

**RESULTS UPDATE**

**Lanco Infratech Limited** (LITL) has announced its consolidated un-audited financial results for the quarter and nine months ended December 31, 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 Nine Months**

- Gross Revenues **up by 106%** from Rs. 19,718 million to Rs. 40,570 million
- Operating Revenue **up by 109%** from Rs. 19,231 million to Rs 40131 million
- EBITDA **up by 45%** from Rs. 4013 million to Rs. 5805 million
- Reported Profit after Tax **up by 3%** from Rs. 1,854 million to Rs. 1,905 million

**For the Quarter**

- Gross Revenues **up by 141%** from Rs. 7,633 million to Rs. 18,396 million
- Operating Revenue **up by 143%** from Rs. 7,484 million to Rs 18,202 million
- EBITDA **up by 21%** from Rs. 1,721 million to Rs. 2,087 million
- Reported Profit after Tax marginally **up** from Rs. 795 million to Rs. 799 million

**Management Discussion and Analysis****Revenue Break Up**

Rs Million

PARTICULARS	Quarter Ended		9 Months Ended	
	Dec'08	Dec'07	Dec'08	Dec'07
Segment Revenue				
a) Construction	10,434	3,783	21,942	8,977
b) Power	9,101	4,229	20,109	11,406
c) Property Development	445	-	1,395	-
d) Unallocated	27	27	178	88
<b>Total</b>	<b>20,007</b>	<b>8,038</b>	<b>43,624</b>	<b>20,471</b>
Less: Inter Segment Revenue	1,805	554	3,492	1,240
<b>Net Sales/Income from Operations</b>	<b>18,202</b>	<b>7,484</b>	<b>40,131</b>	<b>19,231</b>

### Profit After Tax:

Rs Million

	Quarter Ended		Nine-Months	
	Dec'08	Dec'07	Dec'08	Dec'07
Reported PAT after Minority and Associates	799	795	1905	1854
Inter Segment Profit on transaction with Subsidiaries & Associates	318	58	670	122
Attributable Notional Forex loss / (gain)	(318)	(38)	166	(38)
Profit after tax (before notional Forex loss / (gain) and Inter Segment Profit on transaction with Subsidiaries and Associates)	798	816	2741	1938

### Key Balance Sheet figures as on 31<sup>st</sup> Dec 2008:

The consolidated net worth, Debt and Cash & Bank balances as of 31<sup>st</sup> December 2008 is as follows:

Rs Million

Net Worth	20,308
<b>Loan Funds</b>	53,055
<b>Cash and Cash Equivalents</b>	
Cash and Bank	8,461
Investments in Liquid funds	1,596
<b>Total Cash and Cash Equivalents</b>	<b>10,057</b>

### Financial Performance of various business verticals:

#### Construction and EPC:

Rs Million

	Quarter		Change %	Nine-Months		Change %
	Dec'08	Dec'07		Dec'08	Dec'07	
Revenue before inter segment elimination	10,434	3,783	176%	21,942	8,977	144%
EBIT	1,247	552	126%	3,043	1,221	149%
EBIT Margin	12.0%	14.6%		13.9%	13.6%	

**Power:**

Rs Million

	Quarter		Change %	Nine-Months		Change %
	Dec'08	Dec'07		Dec'08	Dec'07	
<b>Revenue</b>	9,101	4,229	115%	20,109	11,406	76%
Less: power Trading	5,200	1,839	183%	9,950	4,686	112%
Less: Increase in Sale due to use of Naphtha	2,158	140	1441%	4,806	651	638%
Less: Carbon Credits	0	341		0	341	
<b>Adjusted Revenue</b>	<b>1,743</b>	<b>1,909</b>	<b>-9%</b>	<b>5,353</b>	<b>5,728</b>	<b>-7%</b>
<b>EBIT</b>	696	996	-30%	2,159	2,442	-12%
Less: Adj for Power Trading	44	37	18%	99	87	15%
Less: Adj for Carbon Credit	0	341		0	341	
<b>Adjusted EBIT Margin</b>	<b>652</b>	<b>618</b>	<b>6%</b>	<b>2,060</b>	<b>2,014</b>	<b>2%</b>
Adj EBIT Margin	37%	32%		38%	35%	

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

Rs Million

Particulars	Kondapalli			Aban			Lanco Electric Utility		
	Qtr ended Dec'08	Qtr ended Dec'07	Change %	Qtr ended Dec'08	Qtr ended Dec'07	Change %	Qtr ended Dec'08	Qtr ended Dec'07	Change %
Generation (Mus)	626	578	8%	227	231	-1.6%			
PLF (%)	77%	71%		86%	87%				
Availability (%)	84%	94%		99%	99%				
Net Sales	3349	1554	116%	475	694	-31%	5200	1839	183%
Profit After Tax	606	394	54%	219	296	-26%	20	17	18%
Operating Margin	19%	42%		51%	65%		0.60%	1.38%	
PAT Margin	18%	25%		46%	43%		0.38%	0.90%	

**Note:**

1. Net sale for Kondapalli and Aban for the previous year include Rs. 132 Mn and Rs 210 Mn towards sale of Carbon credits.
2. Operating margin of the Kondapalli are lower because of use of naphtha. If Naphtha sales and consumption is adjusted then the margin would be 54%.
3. There is a change in the accounting policy relating to recognition of forex variation based on opinion issued by the expert advisory committee of the Institute of Chartered Accountants of India. (Please refer to Note no. 5 of the Results).

4. Lanco Electric Utility, traded 946 mn units during the current quarter against 667 mn units in the corresponding quarter previous year registering a 42% growth.

**Property Development:**

Rs Million

	Quarter Ended		Nine-Months Ended	
	Dec'08	Dec'07	Dec'08	Dec'07
Revenue	445	0	1395	0
EBIT	15	-10	305	-104
EBIT Margin	3%		22%	

The reduction in margin is on account of lower revenue recognition and increase in cost.

Cumulative capex and financing for the Lanco Hills project as on December 31, 2008 are as follows:

Rs Million

	Upto Dec'08
Capital Expenditure	11,912
Equity	2,648
Debt	
Drawn	10,000
Undrawn limit	6,000
<b>Total Debt</b>	<b>16,000</b>
Advances	3,051
Cash and Cash Equivalents	3,318

**Important Developments:**

- The Board of directors while approving the unaudited financial results for the quarter ended as on 31<sup>st</sup> December 2008, have taken a decision for appointment of joint auditors for undertaking the statutory audit of the company for the year 2008-09 and the same shall be done in accordance with the applicable provisions of the Companies Act 1956. The board has recommended the appointment of M/s Brahmayya & Co, Chartered Accountants as joint auditors alongwith M/s Price Waterhouse for the approval by the shareholders.
- Vamsi Hydro Energies Private Limited (a subsidiary of LANCO) has successfully commissioned a 5 MW hydro power plant. This Power plant is located in Kangra District in the state of Himachal Pradesh and is a run of the river scheme on IKU

Khad, a tributary of Beas River. As the commercial operation started from 19<sup>th</sup> Jan 2009, LANCO will start booking revenue from next quarter from this power plant.

- During the quarter, Lanco has signed an agreement for sale of its stake in the subsidiaries - Rithwik and Clarion which operate a total capacity of 18 MW of Biod-mass based Power projects. The stake would be bought by M/s Agri Gold Projects Limited, Vijaywada. Final sale consideration will be calculated on transfer date which is likely to be in the current fiscal. Details for both the projects are provided in the below table:

	<b>Rithwik Energy Systems Limited</b>	<b>Clarion Power Corporation Limited</b>
Capacity	6 MW	12 MW
Fuel	Bio Mass	Bio Mass
LITL Holding	93.56%	97.91%
Net Worth (Share Cap. + reserves)	Rs. 203.08 Mn	Rs. 349.74 Mn
Debt	Rs. 94.79 Mn	Rs. 161.05 Mn
Methodology adopted for Transfer price calculation	<ul style="list-style-type: none"> <li>• Enterprise Value of Rs 256.7 Mn</li> <li>• Carbon Credits accrued till date of transfer payable on actual realisation</li> <li>• Tariff arrears accrued till date of transfer payable on actual realization</li> <li>• Net Current assets without disputed debtors and carbon credits</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprise Value of Rs 513.3 Mn</li> <li>• Carbon Credits accrued till date of transfer payable on actual realisation</li> <li>• Tariff arrears accrued till date of transfer payable on actual realization</li> <li>• Net Current assets without disputed debtors and carbon credits</li> </ul>

### Status of Projects under different Verticals

#### Power

Power Projects with a capacity of around 3900 MW are under construction. Major milestones achieved in some of these projects are follows:

- *Amarkantak Unit I:* Boiler light-up and Steam blowing completed in December'08. All major boiler system including fuel oil, TG Auxiliaries commissioned. TG rolling is going on and already done upto 2850 rpm. The Synchronisation is likely to happen shortly.
- *Amarkantak Unit II:* TG erection and condenser erection started and major activities for Hydro-test completed.
- *Udupi Power project:* TG erection and condenser erection started and shell concreting work for chimney has been completed.
- *Anpara Power:* Boiler erection for Unit I has been started.
- *Kondapalli – II:* Gas Turbine foundation casting completed and Gas turbine and GT generator is in transit.

As of 31<sup>st</sup> December 2008 capital expenditure incurred in power projects and debt utilized for the same are as follows:

Rs Million

	Capex	Debt
Anpara	10741	4649
Udupi	20516	13853
Amarkantak	24575	16334
Lanco Energy – Teesta	1901	2985
Lanco Green – Budhil	1960	1343
Lanco Hydro Energy - Uttranchal	822	0
Kondapalli	3377	3628
Vamshi Hydro Energy	720	389
Vamshi Industrial	697	393
<b>TOTAL</b>	<b>65313</b>	<b>43578</b>

#### Construction and EPC Business (Orders in Hand):

The Construction and EPC order book position as on December 31, 2008 is Rs. 113,349 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
<u>Power Projects</u>	
Amarkantak – I & II	916
Teesta VI – Sikkim	22,338
Anpara	31,444
Udupi (Nagarjuna)	22,379
Kondapalli Expansion	9,130
Others	5,218
<b>Total Power Projects</b>	<b>91,425</b>

Building / Infrastructure Projects	10,802
Road Projects	8,083
Irrigation Projects	644
Pipeline Projects	72
Transmission Line Projects	2,324
<b>Total Order Book</b>	<b>113,349</b>

### [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 524 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 113,349 Million. The company is developing 163 Kms of National Highways on BOT basis. A member of UN Global Compact, Lanco Infratech is recognised for its Corporate Social Responsibility initiatives led by the Lanco Foundation.