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CCI Projects shared revenue with main firm: MahaRERA

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*Rivali Park Project in Borivali**MahaRERA directs the firm to add Cable Corporation as co-promoter; threatens penalty of 5% of project cost.*

Real estate developer CCI Projects Pvt Ltd and its parent company, Cable Corporation of India Limited, are both equally liable to the allottees of the firm's delayed projects. This observation was made by the Maharashtra Real Estate Regulatory Authority (MahaRERA) earlier this month in an order pertaining to delayed possession to 38 homebuyers in the firm's Rivali Park Project in Borivali. CCI Projects recently received last mile funding for the project from the Rs 20,000-crore stress fund created by Finance Minister Nirmala Sitharaman.



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In the order that was uploaded last week, MahaRERA member Balachandra Kapadnis also observed that CCI Projects hid receiving promotership from Cable Corporation. He has directed it to pay five per cent penalty of the estimated cost of the project if it doesn't add Cable Corporation's name as a co-promoter within seven days. Cable Corporation, however, did not comment when contacted by Mumbai Mirror.

In the making since 2010-11, Rivali Park Project was rechristened as Wintergreen. Its possession date was first revised to December 2019, and then to June 30, 2021.

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It is expected to be placed before the cabinet next week, a senior bureaucrat tells Mirror.

The 19-page order came in connection with a review application filed by CCI Projects after MahaRERA gave its main order in August on the basis of buyers' complaints. As per homebuyers' allegations, Cable Corporation siphoned off Rs 467 crore from the project through revenue sharing arrangements with CCI Projects. They had sought a forensic audit of the developer's accounts.

Kapadnis had then ruled that homebuyers had the right to know if their money was being used for the construction of the project, but had rejected the demand for an audit. Instead, he had directed the developer to show buyers the book of accounts in the presence of advocates and chartered accountants from both sides.

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In the review application, advocate Abir Patel, appearing for CCI Projects, denied Cable Corporation's ownership of the Borivali project land and the allegation of revenue sharing. He also contended that the buyers' complaint is not maintainable as their association is not registered.

Patel contended that CCI Projects, on May 10, 2017, had signed an addendum to the development management agreement with Cable Corporation. This allowed it to develop the project land for a lump sum consideration which he said has already been paid.

The buyers, for their part, alleged that the May 2017 addendum mentioned that the developer would pay Rs 75 crore to Cable Corporation for Phase I. The association also said that Cable Corporation withdrew Rs 62.5 crore against non-convertible debentures issued to CCI in 2018.

After hearing arguments from both sides, Kapadnis observed that Cable Corporation, "which shared revenue, executed agreements of sale in favour of allottees, and which is admittedly under obligation to convey title of flats to allottees and the project land to their association, is a promoter".

The aggrieved parties can challenge MahaRERA orders before the appellate tribunal within 60 days. The buyers association was represented by advocate Tanuj Lodha

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