

LANCO INFRATECH

LoA from govt for Rs 308.98cr contract

Hyderabad: Lanco Infratech Limited, a Hyderabad-based company engaged in the businesses of construction, power and real estate, has received a letter of acceptance (LoA) from the Andhra Pradesh Health, Medical Housing and Infrastructure Development Corporation for the construction of buildings for the Rajiv Gandhi University of Knowledge Technologies IIIT at Basara in Adilabad district for a total contract value of Rs 308.98 crore.

Lanco to go slow on the real estate front

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Hyderabad, 22 September

The Rs 3,400-crore Lanco Infratech (LIL), which is into power, real estate and construction, has decided to go slow on the real estate front in the light of the US financial meltdown and rising interest costs.

Except for the 100-acre Lanco Hills Technology Park in Hyderabad, the company has decided to defer the execution of all other proposed real estate projects by six months. The proposed projects include integrated townships in Chennai, Vijayawada and Visakhapatnam.

COMPANIES

"We want to wait at least for six months and take a decision in this regard," LIL chairman, L Madhusudhana Rao, told Business Standard, adding that today it was difficult for people to build and deliver real estate projects.

According to Rao, the US financial meltdown has just started and the end is yet to be seen. It will definitely have a big impact as far as investment sentiments are concerned. "When sentiments are not good, it is important to be very cautious."

For instance, in 2009-10, Hyderabad was expected to add an additional 7-8 million sq ft of IT-space. "But when we look at the on-going developments, the additional built-up space will be less than 5 million sq ft. This indicates that liquidity is an issue," he said.

Rao said that it would be comparatively easy to execute residential projects as there would be continuous cash flow through the sale of apartments. However, in case of office space and shopping malls, debt funding would come only when the projects are completed. So, it would not be easy to execute such projects unless the developer has his own cash flows.

Referring to the Rs 2,000-crore Chennai integrated township, he said the project was ready for execution and was supposed to be launched by this year-end "but we have decided to postpone".