

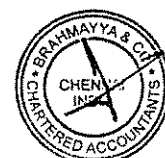
INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

To
The Board of Directors
Lanco Infratech Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Lanco Infratech Limited ('the Company'), and its subsidiaries and associates (together, 'the Group') for the quarter ended June 30, 2015 ('the Statement') being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. To the extent stated in paragraphs 3 (a) to 3 (e) below, we did not review the financial results of certain component entities that comprise the Group and are included in the consolidated financial results.
 - a. We did not review the unaudited financial results of certain subsidiaries whose financial results reflect total assets of Rs.2,531.79 Crores as at June 30, 2015 and total revenue of Rs.30.38 Crores for the quarter ended June 30, 2015. These unaudited financial results and other financial information for these subsidiaries have been reviewed by other auditors whose reports have been furnished to us by the Management, and our review report on the quarterly consolidated financial results is based solely on the reports of the other auditors.



- b. We did not review the unaudited financial results of certain overseas subsidiaries whose financial results, prepared under their respective accounting framework, in the aggregate, reflect total assets of Rs. 10,478.07 Crores as at June 30, 2015 and total revenue of Rs. 142.34 Crores for the quarter ended June 30, 2015. The unaudited financial results of these subsidiaries have been prepared in accordance with the respective accounting framework and have been reviewed by other auditors who have submitted their review conclusions, prepared under generally accepted auditing standards of their respective countries, to the management of the respective overseas subsidiaries, copies of which have been provided to us by the Company. The Management of the Company has converted these financial results of these overseas subsidiaries to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial results. Our conclusion, thus insofar relates to amounts included in respect of these overseas subsidiaries, is based solely on the reports of other auditors.
- c. We did not review the unaudited financial results of certain associates, whose financial results reflect the Group's share of Profit of Rs. 0.01 Crores for the quarter ended June 30, 2015. These unaudited financial results and other financial information for these associates have been reviewed by the other auditors whose reports have been furnished to us by the Management, and our review report on the quarterly consolidated financial results is based solely on the reports of the other auditors.
- d. We did not review the unaudited financial results of certain subsidiaries, whose financial results reflect total assets of Rs. 208.76 Crores as at June 30, 2015 and total revenue of Rs. 0.10 Crores for the quarter ended June 30, 2015. These financial results and other financial information of these subsidiaries have been prepared by the management and our review report on the quarterly consolidated financial results is based solely on the management accounts.
- e. We did not review the unaudited financial results of certain associates, whose financial results reflect the Group's share of Profit of Rs.0.56 Crores for the quarter ended June 30, 2015. These financial results and other financial information of the associates have been prepared by the management and our review report on the quarterly consolidated financial results is based solely on the management accounts.
4. Without qualifying our review conclusion, attention is invited to
- a) Note 3 to the consolidated financial results, regarding the adequacy of disclosure concerning the Group's ability to meet its financial obligations including various loans and unpaid interest and the ability to fund obligations pertaining to operations including unpaid/overdue creditors, for ensuring normal operations and investments towards ongoing projects. These matters essentially require the Company to garner such additional cash flows to fund and meet the requirements. During the quarter, the Group incurred a Net Loss of Rs. 300.36 Crores and has loans and unpaid dues aggregating Rs. 2,595.43 Crores falling due over next twelve months period which also includes repayment of loans sanctioned under Corporate Debt Restructuring (CDR) scheme.



The Company obtained certain reliefs in relation to repayment timelines of loans and accumulated unpaid interest and additional funding for its operations under CDR Cell. Notwithstanding certain variances in contracted terms under CDR scheme in relation to disbursements so far made and their utilization thereon, together with delay in implementation of CDR scheme, did not enable the Company to achieve the anticipated performance levels of operations at EPC and Project Companies which has consequential impact on financial results in the form of incurrence of further losses and cost overruns due to delayed execution at the Project level which is currently not quantifiable and as explained by the management, operations at EPC as well as the implementation of projects under construction have commenced.

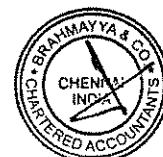
However, these consolidated financial results have been prepared on the assumption, considering the management assessment to get requisite further funding from various sources including additional funding from the lenders both sanctioned and additional funding sought for, taking into account the cost overrun approvals by the lenders for the under construction projects and the Group's efforts in disposing assets.

These submissions and assertions by the management as evaluated by lenders envisage that the Group has the ability to garner the required cash flows, which have not been independently assessed by us. Relying on the above, no adjustments have been made in these consolidated financial results towards any possible impact on account of low key operations and delayed execution of projects under implementation.

- b) Note 4(a) to the consolidated financial results, regarding the uncertainty of the availability of natural gas to operate all units of Lanco Kondapalli Power Limited (LKPL), a step down subsidiary of the Company. In view of the said uncertainty, LKPL has approached its lenders for approving the refinance proposal for Phase II debt and restructuring of Phase III debt. Pending availability of requisite gas required for commencing the operations no impact has been assessed on these consolidated financial results on the eventual availability of gas to operate all the units, which is indeterminable at this point of time.
- c) Note 5(a) to the consolidated financial results, which explains the management's assessment with respect to the order of Haryana Electricity Regulatory Commission (HERC) dated January 23, 2015, in regard to the litigation in respect of tariff determination in terms of the power purchase agreement relating to one of the power generating units of Lanco Amarkantak Power Limited (LAPL), a step down subsidiary of the Company. LAPL has sought further relief in Appellate Tribunal for Electricity (APTEL) against the said order of HERC. Consequently, the revenue recognized in the previous year's amounting to Rs. 195.24 Crores (Rs. Nil during the quarter ended June 30, 2015), is treated as recoverable and no provision is considered necessary in these consolidated financial results based on the management's assessment and legal advice obtained.



- d) Note 5(b) to the consolidated financial results, in regard to one of the power generating units of Lanco Amarkantak Power Limited (LAPL), a step down subsidiary of the Company, revenue continues to be recognized by LAPL on provisional basis, based on the tariff order approved by Madhya Pradesh Electricity Regulatory Commission (MPERC) vide order dated December 01, 2012 which is applicable up to March 31, 2013. Pending the tariff determination, no adjustments have been made in these consolidated financial results.
- e) Note 6 to the consolidated financial results, in relation to the carrying value of the assets held by Lanco Anpara Power Limited (LAnPL), a step down subsidiary of the Company. Though LAnPL has been incurring losses ever since the commencement of commercial operation and accumulated losses incurred so far eroded the net worth significantly, taking into consideration LAnPL management's assessment of the situation including efforts towards seeking revision in tariff pending before the regulator, the management of the Company is of the view that the carrying value of the asset of LAnPL is realizable at the value stated therein. Accordingly no adjustments have been made in these consolidated financial results.
- f) Note 7 to the consolidated financial results, which explains the matter in Lanco Teesta Hydro Power Limited (LTHPL), a step down subsidiary of the Company relating to termination of Long Term PPA with Maharashtra State Electricity Distribution Company Limited (MSEDCL) and the time and consequential cost overrun of the project and the management's plans to meet the cost overrun of the project. There has been an extension of Commercial Operation Date (COD) due to the circumstances beyond the control of LTHPL resulting in extended execution of the Hydropower project. In the opinion of management, the execution of the project with the increased cost and extended timelines for bringing the assets to its intended use is still viable even taking into account the current level of low implementation activities which does not amount to interruption thus continued to capitalise all the costs including interest. The management expects that suitable arrangements for power sale would be completed in the due course and therefore the carrying value of the project asset doesn't warrant any adjustment.
- g) Note 8 to the consolidated financial results, which explain land dispute at Lanco Hills Technology Park Private Limited (LHTPPL), a subsidiary of the Company, the ultimate outcome of these matters cannot presently be determined. The management of LHTPPL, based upon its assessment and legal advice obtained is confident of the outcome of the matter in its favour.
- h) Note 9 to the consolidated financial results, which explain the management's view with respect to the impact of unprecedented flash floods in Uttarakhand that seriously affected Lanco Mandakini Hydro Energy Private Limited (LMHEPL), a step down subsidiary of the Company implementing a Hydel Power Project of 76 MW capacity. The insurance survey has been



completed and the claims have been lodged with the insurer. LMHEPL has received an interim payment from the Insurer against the claim lodged. In the assessment of management, the potential damage to the carrying value of asset is unlikely to exceed the expected insurance claim. Relying on the assessment of the management of LMHEPL which have not been independently evaluated by us, no adjustments have been made in these consolidated financial results.

- i) Note 10 to the consolidated financial results, dealing with cancellation of coal blocks by the Honourable Supreme Court, which included coal mine jointly allotted to Tamil Nadu Electricity Board and Maharashtra State Mining Corporation Limited, the Allottees. Mahatamil Mining and Thermal Energy Limited (MMTEL), a subsidiary of the Company, entered into Coal Mining Services Agreement with the Allottees of the mine, pursuant to which, MMTEL incurred an amount of Rs. 204.66 Crores towards the Project, the realizability of which is dependent on the compensation to be awarded under the Ordinance issued by Government of India. The Company has obtained a legal opinion in this regard based on which, the amount incurred is considered to be recoverable and, hence no adjustments have been made in these consolidated financial results.
- j) Note 11 to the consolidated financial results, which explain the structuring undertaken by the management during the year ended March 31, 2012. The Company's investment as of March 30, 2012 in various subsidiaries and associates was transferred to wholly owned step down subsidiaries and to an associate of wholly owned step down subsidiary aggregating to Rs.6,815.51 Crores that require lenders and customer approvals. Management has received many such approvals aggregating to 96% in value, of the lenders consenting to the structuring, the management is confident of receiving balance approvals from lenders and customer and has taken the effect of these transfers while preparing these consolidated financial results. In case any of these residual approvals are not granted, the management will have to revisit the structure and the consequential impact would then be recorded in these consolidated financial results.
- k) Note 12 to the consolidated financial results, in relation to the carrying value of assets held by step down subsidiaries of Lanco Resources International Pte Limited (LRIPL) a subsidiary of the Company, in view of continued losses exceeding net worth of LRIPL and variations in available estimations of reserves, taking into account the management's initiatives to be implemented with significant financial resources to be deployed in the mining activity and the development of associated infrastructure, being the port, the management is of the view that the carrying value of the assets are realizable at the value stated therein, thus treated the subsidiaries as going concerns. Accordingly no adjustments have been made in these consolidated financial results.



- l) Note 13 to the consolidated financial results, which explain the payment of managerial remuneration aggregating to Rs. 1.69 Crores for the year ended March 31, 2015 which is in excess of the permissible limits of remuneration payable under the provisions of the Companies Act, 2013, read with rules notified thereon. The Company approached the Central Government with appropriate No Objection Certificate from Lenders, seeking its approval for payment of such remuneration in excess of limits. Pending approval from the Central Government no adjustments have been made in these consolidated financial results.
- m) Note 14 to the consolidated financial results, in relation to Lanco Kanpur Highways Limited (LKHL), a subsidiary of the Company, has received a notice of termination to the Concession Agreement from National Highways Authority of India (NHAI) and LKHL has also issued a notice of termination to NHAI. Arbitration proceedings have been initiated to settle the claims and the counter claims associated with the termination as per the Concession Agreement. As on June 30, 2015 LKHL and its EPC contractor have incurred certain costs towards the project, the realizability of these amounts is dependent on the outcome of the arbitration proceedings.
- n) Note 17(a) to the consolidated financial results, in relation Lanco Vidarbha Thermal Power Limited (LVTPL), a step down subsidiary of the Company, which describe the status of equipment worth Rs.122.90 Crores with the port authorities and the non-payment of estimated demurrage charges of Rs.238 Crores as on June 30, 2015. Based on the management discussion with the port authorities and assessment of management, no adjustments have been made for the carrying value of the equipment.
- o) Note17(b) to the consolidated financial results, in relation Lanco Vidarbha Thermal Power Limited (LVTPL), a step down subsidiary of the Company, which explains the matter relating to termination of Long Term PPA with MSEDCL in the Maharashtra Electricity Regulatory Commission (MERC) and the time and consequential cost overrun of the project sanctioned by the lenders. The management expects the suitable arrangements for power sale would be completed in the due course, the execution of the project with the increased cost and extended timelines for bringing the assets to its intended use is still viable, thus the carrying value of the project asset doesn't warrant any adjustment. In regard to the policy relating to capitalisation of interest, considering the current level of low implementation activities, which in the opinion of the management does not amount to interruption and thus continued to capitalise all the costs including interest.
- p) Note 17(c) to the consolidated financial results, in relation Lanco Vidarbha Thermal Power Limited (LVTPL), a step down subsidiary of the Company, which explain the Bank Guarantee encashment of Rs. 51 Crores by Maharashtra State Electricity Distribution Company Limited (MSEDCL) for delay in commissioning of the project beyond the Scheduled Commercial Operation Date (SCOD) as per Power Purchase Agreement (PPA). Based on the management analysis and representation to us and relying on the legal expert opinion, management is of the



opinion that the company can recover the Bank Guarantee amount encashed and further it is not liable to pay liquidated damages claimed by MSEDCL, which, as per the terms of the PPA, amounts to Rs. 351.90 Crores. Relying on the assessment of the management on the non-tenability of the claim towards levy of liquidated damages no adjustment has been made in these consolidated financial results.

Our conclusion is not qualified in the respect of the matters reported in paragraph 4.

5. *Attention is invited to Note 4(b) to the consolidated financial results where Lanco Kondapalli Power Limited (LKPL), a step down subsidiary of the Company has capitalised borrowing costs amounting to Rs.74.01 Crores and Rs.515.74 Crores for the quarter ended and cumulatively up to June 30, 2015 (July 1, 2013 to June 30, 2015) respectively incurred on a plant which is substantially complete, notwithstanding the management's view, pending commissioning in respect of which, LKPL has to secure the supply of requisite natural gas. However, in our opinion, the capitalization of such expenses is not in accordance with the relevant Accounting Standard. Had the aforesaid expenditure not been capitalised, loss of the Group (Net of Minority Interest) for the quarter ended June 30, 2015 and cumulatively up to June 30, 2015 would have been higher by Rs.43.67 Crores and Rs. 304.29 Crores respectively.*
6. *Except for the possible effects of the matter referred in paragraph 5 above, based on our review conducted as above and on consideration of reports of other auditors on the unaudited separate quarterly financial results and on the other financial information of the components, nothing has come to our attention that causes us to believe that the consolidated financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25, "Interim Financial Reporting" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed or that it contains any material misstatement.*

For Brahmayya & Co.,
Chartered Accountants
Firm Registration No. 000511S



Lokesh Vasudevan

Partner

Membership No. 222320



Place : Gurgaon

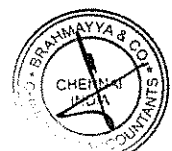
Date : August 13, 2015

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

To
The Board of Directors
Lanco Infratech Limited.

1. We have reviewed the accompanying statement of unaudited financial results of Lanco Infratech Limited ('the Company') for the quarter ended June 30, 2015 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding', 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Without qualifying our review conclusion, attention is invited to
 - a) Note 3 to the financial results, regarding the adequacy of disclosure concerning the Company's ability to meet its financial obligations including various loans and unpaid interest and the ability to fund obligations pertaining to operations including unpaid/overdue creditors, for ensuring normal operations and investments towards ongoing projects. These matters essentially require the Company to garner such additional cash flows to fund and meet the requirements. During the quarter, the Company incurred a Net Loss of Rs. 87.32 Crores and has loans and unpaid dues aggregating Rs. 659.18 Crores falling due over next twelve months period which also includes repayment of loans sanctioned under Corporate Debt Restructuring (CDR) scheme.

The Company obtained certain reliefs in relation to repayment timelines of loans and accumulated unpaid interest and additional funding for its operations under CDR Cell. Notwithstanding certain variances in contracted terms under CDR scheme in relation to disbursements so far made and their utilization thereon, together with delay in implementation of CDR scheme, did not enable the Company to achieve the

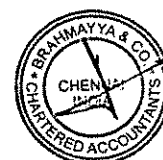


anticipated performance levels of operations at EPC and Project Companies which has consequential impact on financial results in the form of incurrence of further losses and cost overruns due to delayed execution at the Project level which is currently not quantifiable and as explained by management operations at EPC as well as the implementation of projects under construction have commenced.

However, these financial results have been prepared on the assumption, considering the management assessment to get requisite further funding from various sources including additional funding from the lenders both sanctioned and additional funding sought for, taking into account the cost overrun approvals by the lenders for the under construction projects and the Company's efforts in disposing assets.

These submissions and assertions by the management as evaluated by lenders envisage that the Company has the ability to garner the required cash flows, which have not been independently assessed by us. Relying on the above, no adjustments have been made in these financial results towards any possible impact on account of low key operations and delayed execution of projects under implementation.

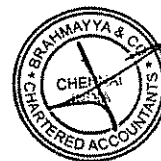
- b) Note 6 to the financial results, in relation to the carrying value of the assets held by Lanco Anpara Power Limited (LANPL), a step down subsidiary of the Company. Though LANPL has been incurring losses ever since the commencement of commercial operation and accumulated losses incurred so far eroded the net worth significantly, taking into consideration LANPL management's assessment of the situation including efforts towards seeking revision in tariff pending before the regulator, the management of the Company is of the view that the carrying value of the asset of LANPL is realizable at the value stated therein. Accordingly no adjustments have been made in these financial results.
- c) Note 10 to the financial results, dealing with cancellation of coal blocks by the Hon'ble Supreme Court, which included coal mine jointly allotted to Tamil Nadu Electricity Board and Maharashtra State Mining Corporation Limited, the Allottees. Mahatamil Mining and Thermal Energy Limited (MMTEL), a subsidiary of the Company, entered into Coal Mining Services Agreement with the Allottees of the mine, pursuant to which, the amount invested amounting to Rs. 171.19 Crores, the realizability of which is dependent on the compensation to be awarded under the Ordinance issued by Government of India. The Company obtained a legal opinion in this regard based on which, the investment is considered to be recoverable and, hence no adjustments have been made in these financial results.
- d) Note 11 to the financial results, which explain the structuring undertaken by the management during the year ended March 31, 2012. The Company's investment as of March 30, 2012 in various subsidiaries and associates was transferred to wholly owned step down subsidiaries and to an associate of wholly owned step down subsidiary aggregating to Rs.6,815.51 Crores that require lenders and customer



approvals. Management has received many such approvals aggregating to 96% in value, of the lenders consenting to the structuring, the management is confident of receiving balance approvals from lenders and customer and has taken the effect of these transfers while preparing these financial results. In case any of these residual approvals are not granted, the management will have to revisit the structure and the consequential impact would then be recorded in these financial results.

- e) Note 12 to the financial results, in relation to the carrying value of assets held by step down subsidiaries of Lanco Resources International Pte Limited (LR IPL), a subsidiary of the Company, in view of continued losses exceeding net worth of LR IPL and variations in available estimations of reserves, taking into account the management's initiatives to be implemented with significant financial resources to be deployed in the mining activity and the development of associated infrastructure, being the port, the management is of the view that the carrying value of the assets are realizable at the value stated therein, thus treated the subsidiaries as going concerns. Accordingly no adjustments have been made in these financial results.
- f) Note 13 to the financial results, which explain the payment of managerial remuneration aggregating to Rs. 1.69 Crores for the year ended March 31, 2015 which is in excess of the permissible limits of remuneration payable under the provisions of the Companies Act, 2013, read with rules notified thereon. The Company approached the Central Government with appropriate No Objection Certificate from Lenders, seeking its approval for payment of such remuneration in excess of limits. Pending approval from the Central Government no adjustments have been made in these financial results.
- g) Note 14 to the financial results, in relation to Lanco Kanpur Highways Limited (LKHL), a subsidiary of the Company, has received a notice of termination to the Concession Agreement from National Highways Authority of India (NHAI) and LKHL has also issued a notice of termination to NHAI. Arbitration proceedings have been initiated to settle the claims and the counter claims associated with the termination as per the Concession Agreement. As on June 30, 2015 LKHL and its EPC contractor have incurred certain costs towards the project, the realizability of these amounts is dependent on the outcome of the arbitration proceedings.

Our conclusion is not qualified in the respect of the matters reported in paragraph 3.



4. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25, "Interim Financial Reporting", specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Brahmayya & Co.,
Chartered Accountants
Firm Registration No. 000511S



Lokesh Vasudevan

Partner

Membership No. 222320



Place : Gurgaon

Date : August 13, 2015