



COMPETITION COMMISSION OF INDIA

Case No. 16 of 2017

In Re:

**Mr. Sreedhar Reddy V.,
SJR Luxuria, Flat no. C-002, Block Jade,
Arekere, Off Bannerghatta Road,
IIM Post, Bangalore,
Karnataka- 560076**

Informant

And

**SJR Enterprises Pvt. Ltd.,
Through Managing Director,
No. 1, 'SJR Primus',
Kormangala Industrial Area,
Kormangala, Bangalore,
Karnataka- 560034**

Opposite Party No. 1

**Bren Corporation Private Limited,
Through Managing Director,
SJR Balavana, No. 61,
5th A Block, Koramangala,
Bangalore, Karnataka- 560095**

Opposite Party No. 2

CORAM

**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 information is filed by Mr. V Sreedhar Reddy (hereinafter, the “**Informant**”) under Section 19(1)(a) of the Competition Act, 2002 (hereinafter, the “**Act**”) against SJR Enterprises Pvt. Ltd. through its Managing Director (hereinafter, “**OP-1**”) and Bren Corporation Private Limited, through its Managing Director (hereinafter, “**OP-2**”) (collectively referred as “**OPs**” / “**Opposite Parties**”) alleging contravention of the provisions of Section 4 of the Act.
2. As per the information, the Informant is a resident at Flat no. C-002, Block Jade, SJR Luxuria, Bangalore, Karnataka. OP-1 is a company incorporated under the erstwhile Companies Act, 1956, having its registered office in Kormangala, Bangalore, Karnataka. OP-1 is engaged in the business of development of Integrated Township (Colony) under the name and style of ‘SJR Luxuria’ in Bangalore. Further, it is noted from the information that the Managing Director of OP-1 and OP-2 is same, *i.e.*, Mr. Boopesh Reddy. The Informant also stated that OP-1 goes with the name of OP-2.
3. It is stated that Shri M.R. Ramesh, Shri M.R. Satish and Shri M.R. Ravi (hereinafter, “**Land Owners**”) are the land owners of the lands bearing Sy. Nos. 100, 100/P1, 101 and 103. OPs entered into a Joint Development Agreement (hereinafter, “**JDA**”) with these land owners for the development of the said lands for construction of residential apartments under the name of ‘SJR Luxuria’. SJR Luxuria is stated to be an integrated township located in Begur Hobli, Bangalore South Taluk, Karnataka.
4. The Informant states that OPs had secured a license and plan sanction from the Bangalore Development Authority (hereinafter, “**BDA**”) for construction of



residential apartments in five blocks in SJR Luxuria, namely, Topaz, Saapphire, Jade, Emerald and Pearl. On 24th November, 2008, the Informant had booked a residential flat in Jade block in 'SJR Luxuria' for a consideration of Rs.57,13,383/- (Rupees Fifty Seven Lakhs Thirteen Thousand Three Hundred Eighty Three only) and the same was paid by the Informant. OPs issued a Construction Agreement and Agreement to sell, executed on 7th December, 2008, to the Informant.

5. The Sale deed was executed on 16th March, 2011 for the said flat by OPs in favour of the Informant and, thereafter, the same was registered. The possession certificate for the aforesaid flat was issued by OPs on 30th April, 2011. However, OPs did not provide the Occupancy Certificate to the Informant as the same was not given by BDA to OPs.
6. The Informant submits that show cause notices dated 16th June, 2012 were received by the Informant and other flat owners from BDA to vacate their flats as construction done by OPs was not in conformity with the sanction plan dated 28th March, 2008.
7. The Informant alleges that OPs were pestering the flat owners for maintenance charges, though certain amenities and services were not provided by OPs, such as main entrance and secondary entrance, furnishing of occupancy certificate for project and revised plan status applied to BDA, club house, earth court, food court and sculpture court with pavilions *etc.* The Informant, on refusal to pay such maintenance charges, was threatend by OPs.
8. In view of above, the Informant alleges that the OPs have abused their dominant position under the provisions of Section 4 of the Act.



9. Thus, based on the above facts and circumstances, the Informant has prayed before the Commission, *inter alia*, to direct OPs to settle the dispute with BDA and to provide legal possession of the said flat to the Informant. It is also prayed that compensation and costs by OPs for inconvenience and harassment be given to the Informant.
10. The Commission has analysed the information filed by the Informant and material available on record and found that the Informant is primarily aggrieved by show cause notices issued by BDA to flats owners, due to the ongoing dispute between OP-1 and BDA, and also unfair practice adopted by OPs, such as, pestering the Informant for the payment of maintenance charges without providing certain amenities and services.
11. The Commission, at the outset, notes that, though the Informant has made allegations against both OP-1 and OP-2 conjointly in his information, however, a bare perusal of the information and the documents annexed therewith clearly shows that OP-2 is nowhere involved in the contract entered into between the Informant and OP-1 and has been impleaded as a party in the information by the Informant due to his misconceived notion that OP-1 and OP-2 are one and the same legal entity. As stated above, the two companies are separate though under a common management. Hence, since no specific allegations have been made against OP-2, the Commission is of the opinion that no *prima facie* case of contravention of the provisions of the Act is made out against OP-2 in the matter.
12. Next, the Commission notes that for the purpose of examining the allegations of the Informant against OP-1 under the provisions of Section 4 of the Act, it is necessary to determine the relevant market at the first instance. Thereafter, it is required to assess whether OP-1 enjoys a position of strength to operate independently of the



market forces in the relevant market. If dominance of OP-1 is established in the relevant market, then the question of examining the allegations of abuse of such dominance would arise.

13. The relevant market, as per Section 2(r) of the Act is to be defined in the form of relevant product market and relevant geographic market.
14. In the information, the Informant has submitted that ‘SJR Luxuria’ is an integrated township. However, based on the information available in public domain, it is found that SJR Luxuria is a real estate project with 2 and 3 BHK apartments situated on Arekere, Bannerghatta Road, Bengaluru constructed on an area of 8 acres¹ divided into 5 apartment blocks with 6 floors each. In relation to definition of integrated township, the Commission observes that integrated townships are mini cities, on the outskirts of big cities which offer essential facilities like housing, education, work place, shopping, healthcare *etc.*². SJR Luxuria is a project with limited number of flats without offering facilities associate with the integrated township. Therefore, the said project cannot be termed as Integrated Township.
15. The Commission further observes that the allegations in the instant case relate to purchase of a flat by the Informant in ‘SJR Luxuria’. Thus, the relevant product in the present matter is a residential apartment/ flat which is different from a plot of land or a commercial space. It may be noted that a plot of land or a commercial space cannot be considered substitutable with a residential apartment by the consumers because of difference in price and intended use. Therefore, the Commission considers the market for “*the provision of services for development*

¹ <http://www.99acres.com/microsite/sjr-luxuria-bannerghatta-road-bangalore/>, last accessed 17th May, 2017

² <https://www.makaan.com/iq/buy-sell-move-property/living-in-an-integrated-township-advantages-disadvantages>, last accessed on 14th July, 2017



and sale of residential apartments/flats” as the relevant product market in this case. It is observed that the geographic region of Bangalore exhibits homogeneous and distinct market conditions. A buyer of a residential apartment/ flat in Bangalore may not prefer other areas because of various factors, such as, differences in price of land, commutation facilities, quality of essential services etc. Therefore, in this case, the relevant geographic market would be considered as Bangalore. Accordingly, the relevant market in this case would be considered as the market for ‘provision of services for development and sale of residential apartments/ flats in Bangalore’.

16. With regard to dominance, the Commission notes that as per the information available in the public domain, there are many major real estate developers operating and competing with OP-1 in the relevant market, such as GM Infinite Group, Sumadhura Infracon Private Limited, Asset Handlers Pvt. Ltd., the Vivansaa Group, VBHC Group, Merusi Real Estate Developers Pvt. Ltd., ARK Infra Developers Pvt. Ltd., Brigade Enterprise Ltd., Commune Properties India Pvt. Ltd., Salarpuria & Sattva Group, NCC Urban Infrastructure Ltd. etc. The presence of a large and significant players acts as a competitive restraint upon OP-1 from acting independently of the market forces in the relevant market. Thus, OP-1 does not appear to be dominant in the relevant market. In the absence of dominance, no case of contravention of Section 4 of the Act is made out against OP-1 as well in the present case.

17. In light of the above discussion, the Commission is of the opinion that no *prima facie* case of contravention of the provisions of the Act is made out against the OPs in the matter. Thus, the case is ordered to be closed forthwith in terms of the provisions contained in Section 26(2) of the Act.



18. The Secretary is directed to communicate to the Informant accordingly.

**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: 08.08.2017**