and issuing structural or behavioural remedies to safeguard future procurement markets.

14. The Commission considered the matter in its ordinary meeting held on 08.10.2025 and sought certain additional information from the Informant. The additional



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information was submitted by the Informant on 24.11.2025. The Commission considered the additional information filed by the Informant on 07.01.2026 and decided to pass an appropriate order in due course.

15. The Commission noted that the Informant has made an allegation of violation of Section 3(3)(d) of the Act, which is extracted here for reference:

Anti-competitive agreements

3. (1) No enterprise or association of enterprises or person or association of persons shall enter into any agreement in respect of production, supply, distribution, storage, acquisition or control of goods or provision of services, which causes or is likely to cause an appreciable adverse effect on competition within India.

(3) Any agreement entered into between enterprises or associations of enterprises or persons or associations of persons or between any person and enterprise or practice carried on, or decision taken by, any association of enterprises or association of persons, including cartels, engaged in identical or similar trade of goods or provision of services, which—

...

(d) directly or indirectly results in bid rigging or collusive bidding, shall be presumed to have an appreciable adverse effect on competition:

Explanation—For the purposes of this sub-section, “bid rigging” means any agreement, between enterprises or persons referred to in sub-section (3) engaged in identical or similar production or trading of goods or provision of services, which has the effect of eliminating or reducing competition for bids or adversely affecting or manipulating the process for bidding

16. The critical element of a cartel case, as provided in the explanation to Section 3(3)(d) of the Act is that the agreement should be between parties engaged in identical or similar production or trading of goods or provision of services, which has the effect of eliminating or reducing competition for bids or adversely affecting or manipulating the process for bidding. The Informant's allegation of existence of a cartel amongst the procurer and supplier is based on the assumption that KPPP Act and Rules made therein mandated the use of Standard Tender Documents for procurement of goods, works or services and OP-1 has deviated from the same.



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17. The Commission notes that the KTPP Act and the Rules thereunder do not contain a reference to any Standard Tender Document. Further, amongst the annexures attached to the Information filed by the Informant, is a reference to Government Order No. FD 06 PCL 2006, Bangalore, dated 21.3.2007, wherein it is mentioned as follows:

*“Every Procurement entity under the Government of Karnataka, (as defined in Section 2(d) of the Karnataka Transparency in Public Procurement Act, 1999) shall make use of the Standard Tender Documents for procurement of works given in Annexure I to VII to the Government Order No FD 09 PCL 2004(I) dated 6.8.2005 **with liberty to procurement entity to suitably modify the technical provisions to suit their needs from 1st April 2007.** This order supersedes the provisions contained in the Codes, Manuals or any other orders in this regard.”*

18. In view of the above, the allegation of deviation from the mandatory procurement framework prescribed by the KTPP Act by OP-1 is without merit. This also disposes the allegation of the Informant on prescription of tender conditions by OP-1 in the Smart Meter Tender relating to arbitrary technical qualification, and deletion of available tender capacity. The alleged actions of the OP-1 are *prima facie* within the legal ambit of the KTPP Act and the policy framework.
19. With regard to the allegation of suppression of contract value, the Commission notes that it relates only to OP-1, and no evidence of collusion with any other OPs has been provided to substantiate the same.
20. The Commission further notes that while the Informant has made an allegation of cartelisation in the present matter, no evidence has been furnished on the complicity of OP-2 and OP-3. The information furnished pertains to actions done by OP-1 alone and there is no material provided of any action or conduct of the OP-2 and OP-3. Accordingly, the Commission is of the view that *prima facie* the allegation of cartelisation made by the Informant is without any merit.



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21. The Commission has also examined the allegation of the Informant that the procurement cost in the present Tender is nearly 100% more as compared to similar tenders floated in other States such as Maharashtra, Tripura, Andhra Pradesh, Uttar Pradesh and Chhattisgarh. On the basis of the information provided, the following emerges:

Meter/State	Karnataka	Maharashtra	Tripura	Andhra Pradesh	Chhattisgarh	Uttar Pradesh
Quantity	7,94,000	52,45,917	4,15,647	9,85,894	26,76,427	26,38,211
Life Cycle Cost (In INR)						
Single Phase	14,234.02	10,864	8,973	8,927.8	10570	10,385
Three Phase	21,275.62	17381	17,685	17,296	14,959	16,555
Three Phase with CT	38,584.35	34968	25,110	29,133	42,019	37,756

22. As observed from the above table, the States mentioned not only have large variation in the quantity that has been tendered, there is variation also in the duration of the life cycle for the Smart Meter. For example, Maharashtra and Andhra Pradesh have Life Cycle of Smart Meter for a period of 93 months, Tripura has for 99 months and Andhra Pradesh for 93 months and Chhattisgarh has a life cycle of 120 months. In Karnataka, the life cycle for the meter is taken as 120 months.

23. Viewed in the above backdrop, the contention of the Informant that the cost discovered in the tender is 100% more than in other States is not supported by the facts in the matter. In fact, the rate discovered is comparable to other States even though there is a variation in the Tender Quantity and the life cycle designed in such tenders.



24. Further, the Commission has upheld the freedom of the procurer to determine procurement terms in several matters such as *Shri Kailash Chander Sharma And Coal India Ltd. and Others* (Case No. 40 of 2016), *Suntec Energy Systems And National Dairy Development Board* (Case No. 69 of 2016), *Mr. Dushyant And National Accreditation Board for Testing and Calibration Laboratories* (Case No. 48 of 2021); *XYZ Vs PCMM Integral Coach Factory* (Case No. 18 of 2023) amongst others.
25. In view of the Information provided and the analysis carried out in preceding paragraphs, the Commission is of the opinion that no *prima facie* case of contravention of Section 3 of the Act is made out against the OPs. Accordingly, the Information is directed to be closed forthwith under Section 26(2) of the Act. Consequently, there is no occasion to grant any interim relief as sought by the Informant.
26. The Secretary is directed to share a copy of the Order with the Informant accordingly.

Sd/-
(Ravneet Kaur)
Chairperson

Sd/-
(Anil Agrawal)
Member

Sd/-
(Sweta Kakkad)
Member

Sd/-
(Deepak Anurag)
Member

Place: New Delhi
Date: 25.03.2026