



**COMPETITION COMMISSION OF INDIA**

**Case No. 30 of 2023**

**In Re:**

**Buchi Ramarao Valury**

B 609, Urbana Irene, Ozone Urbana Township,  
Kannamangala,  
Bengaluru Rural- 562110

**Informant**

**And**

**Covai Property Centre (India) Private Limited  
(Covai)**

13/4, Third Floor, Covai Care Tower,  
Gem Nirmaalayam, V G Rao Nagar,  
Coimbatore 641006.

**Opposite Party No.1**

**Covai Senior Citizen Services Pvt. Ltd.**

13/4, Third Floor, Covai Care Tower,  
Gem Nirmaalayam, V G Rao Nagar,  
Coimbatore 641006.

**Opposite Party No.2**

**Ozone Urbana Infra Developers Private Ltd.**

38, Ulsoor Road, Yellapa Garden,  
Yellapa Chetty Layout,  
Sivanchetti Gardens, Bengaluru,  
Karnataka-560042.

**Opposite Party No.3**

**CORAM**

**Ms. Ravneet Kaur  
Chairperson**

**Mr. Anil Agrawal  
Member**

**Ms. Sweta Kakkad  
Member**

**Mr. Deepak Anurag  
Member**

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

1. The present Information has been filed by Mr. Buchi Ramarao Valury (“**Informant**”) alleging contravention of provisions of Section 3 and 4 of the Competition Act, 2002 (“**Act**”) by Covai Property Centre (India) Private Limited (Covai) (“**Opposite Party No.**



1”/ “OP-1”/ “Covai Centre”), Covai Senior Citizen Services Pvt. Ltd. (“**Opposite Party No.2**”/ “OP-2”/ “Covai Services”) and Ozone Urbana Infra Developers Private Limited (“**Opposite Party No.3**”/ “OP-3”/ “Ozone Urbana Developers”) (collectively as “**Opposite Parties**”).

2. The Informant is a resident of “Urbana Irene”, Ozone Urbana Township, Kannamangala, Bengaluru Rural. OP-1 is private limited company, incorporated under the Companies Act, 1956 and is based in Coimbatore. It provides consultancy services and care in terms of designing, building and operating retirement communities. OP-2 is a subsidiary/assignee of OP-1 and is the authorized service provider for Project “**Urbana Irene**”. OP-3 is a company incorporated under the Companies Act, 1956, and is a developer of “Urbana Irene”, Ozone Urbana Township, located at NH 44, Kannamangala, Karnataka.
3. As stated, the Informant purchased a two-bedroom apartment bearing unit no. 609, sixth floor, in the “B” Block of the multi-block residential complex known as “Urbana Irene” and signed an agreement for sale, which was executed on 10.07.2018 with OP-3 as promoter and OP-1 as confirming party. As per the Information, by virtue of the alleged tie-in arrangement between OP-1 and OP-3, the Informant has been forced to accept catering and housekeeping services provided by OP-2, with which the Informant has signed a service agreement on the same day of signing of agreement for sale.
4. As per the Informant, by virtue of clause “I” of the agreement for sale through which OP-1 has been made a confirming party towards providing requisite services, the Informant had no choice in selecting their service provider. It is stated that clause “N” of the agreement for sale mandated that the Informant will enter into a service agreement with the service provider and abide by the terms and conditions imposed by it. It is also stated that by virtue of Clause 12 of the sales agreement, the Informant is bound for making timely payment of total maintenance and service charges, as determined and billed by OP-1 or it’s nominees/assignees.
5. As per the Information, the unilateral changes in allotment of housekeeping staff and increase in Monthly Maintenance Charges (“**MMC**”) are the result of abuse of dominant position. It has been alleged that since OP-2 is the only service provider, it simply makes



a statement of increase in costs – without validation – and then uses it as a reason for increasing MMC and decreasing number of housekeeping staff. Thus, the Informant is left with no choice in the matter.

6. As per the Informant, because of the alleged tie-in arrangement between OP-1 and OP-3, the Informant is forced into signing a separate service agreement with OP-1 (stated to be the confirming party in the sale agreement) and its nominee, OP-2. The service agreement, signed between the Informant and OP-2 has made the Informant pay for the amenities as provided in Annexure I of the service agreement. It is stated that no account is given on the funds spent, the balance of unspent/ parked amount and the interest thereof.
7. It is stated that though the service agreement has a provision for participative management through Residents Committee; however, no such practices are followed and OP-2 simply presents costs without corresponding revenues and raises the monthly maintenance and catering costs, without providing any data and opportunity for discussion.
8. The Informant claims that the OP-1 is misusing its dominant position and increasing the service charges on its own whims. In support of the above claim, bills for MMC have been provided for the months of February, April and June of 2023, which show that MMC charges increased from Rs.10,892/- in February to Rs.11,294/- in April and then to Rs.11,343.28/- in June. It is stated that there is a price increase every alternate month approximately @1.0% per month, which is way beyond the price index. It is stated that this can lead to unprecedented increase of bills which the senior citizens cannot afford.
9. It is stated that the residents are at the mercy of OP-2 who has occupied the first floor of A and B Block at the apartment complex in the garb of providing much needed services to the senior citizens. It is also stated that OP-1 cannot be a perpetual service provider by virtue of their occupying the first-floor of the apartment complex. The Residents' Committee or the Association as the case may be, ought to be the final authority to decide on the contract terms, including amending, adding, removing the terms and conditions as well as the power to annul a contract and issue a fresh contract to the present service provider or appoint a new one.



10. In view of the above, the Informant has alleged contravention of Section 4 and Section 3(4) of the Act and has sought the following reliefs:
- i. The reference to Covai Centre as a confirming party, which is in violation of the Act (tie-in arrangement) be removed from the expected Sale Deed whenever it is finalised.
  - ii. The first floor of the A and B blocks are common amenities areas and shall be the property of the Association and should not be sold to any service provider/ confirming party.
  - iii. All the terms and conditions and rates of the service at present and in future are to be mutually decided by the service provider and residents' committee with transparent display of costs and revenues.
  - iv. The one-sided service agreement between the residents and the service provider be annulled and redrawn.
11. The Informant has also sought interim relief under Section 33 of the Act by way of formation of a residents' committee to supervise and control all aspects of the services *i.e.*, extent, type and rates.
12. The Commission considered the matter in its ordinary meeting held on 07.02.2024 and decided to pass an appropriate order in due course.
13. The Commission has perused the Information as well as materials available in public domain and observes that the instant matter pertains to sale of residential unit/ apartment in a project developed by Ozone Urbana Developers. As per clauses of the sale and service agreements, Ozone Urbana Developers is the absolute owner of Urbana Irene and has engaged Covai Centre for the purposes of *inter-alia*, design, development, provision of services and care to senior citizens. Further, Covai Services has been authorized to undertake this work.
14. The Commission notes that the Informant is primarily aggrieved with having to accept catering and housekeeping services of Covai Services, by virtue of the conditions



imposed in the agreement for sale as well as the service agreement entered into by him on 10.07.2018. The Informant also appears to be aggrieved by the unilateral changes in allotment of housekeeping staff and increase in MMC, which are alleged to be the result of anti-competitive conduct of Opposite Parties.

15. For an analysis of the case under Section 4 of the Act, the first requirement is to determine whether the Opposite Parties fall in the category of 'enterprise'. In the present matter, since Opposite Parties are undertaking commercial activities, they squarely fall under the ambit of 'enterprise' in terms of Section 2(h) of the Act. Thereafter, an appropriate relevant market, as per Section 2(r) of the Act which comprises of relevant product market and relevant geographic market, is required to be delineated. The next step is to assess the dominance of Opposite Party in the relevant market so delineated, in terms of the factors enumerated under Section 19(4) of the Act. Once the dominance of Opposite Party is established, the final step is to analyze the allegations pertaining to abuse of dominance in terms of provisions of Section 4 of the Act.
16. The Commission observes that as per the brochure of Urbana Irene, certain features such as grab rails, sensor light in toilets, geriatric gym, catering, religious tours have been integrated in the residential complex specifically meant for senior citizens. The Commission also observes that the development and sale of apartment catering to the needs of senior citizens is emerging as a niche market. Based on the information available in a public domain, a person buying an apartment catering to the needs of senior citizens would focus, *inter alia*, on the amenities such as 24\*7 medical emergency facility, food facility/community kitchen, geriatric gyms, community living concept, availability of nurse/paramedics on call, tie-up with hospitals, physiotherapy service, 24\*7 housekeeping and ambulance service, senior friendly infrastructure *etc.* The above-mentioned characteristics make apartment catering to the needs of the senior citizens as being distinct from other apartments and therefore, generally, non-substitutable with any other regular apartments meant for younger population. In view of the above, the Commission observes that *apartments catering to the needs of the retired/senior people* can be considered as a separate relevant product under Section 2(t) of the Act. Accordingly, for the purpose of the present matter, the relevant product market may be



defined as ‘*the market for provision of services for development and sale of apartment to cater to the needs of senior citizens.*’

17. With regard to the relevant geographic market, the Commission has taken into consideration the location of the project, which is in Kannamangala, Taluka-Devanahalli, Bengaluru, Karnataka. This location falls within the Bangalore Metropolitan Region. It may be noted that the conditions of competition within the Bangalore Metropolitan Region on account of level of development, cost of real estate, connectivity to state capital, transport facilities, regulatory authorities, local/municipal laws *etc.* can be distinguished from other neighbouring areas. In view of the same, the Commission is of the view that the relevant geographic market in the instant matter be considered as ‘*Bangalore Metropolitan Region*’.
18. In view of the foregoing, the Commission is of the *prima facie* view that the relevant market in the present case would be ‘*the market for provision of services for development and sale of apartment to cater to the needs of senior citizens in Bangalore Metropolitan Region.*’
19. The Commission notes that in Bangalore Metropolitan Region, there are many other real estate developers, apart from OP-3, offering similar services *i.e.*, development and sale of apartments catering to the needs of senior citizens. From the information available in public domain, it is apparent that such developers include TATA Housing Development Company Ltd., Sushruta Vishranthi Dhama Ltd., Columbia Pacific Communities, M/s Bahri Estates Pvt. Ltd., Sukhshanti Retirement Homes, Parkside Homes at Brigade Orchards, Vedaanta@ Godrej E-City *etc.*, which pose competitive constraints to OP-3. Accordingly, OP-3 does not appear to hold position of strength so as to enable it to operate independently of the competitive forces prevailing in the relevant market delineated *supra*. In view of the same, there is no need for further examination of the alleged abusive conduct of OP-3.
20. The Informant has also alleged that by making Covai Service a service provider for the allottees of Urbana Irene, a tie-in-arrangement has been forced on the Informant, in terms of Section 3(4) of the Act. The Commission notes that for applicability of Section 3(4) of the Act, the entities in question must operate at different stages or level of the production



chain in different markets in respect of production, supply, distribution, storage, sale or price of, or trade in goods or provisions of services. The Commission also notes that the agreement alleged to be in contravention of Section 3(4) of the Act is between Urbana Developers and the Informant and that the Informant is the owner of the residential flat *i.e.*, end consumer. Given that the impugned agreement is between an enterprise and an end consumer, the same is not covered within the ambit of Section 3(4) of the Act. The same ratio has been followed in an earlier case titled as ‘*South City Group Housing Apartment Owners Association and Larsen & Toubro Ltd. & another*’ (Case No. 49 of 2011).

21. In view of the foregoing, the Commission is of the opinion that there exists no *prima facie* case and the Information filed is directed to be closed forthwith under Section 26(2) of the Act. Consequently, no case for grant of reliefs as sought under Section 33 of the Act arises and the same is also rejected.
22. The Secretary is directed to communicate to the Informant, accordingly.

**Sd/-  
(Ravneet Kaur)  
Chairperson**

**Sd/-  
(Anil Agrawal)  
Member**

**Sd/-  
(Sweta Kakkad)  
Member**

**Sd/-  
(Deepak Anurag)  
Member**

**New Delhi  
Date: 05/04/2024**