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## Slowdown signs - Unitech may pull out of Orissa

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BS reported that real estate major Unitech is likely to pull out of its proposed INR 211 crore residential cum commercial complex which was to be developed over an area of 11 acres in one of the prime locations of the city.

Sources familiar with the development said that “Unitech had sought an extension of about two years from the Bhubaneswar Development Authority for its proposed residential cum commercial complex in the city as its cash position was not comfortable. However, BDA turned down Unitech’s proposal as a result of which the real estate player was mulling to pull out of the project.”

Asked on the status of Unitech’s project a senior BDA official said that the BDA is yet to take any decision on Unitech’s proposal for extension and a decision is expected to be taken after the elections. Sourced added that “Unitech which had paid INR 52.7 crore in March 2008 for the plot had sought a period of three months for paying the balance amount as a lump sum. However, the company had defaulted in paying the requisite amount as its cash position was not favorable.”

As such no deadline has been imposed on Unitech by BDA for paying the pending amount for the plot but if Unitech chose to pull out of the project, then the company would forfeit INR 52.7 crore which it had paid initially.

As per the terms of agreement between Unitech and BDA, the real estate player was to develop the 11-acre plot by the end of 2010.

In April 2007, Unitech had emerged as the highest bidder for the 11 acre plot auctioned by the BDA. Unitech had agreed for a price of INR 20 crore per acre and DLF which had offered a bidding price of INR 11 per acre was the second highest bidder.

(Sourced from Business Standards)

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