

RESULTS UPDATE

Lanco Infratech Limited (LITL) has announced its consolidated un-audited financial results for the quarter ended June 30, 2008. LITL is engaged in the business of construction and infrastructure development. The Company is also a holding company with investments mainly in its subsidiaries engaged in the business of Power Generation, Power Trading, Property Development and Other Infrastructure Projects.

Highlights

- **Maharashtra State Electricity Distribution Company Limited has issued a letter of acceptance to Lanco on July 29, 2008 for procuring 680 MW of Power after a competitive bidding process**
- Gross Revenues up by 58% from Rs. 5,859 million to Rs. 9,268 million
- Gross Operating Revenue up by 69% from Rs. 5,914 million to Rs 9,981 million.
- EBITDA growth of 62% from Rs. 1,142 million to Rs. 1,853 million
- Profit before tax up by 29% from Rs. 881 million to Rs. 1,140 million
- Reported Profit after Tax up by 19% from Rs. 495 million to Rs. 591 million
- The company's share of Foreign Exchange translation losses amounting to Rs. 136 million has been accounted for on notional basis without any impact on cash earnings

[Brief analysis of Consolidated Financial Statement for Quarter ended June 30, 2008](#)**Revenues**

Rs. Million

Particulars	Quarter ended June'08	Quarter ended June'07	Change %
Income from Operations			
Revenue from Construction and EPC	5182	1479	250%
Sale from Power Generation	2981	2342	27%
Sale from Power Trading	1220	2073	-41%
Revenue from Real Estate Dev.	473	0	
Others	126	20	527%
Gross Operating Revenue	9981	5914	69%
Less: Inter Segment Revenue	842	173	387%
Net Operating Revenue	9139	5741	59%
Other Income	128	118	9.3%
Gross Revenues	9268	5859	58.2%

- Construction and EPC revenues have grown by almost 3 times from the previous year
- Construction segment contributed Rs. 5182 million of the consolidated turnover in comparison to Rs. 1479 million in the corresponding quarter of the previous year, a growth of 250%. Profit before Interest and Tax from Construction segment was Rs. 688 million as against Rs. 237 million for the corresponding quarter in the previous year, a growth of 190%.
- Power segment (including Power Generation and Power Trading) contributed Rs. 4201 million of the consolidated turnover in comparison to Rs. 4415 million in the same quarter in the previous year, a reduction 5% mainly on account of reduced turnover in the operating power companies and Power Trading business.

EBITDA and Margins

Particulars	Quarter ended June'08		Quarter ended June'07		Change %
	Rs Million	Margin (%)	Rs. Million	Margin (%)	
Construction and EPC	870	16.79%	282	19.07%	206%
Power Generation	801	26.87%	857	36.59%	-6%
Power Trading	17	1.39%	15	0.72%	13%
Real Estate dev.	165	34.88%	-12		-
Total	1853	18.57%	1142	19.31%	62.3%

- EBITDA for the current quarter, computed before elimination of inter segment revenues was Rs. 1,853 Million against Rs. 1,142 Million in the corresponding quarter of previous year, growth of 62.3%.
- Overall EBITDA margins have been at 18.57% compared to 19.31% in the previous year
- Construction & EPC margins have moved down from 19% to just under 17%
- Margins in Power Generation have come down from 37% to 27% mainly on account of generation of power based on Naphtha

Profit After Tax

- Reported Profit after tax for the current quarter was Rs. 591 million against Rs. 496 million in the corresponding quarter of previous year, an increase of 19%.
- The company's share of Foreign Exchange translation losses amounting to Rs. 136 million has been accounted for on notional basis without any impact on cash earnings

Performance summary of major operating subsidiary companies for the Quarter ended June 30, 2008

Particulars	Kondapalli			Aban			Lanco Electric Utility		
	368 MW Gas Power Project			120 MW Gas Power Project			Power Trading Company		
	Qtr ended Jun'08	Qtr ended Jun'07	Change %	Qtr ended Jun'08	Qtr ended Jun'07	Change %	Qtr ended Jun'08	Qtr ended Jun'07	Change %
Generation (Mus)	533	538	-1%	183	209	-13%			
PLF (%)	66%	67%		70%	80%				
Availability (%)	93%	85%		85%	89%				
Heat Rate	1982	1963		1973	1942				
Net Sales	2407	1711	41%	442	469	-6%	1220	2073	-41%
Profit After Tax	210	281	-26%	43	113	-62%	11	15	-25%
Operating Margin	18%	25%		37%	42%		1.38%	0.71%	
PBIT Margin	9%	13%		19%	25%		1.36%	0.71%	
PBT Margin	10%	19%		11%	27%		1.39%	0.72%	
PAT Margin	9%	16%		10%	24%		0.91%	0.72%	

Kondapalli Power Plant

Kondapalli Power plant is Gas based power generation unit with capacity of 368 MW.

- For the current quarter plant availability was 93% against 85% in the corresponding quarter of previous year. Plant load factor was 66% against 67% in the corresponding quarter of previous year. Net generation for the current quarter was 533 Mus against 538 Mus in the corresponding quarter of previous year.
- For the quarter net sales was Rs. 2407 Mn against Rs. 1711 Mn for the corresponding quarter of previous year i.e. a growth of 41%. The main reason for the increase in sales have been use of Naphtha as fuel leading to increased variable charges.
- For the year the EBITDA was Rs. 426 Mn against Rs. 435 Mn for the corresponding quarter of previous year i.e. a reduction by 2%. In the current year EBITBA margin was 17% as against 25% in the corresponding quarter of previous year mainly because the increased revenue from operating on Naphtha comes almost without any margin.
- Profit after tax for the current year was Rs. 210 Mn against Rs. 281 Mn for the corresponding quarter of previous year i.e. a reduction by 26%. The main reason for the same is recognition of losses on account of the fluctuation in the foreign currency in the current year while in the corresponding quarter of previous year there was a gain on account of the fluctuation in the foreign currency.

Aban Power Plant

Aban power plant is Gas based power generation unit with capacity of 120 MW.

- For the current quarter plant availability was 85% against 89% in the corresponding quarter of previous year. Plant load factor was 70% against 80% in the corresponding quarter of previous year. Net generation for the current quarter was 183 Mus against 209 Mus in the corresponding quarter of previous year. The reduction in generation was on account of scheduled maintenance shut down for the plant.
- For the quarter net sales was Rs. 442 Mn against Rs. 469 Mn for the corresponding quarter of previous year i.e. a reduction 6%. The main reason for decrease in the revenue is due to less generation.
- For the year EBITDA was Rs. 163 Mn against Rs. 196 Mn for the corresponding quarter of previous year i.e. a reduction by 17%.
- Profit after tax for the current year was Rs. 43 Mn against Rs. 113 Mn for the corresponding quarter of previous year i.e. a reduction 62%. The main reason for the same is recognition of losses in Foreign Currency Fluctuations in the current quarter while there was gain on account of foreign currency fluctuation in the corresponding quarter of the previous year.

Lanco Electric Utility (Power Trading Company)

- During the quarter LEUL has traded total 657 Mus against 600 Mus in the corresponding quarter of the previous year.
- In the current quarter the net turnover of the company was Rs. 1220 Mn against Rs. 2073 Mn in the corresponding quarter of previous year i.e. a reduction by 41%.
- In the current quarter Profit after tax was Rs. 11 Mn against Rs. 15 Mn in the corresponding quarter of previous year i.e. a reduction of 25%.. The main reason for the same is increased provisioning for Income tax as compared to the previous year.

Lanco Hills Technology Park (Real Estate Development Company)

- During the current quarter the Sales was Rs. 473 Mn against Nil in the corresponding quarter of the previous year as LANCO Hills started recognising the revenue from last quarter of the previous year.
- For the current quarter the Operating profit was Rs. 127 Mn
- For the current quarter the profit after tax was Rs. 74 Mn against loss of Rs. 9 Mn in the corresponding quarter of the previous year. For the current quarter the PAT margin was 16%.

Details of Order Book

The Construction and EPC order book position as on June 30, 2008 is Rs. 126,116 million as compared to Rs. 130,170 million on March 31, 2008. The break-up of the current order book is as follows:

Projects	Rs Million
<i>Power Projects</i>	
Amarkantak – I & II	2020
Teesta VI – Sikkim	22530
Anpara	34540
Upupi (Nagarjuna)	30072
Kondapalli Expansion	9620
Others	9235
Total Power Projects	108017
Infrastructure Projects	7270
Road Projects	9071
Irrigation Projects	690
Pipeline Projects	72
Transmission Line Projects	1221
Total Order Book	126117

About Lanco

Lanco Infratech Limited is one of India's top business conglomerates and among the fastest growing. Lanco Infratech has subsidiaries and divisions across a synergistic span of verticals. These include construction, Power, EPC, Infrastructure, Property Development and Wind Energy. Lanco Infratech's projects, operational and underway, are spread across India. At present, the power portfolio includes an operating capacity of 518 MW and additional capacities under various stages of implementation aggregating to more than 8,000 MW. The Construction and EPC division of the company is executing various orders worth more than Rs 126,000 Million. The company is developing 163 Kms of National Highways on BOT basis and has emerged as winner for developing a Rs 80 Billion transshipment container port in the state of Kerala. A member of UN Global Compact, Lanco Infratech is recognised for its Good Corporate Governance and Corporate Social Responsibility initiatives led by the Lanco Foundation.