

RESULTS UPDATE

Lanco Infratech Limited (LITL) has announced its consolidated un-audited financial results for the quarter and half-year ended September 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**For Half Year**

- Gross Revenues **up by 83%** from Rs. 12085 million to Rs. 22174 million
- Operating Revenue **up by 87%** from Rs. 11747 million to Rs 21929 million
- EBITDA **growth of 62%** from Rs. 2292 million to Rs. 3718 million
- Profit after tax (before notional Forex loss and Inter Segment Profit on transaction with Subsidiaries and Associates) **increased by 56%** from Rs. 1121 mn to Rs. 1746 mn.
- Profit after Tax (before notional Forex losses) **up by 30%** from Rs. 1058 million to Rs. 1378 million
- Reported Profit after Tax **up by 5%** from Rs. 1058 million to Rs. 1106 million

For the Quarter

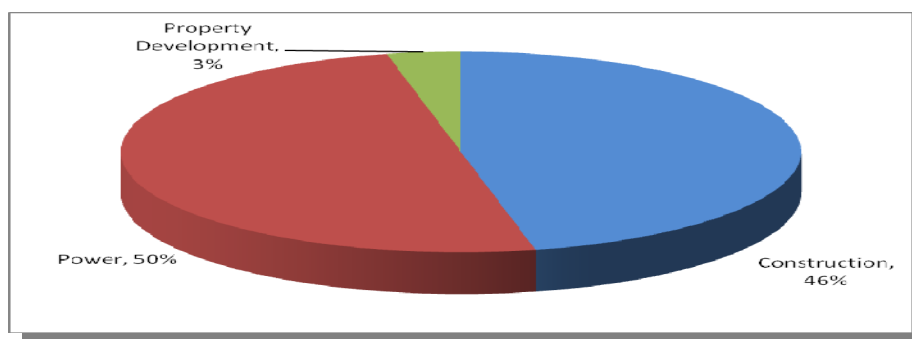
- Gross Revenues **up by 107%** from Rs. 6225 million to Rs. 12906 million
- Operating Revenue **up by 113%** from Rs. 6006 million to Rs 12790 million
- EBITDA **up by 70%** from Rs. 1163 million to Rs. 1979 million
- Profit after tax (before notional Forex loss and Inter Segment Profit on transaction with Subsidiaries and Associates) **increased by 43%** from Rs. 608 mn to Rs. 870 mn.
- Profit after Tax (Before notional Forex Losses) **up by 17%** from Rs. 563 million to Rs. 658 million
- Reported Profit after Tax **down by 8%** from Rs. 563 million to Rs. 516 million

Revenue Break Up

(Rs Million)

PARTICULARS	Quarter Ended		Half Year Ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
Segment Revenue				
a) Construction	6326	3715	11507	5194
b) Power	6807	2762	11008	7177
c) Property Development	477	0	950	0
d) Unallocated	25	19	151	62
Total	13635	6496	23616	12433
Less: Inter Segment Revenue	846	491	1687	686
Net Sales / Income from Operations	12789	6005	21929	11747

For the quarter, before elimination of inter segment revenues the proportion of the revenues from various business segments is as follows:



EBITDA and Margins:

Half-year:

- On the basis of half yearly consolidated financial statement, EBITDA in absolute terms has seen an increase of 62% from Rs. 2292 mn to Rs. 3718mn.
- EBITDA margin as per reported numbers dropped from 20% to 17% on y-o-y basis. This drop is mainly on account of use of naphtha in one of the power generating unit and increase in the sales of the power trading arm which comes with negligible operating margins.
- After adjustment for the increase in the use of naphtha and the sale of power trading the comparable EBITDA margin comes to 26% against the 27% for the corresponding period of last year.

Rs Million

	30.09.2008	30.09.2007
Sales	21929	11747
Less: Additional sales on use of Naphtha	2645	510
Less: Sale on account of Power Trading	4750	2846
Adjusted Sales	14534	8391
EBITDA	3718	2292
EBITDA Margin	26%	27%

Quarter

- For the Quarter, EBITDA in absolute terms has seen an increase of 70% from Rs. 1163 mn to Rs. 1979 mn.

- EBITDA margin as per reported numbers dropped from 19% to 15% on y-o-y basis. This drop is mainly on account of use of naphtha in one of the power generating unit and increase in the sales of the power trading arm which comes with negligible operating margins.
- After adjustment for the increase in the use of naphtha and the sale of power trading the comparable EBITDA margin comes to 25% against the 22% for the corresponding period of last year.

Rs Million

	30.09.2008	30.09.2007
Sales	12790	6006
Less: Incremental sales on use of Naphtha	1399	1
Less: Sale on Account of Power Trading	3530	773
Adjusted Sales	7861	5232
EBITDA	1979	1163
EBITDA Margin	25%	22%

Profit After Tax:

Half year

Rs Million

	30.09.2008	30.09.2007	Change (%)
Reported PAT after Minority and Associates	1,106	1,058	5%
Add: Inter Segment Profit on transaction with Subsidiaries and Associates	368	63	
Add: Attributable Notional Forex loss	272	0	
Profit after tax (before notional Forex loss and Inter Segment Profit on transaction with Subsidiaries and Associates)	1,746	1,121	56%

- Profit after tax (before attributable notional Forex loss and Inter Segment Profit on transaction with Subsidiaries and Associates) increased by 56% from Rs. 1121 mn to Rs. 1746 mn.
- On the basis of half yearly consolidated financial statement, PAT after minority interest and adjustment for elimination of profit from associate concerns increased by 5% from Rs. 1058 mn to Rs. 1106 Mn.

Quarter

Rs Million

	30.09.2008	30.09.2007	Change (%)
Reported PAT after Minority and Associates	516	563	-8%
Add: Inter Segment Profit on transaction with Subsidiaries and Associates	211	46	
Add: Attributable Notional forex loss	143	0	
Profit after tax (before notional Forex loss and Inter Segment Profit on transaction with Subsidiaries and Associates)	870	609	43%

- Profit after tax (before attributable notional Forex loss and Inter Segment Profit on transaction with Subsidiaries and Associates) increased by 43% from Rs. 609 mn to Rs. 870 mn.
- For the quarter, PAT after minority interest and elimination of profit on transactions with associates companies, decreased by 8% from Rs. 563 mn to Rs. 516 Mn.

Performance of various business verticals:

Construction and EPC:

- Revenue for the construction and EPC before elimination of inter segment revenue for the half year increased by 122% and stood at Rs. 11507 mn against Rs 5194 mn for the corresponding period of the previous year while for the quarter the revenue has increased by 170% from Rs. 3715 mn to Rs. 6326 mn.
- Revenues after elimination of inter segment income was Rs. 9820 mn for the half year while it was Rs. 5480 mn for the quarter.
- EBIT for the half year has increased by 134% from Rs. 775 mn to 1812 mn while on quarterly basis the same has increased by 100% from Rs. 520 Mn to Rs. 1042 Mn.
- EBIT margin for the half year was 15.7% as compared to 14.9% in the previous year while it improved to 16.5% from 14.0% for the quarter.

Power:

- Revenue for the power segment which includes Power Generation and Power trading for the half year increased by 53% and stood at Rs. 11008 mn against Rs 7177 mn for the corresponding period of the previous year while for the quarter the revenue has increased by 146% from Rs. 2762 mn to Rs. 6807 mn. The major reason for the increase in revenues was because of the increased use of Naphtha and increase in sales from Power Trading.
- Reported EBIT for the half year is increase by 1% from Rs. 1446 mn to Rs. 1463 mn while on quarterly basis the same has increase by 5% from Rs. 707 Mn to Rs. 745 Mn.

Operational data for the major operating units and trading arm for the quarter is provided below:

Particulars	Kondapalli			Aban			Lanco Electric Utility		
	368 MW Gas Power Project			120 MW Gas Power Project			Power Trading Company		
	Qtr ended Sep'08	Qtr ended Sep'07	Change %	Qtr ended Sep'08	Qtr ended Sep'07	Change %	Qtr ended Sep'08	Qtr ended Sep'07	Change %
Generation (Mus)	566	597	-5%	228	227	-4%			
PLF (%)	70%	73%		88%	86%				
Availability (%)	89%	96%		98%	98%				
Net Sales	2643	1351	96%	489	489	0%	3535	773	357%
Profit After Tax	146	307	-52%	70	144	-52%	14	8	80%
Operating Margin	22.3%	42.5%		51.6%	51.3%		0.6%	2.2%	
PAT Margin	5.5%	22.7%		14.3%	29.5%		0.4%	1.0%	

Property Development:

- Revenue for the Property Development segment for the half year stood at Rs. 950 mn and for the quarter it was Rs. 476 mn. Recognition of revenue from the property development began only from the last quarter of the previous Year.
- EBIT for the half year was Rs. 290 Mn and for the quarter was Rs. 182 mn translating to a margin of 38.2% and 30.5% for the half year and quarter respectively.
- Consequent to the proposed demerger scheme of one of the subsidiaries i.e. Lanco Hills Technology Park Private Limited (LHTPPL) with effect from April 01, 2008 as approved by the board of LHTPPL, the company has prepared its consolidated financial statements accordingly, pending filing of the scheme with the Honorable High Court of Andhra Pradesh.

Orders in Hand:

During the quarter, company received two new orders for Rs. 3731 mn. The details are as follows:

1. Construction of Buildings for Rajiv Gandhi University of knowledge technologies IIIT at Basara in Adilabad District, Andhra Pradesh
2. Supply of Equipment / Materials for Rural Electrification work in the district of Baragarh of Orissa State

The Construction and EPC order book position as on September 30, 2008 is Rs. 120,603 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	1,206
Teesta VI – Sikkim	22,488
Anpara	33,512
Udupi (Nagarjuna)	27,338
Kondapalli Expansion	9,460
Others	5,461
Total Power Projects	99,463
Infrastructure Projects	6,931
Road Projects	8,570
Irrigation Projects	678
Pipeline Projects	72
Transmission Line Projects	4,889
Total Order Book	120,603

Power Projects under Construction

By the end of the current fiscal year it is expected that that the operational power generation capacity will increase by around 30% and will be more than 800 MW. The Construction activities for the development of around 4000 MW is progressing generally as per schedule. The first unit of 300 MW at Amarkantak which was expected to start operating in October is currently undergoing commissioning activities and it will be commissioned soon. The small Hydro projects are expected to start commissioning from next quarter. The construction activities at Udupi, Kondapalli and Anpara are progressing as per schedule.

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 519 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 120,600 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.