

STATEMENT OF CONSOLIDATED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2014

Rs. Crores

PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1 (a) Income from operations	2126.90	2287.25	2458.78	6952.13	7393.84	10102.81
(b) Income from power trading	66.03	103.05	42.88	274.28	463.06	539.01
(c) Other operating income	12.11	13.37	13.08	40.28	41.54	65.63
Total income from operations (Gross)	2205.04	2403.67	2514.74	7266.69	7898.44	10707.45
Less: Elimination of intersegment operating income	23.59	42.00	117.35	119.05	212.21	277.42
Total income from operations (Net)	2181.45	2361.67	2397.39	7147.64	7686.23	10430.03
2 Expenses						
(a) Cost of materials consumed	1242.86	1276.45	1524.22	3941.73	4416.74	6335.90
(b) Purchase of traded goods	64.83	101.37	41.97	269.75	455.18	529.88
(c) Subcontract cost	61.31	58.64	34.83	166.10	120.47	169.16
(d) Construction, transmission, site and mining expenses	210.72	292.21	247.03	729.38	785.20	1061.47
(e) Change in inventories of finished goods and work in progress	(78.53)	(91.66)	(46.59)	(189.38)	(193.78)	(151.11)
(f) Employee benefits expense	92.33	87.70	85.33	266.41	299.03	385.33
(g) Depreciation & amortisation expenses	273.87	283.62	286.41	845.33	872.74	1171.91
(h) Other expenses	78.21	75.09	52.24	202.86	165.84	224.68
Total expenses	1945.60	2083.42	2225.44	6232.18	6921.42	9727.22
3 Profit / (loss) from operations before other income, foreign exchange fluctuations, finance costs, prior period items & exceptional items (1-2)	235.85	278.25	171.95	915.46	764.81	702.81
4 Other income	48.10	39.99	73.73	100.09	139.47	167.82
5 Add: Eliminated profit on transactions with subsidiaries	3.47	(1.01)	2.01	4.87	23.24	(15.05)
6 Profit / (loss) from ordinary activities before foreign exchange fluctuations, finance costs, prior period items & exceptional items plus elimination (3+4+5)	287.42	317.23	247.69	1020.42	927.52	855.58
7 (Gain) / loss on foreign exchange fluctuations (Net)	190.88	190.52	79.14	339.26	450.85	370.67
8 Finance costs	744.42	773.02	678.26	2245.37	2106.16	2762.12
9 Profit / (loss) from ordinary activities after finance costs but before prior period items & exceptional items plus elimination (6-7-8)	(647.88)	(646.31)	(509.71)	(1564.21)	(1629.49)	(2277.21)
10 Exceptional items (Refer Note No 20 to the financial results)	9.61	93.61	8.47	103.54	8.47	(179.26)
Profit / (loss) from ordinary activities before tax, prior period items plus elimination (9+10)	(638.27)	(552.70)	(501.24)	(1460.67)	(1621.02)	(2456.47)
12 Tax expense	3.15	8.39	50.51	39.59	139.77	(129.44)
13 Net profit / (loss) from ordinary activities after tax but before prior period items plus elimination (11-12)	(641.42)	(561.09)	(551.75)	(1500.26)	(1760.79)	(2327.03)
14 Extraordinary Item (net of tax expense)	-	-	-	-	-	-
Net profit / (loss) for the period before prior period items plus elimination (13+14)	(641.42)	(561.09)	(551.75)	(1500.26)	(1760.79)	(2327.03)
Less: Prior period items	(1.54)	-	-	42.52	(17.65)	43.50
16 Net profit / (loss) for the period plus elimination	(639.88)	(561.09)	(551.75)	(1542.78)	(1743.14)	(2370.53)
Less: Minority interest	(28.12)	(33.58)	(30.95)	(99.74)	(87.78)	(115.64)
Add: Share of profit / (loss) of associates	(1.42)	(0.87)	(5.15)	(2.50)	(10.14)	(33.89)
17 Net profit / (loss) for the period plus elimination after minority interest and share of profit / (loss) of associates	(613.18)	(528.38)	(525.95)	(1445.54)	(1665.50)	(2288.78)
Less: elimination of profit on transactions with subsidiaries and associates	3.44	(0.90)	3.73	4.91	24.09	(14.90)
19 Net profit / (loss) after taxes, minority interest and share of profits / (loss) of associates (17-18)	(616.62)	(527.48)	(529.68)	(1450.45)	(1689.59)	(2273.88)
20 Cash profit (17 + 2(g) + deferred tax - MAT credit + forex loss- forex gain+realised gain in exceptional item)	(148.41)	18.12	(124.77)	(167.10)	(236.88)	(743.40)
21 Profit (+) / Loss (-) from ordinary activities before tax (11 - 5)	(641.74)	(551.69)	(503.25)	(1465.54)	(1644.26)	(2441.42)
22 Paid-up equity share capital (face value of Re. 1/- per share)	245.09	239.63	239.24	245.09	239.24	239.24
23 Reserves excluding revaluation reserves as per balance sheet						1218.31
Add: Eliminated profit on transactions with subsidiaries and associates till March 31, 2014						1501.16
25 Reserves excluding revaluation reserves plus eliminated profit on transaction with subsidiaries and associates (23 + 24)						2719.47
Earning per share (EPS) before & after extraordinary items (not annualised)						
- Basic	(2.61)	(2.23)	(2.25)	(6.14)	(7.20)	(9.68)
- Diluted	(2.61)	(2.23)	(2.26)	(6.14)	(7.20)	(9.68)



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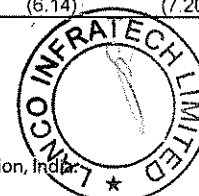
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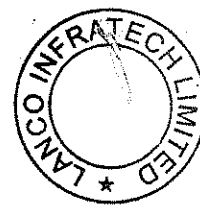
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SELECT INFORMATION FOR THE NINE MONTHS ENDED DECEMBER 31, 2014

PARTICULARS	Quarter Ended		31.12.2013 (Unaudited)	Nine Months Ended		Year Ended 31.03.2014 (Audited)
	31.12.2014 (Unaudited)	30.09.2014 (Unaudited)		31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	
A PARTICULARS OF SHAREHOLDING						
1 Public shareholding						
- Number of shares	773557761	718877840	707627583	773557761	707627583	718482137
- Percentage of shareholding	31.42	29.86	29.39	31.42	29.39	29.84
2 Promoters and promoter group shareholding						
a) Pledged / Encumbered						
- Number of shares	1567653509	1567653059	1308318000	1567653509	1308318000	1308318000
- Percentage of shares (As a % of the total shareholding of promoter & promoter group)	92.83	92.82	76.95	92.83	76.95	77.45
- Percentage of shares (As a % of the total share capital of the company)	63.66	65.11	54.34	63.66	54.34	54.34
b) Non - encumbered						
- Number of shares	121168739	121274021	391859337	121168739	391859337	381004783
- Percentage of shares (As a % of the total shareholding of promoter & promoter group)	7.17	7.18	23.05	7.17	23.05	22.55
- Percentage of shares (As a % of the total share capital of the company)	4.92	5.03	16.27	4.92	16.27	15.82
	Quarter Ended					
	31.12.2014					
B INVESTOR COMPLAINTS						
Pending at the beginning of the quarter	NIL					
Received during the quarter	1					
Disposed off during the quarter	1					
Remaining unsolved at the end of the quarter	NIL					



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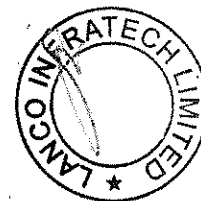
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SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT- CONSOLIDATED

Rs. Crores

PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1 Segment Revenue						
(a) EPC & Construction	239.84	447.39	624.55	1036.30	1897.32	2367.74
(b) Power	1813.84	1769.69	1734.80	5688.52	5513.19	7561.23
(c) Property Development	37.57	10.60	70.77	60.98	253.94	196.21
(d) Infrastructure	28.02	26.24	-	80.44	-	-
(e) Resources	118.94	163.94	156.68	439.32	535.72	681.10
(f) Unallocated	11.32	11.33	11.96	34.21	57.20	92.92
Total	2249.53	2429.19	2598.76	7339.77	8057.37	10899.20
Less: Inter Segment Revenue	23.59	42.00	117.35	119.05	212.21	277.42
Net Sales/Income from Operations	2225.94	2387.19	2481.41	7220.72	7845.16	10621.78
2 Segment Results (Profit(+)/ Loss(-) before tax and interest from each segment)						
(a) EPC & Construction	(74.14)	(25.34)	(39.98)	(127.60)	(129.70)	(496.97)
(b) Power	395.74	362.69	411.94	1201.47	1088.59	1411.04
(c) Property Development	3.88	2.24	5.52	6.64	20.40	15.73
(d) Infrastructure	8.64	8.24	-	25.29	-	-
(e) Resources	(244.14)	(231.64)	(159.65)	(442.05)	(443.61)	(555.81)
(f) Unallocated	2.93	(3.97)	(30.52)	(9.62)	(31.08)	(44.40)
Total	92.91	112.22	187.31	654.13	504.60	329.59
Less: Inter Segment Profit on transactions with Subsidiaries	3.47	(1.01)	2.01	4.87	23.24	(15.05)
Total	89.44	113.23	185.30	649.26	481.36	344.64
Less :						
(i) Interest	744.42	773.02	678.26	2245.37	2106.16	2762.12
(ii) Other Un-allocable Exp. (Net of Un-allocable income) *	(13.24)	(108.10)	10.29	(130.57)	19.46	23.94
Total Profit Before Tax	(641.74)	(551.69)	(503.25)	(1465.54)	(1644.26)	(2441.42)
3 Capital Employed (Segment Assets - Segment Liabilities)						
(a) EPC & Construction	(1937.11)	(1777.82)	(1671.54)	(1937.11)	(1671.54)	(1727.82)
(b) Power	31994.04	31806.55	31987.21	31994.04	31987.21	31984.37
(c) Property Development	1804.51	1813.77	1801.32	1804.51	1801.32	1813.04
(d) Infrastructure	2084.43	2101.01	744.79	2084.43	744.79	720.02
(e) Resources	6458.53	6618.10	6615.48	6458.53	6615.48	6642.66
(f) Unallocated	(39254.95)	(38796.43)	(36565.02)	(39254.95)	(36565.02)	(37137.25)
Total	1149.45	1765.18	2912.24	1149.45	2912.24	2295.02

* Includes Exceptional Item (Note 20)


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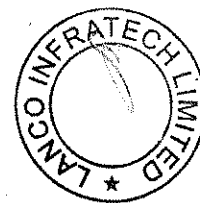
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STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2014

(Rs. in Cr)

PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1 (a) Income from operations	256.54	457.57	457.36	1065.84	1516.43	2229.90
(b) Other operating income	0.58	1.54	1.18	5.29	4.40	6.50
Total income from operations	257.12	459.11	458.54	1071.13	1520.83	2236.40
2 Expenditure						
(a) Cost of materials consumed	153.45	354.19	449.92	664.32	1162.24	1798.46
(b) Subcontract cost	64.88	60.42	60.55	190.60	247.13	363.39
(c) Construction and Site Expenses	14.88	16.88	28.52	54.39	92.00	117.70
(d) Change in inventories of construction work in progress	(51.46)	(52.85)	(93.75)	(86.09)	(321.51)	(151.47)
(e) Employee benefits expense	53.82	42.47	34.13	139.71	145.43	185.60
(f) Depreciation & amortisation expenses	28.17	29.76	29.15	91.23	89.81	117.24
(g) Other expenses	13.92	32.54	21.65	66.78	77.40	126.86
Total expenses	277.66	483.41	530.17	1120.94	1492.50	2557.78
3 Profit / (loss) from operations before other income, foreign exchange fluctuations, finance costs & exceptional items (1-2)	(20.54)	(24.30)	(71.63)	(49.81)	28.33	(321.38)
4 Other income	42.41	49.53	25.50	118.28	70.21	102.97
5 Profit / (loss) from ordinary activities before foreign exchange fluctuations, finance costs & exceptional items (3+4)	21.87	25.23	(46.13)	68.47	98.54	(218.41)
6 (Gain)/Loss on foreign exchange fluctuations (Net)	25.60	22.36	(9.95)	49.41	128.61	112.95
7 Finance costs	203.44	185.87	154.76	558.15	468.73	627.73
8 Profit / (Loss) from ordinary activities after foreign exchange fluctuations, finance costs but before exceptional items (5-6-7)	(207.17)	(183.00)	(190.94)	(539.09)	(498.80)	(959.09)
9 Exceptional items	6.17	93.58	8.47	99.75	8.47	(0.90)
10 Profit / (loss) from ordinary activities before tax (8+9)	(201.00)	(89.42)	(182.47)	(439.34)	(490.33)	(959.99)
11 Tax expense	-	-	-	-	-	-
12 Net profit / (loss) from ordinary activities after tax (10-11)	(201.00)	(89.42)	(182.47)	(439.34)	(490.33)	(959.99)
13 Extraordinary Item (net of tax expense)	-	-	-	-	-	-
14 Net profit / (loss) for the period (12+13)	(201.00)	(89.42)	(182.47)	(439.34)	(490.33)	(959.99)
15 Paid-up equity share capital (face value of Re.1/- per share)	245.09	239.63	239.24	245.09	239.24	239.24
16 Reserves excluding revaluation reserves as per balance sheet of March 31, 2014						2434.65
17 Earning per share (EPS) in Rupees before & after extraordinary items (not annualised)						
- Basic	(0.85)	(0.38)	(0.78)	(1.86)	(2.09)	(4.08)
- Diluted	(0.85)	(0.38)	(0.78)	(1.86)	(2.09)	(4.08)


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SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2014

PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
A PARTICULARS OF SHAREHOLDING						
1 Public shareholding						
- Number of shares	773557761	718877640	707627583	773557761	707627583	718482137
- Percentage of shareholding	31.42	29.86	29.39	31.42	29.39	29.84
2 Promoters and promoter group shareholding						
(a) Pledged / Encumbered						
- Number of shares	1567653059	1567653059	1308318000	1567653059	1308318000	1308318000
- Percentage of shares						
(As a % of the total shareholding of promoter & promoter group)	92.83	92.82	76.95	92.83	76.95	77.45
- Percentage of shares						
(As a % of the total share capital of the company)	63.66	65.11	54.34	63.66	54.34	54.34
(b) Non - encumbered						
- Number of shares	121168739	121274021	391859337	121168739	391859337	381004783
- Percentage of shares						
(As a % of the total shareholding of promoter & promoter group)	7.17	7.18	23.05	7.17	23.05	22.55
- Percentage of shares						
(As a % of the total share capital of the company)	4.92	5.03	16.27	4.92	16.27	15.82

PARTICULARS	Quarter Ended 31.12.2014
B INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	NIL
Received during the quarter	1
Disposed off during the quarter	1
Remaining unsolved at the end of the quarter	NIL

Note: During the reporting Quarter, 5,45,74,639 Equity Shares of Re.1/- each were allotted to ICICI Bank Limited at a Price of Rs.6.23/- per Equity Share (premium of Rs.5.23/- per share), by conversion of Rs.34 Crores Funded Interest Term Loan into Equity Share Capital of the Company.

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT - STAND ALONE

(Rs. in Cr)

PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1 Segment Revenue						
(a) EPC & Construction	226.68	432.16	428.40	982.27	1431.13	2107.04
(b) Power	19.43	15.94	18.75	55.65	54.79	74.47
(c) Infrastructure	11.01	11.01	11.39	33.21	34.91	54.89
Net Sales/Income from Operations	257.12	459.11	458.54	1071.13	1520.83	2236.40
2 Segment Results (Profit(+)/ Loss(-) before tax and interest from each segment)						
(a) EPC & Construction	(57.64)	(53.00)	(57.07)	(128.33)	(121.84)	(476.96)
(b) Power	8.70	5.21	9.21	23.62	34.24	43.32
(c) Infrastructure	1.65	1.65	1.71	4.98	5.24	7.07
(d) Unallocated	1.15	(0.52)	(15.53)	0.51	(17.92)	(7.76)
Total	(46.14)	(46.66)	(61.68)	(99.22)	(100.28)	(434.33)
Less :						
(i) Interest (Including Exceptional Item)	203.44	185.87	146.29	558.15	460.26	628.63
(ii) Other Un-allocable Exp. (Net off Un-allocable income)	(48.58)	(143.11)	(25.50)	(218.03)	(70.21)	(102.97)
Total Profit/(Loss) Before Tax	(201.00)	(89.42)	(182.47)	(439.34)	(490.33)	(959.99)
3 Capital Employed (Segment Assets- Segment Liabilities)						
(a) EPC & Construction	(5014.05)	(4937.87)	(4584.87)	(5014.05)	(4584.87)	(4754.67)
(b) Power	523.52	531.11	532.16	523.52	532.16	534.46
(c) Infrastructure	11336.40	11295.96	10849.31	11336.40	10849.31	11136.82
(d) Unallocated	(4567.01)	(4452.66)	(3644.54)	(4567.01)	(3644.54)	(4242.72)
Total	2278.86	2436.54	3152.06	2278.86	3152.06	2673.89



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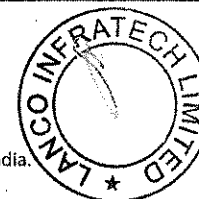
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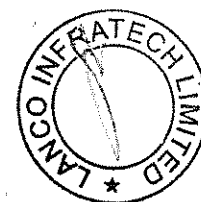
NOTES IN RELATION TO THE FINANCIAL RESULTS

1. The reported consolidated Net Operating Income and Net Profit / (Loss) have been arrived at after eliminating inter-company transactions as per Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements". It may be noted that the above eliminations do not reduce the cash earnings of the Company on the standalone / consolidated basis. The impact of these eliminations on Net Operating Income and Net Profit / (Loss) is presented as under:

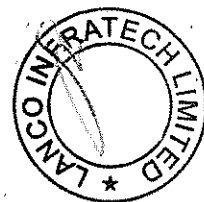
Particulars	Quarter Ended (Unaudited)			Nine Months Ended (Unaudited)		Rs. Crores Year Ended (Audited)
	Dec 31, 2014	Sep 30, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	March 31, 2014
Reported Net Operating Income	2181.45	2361.67	2397.39	7147.64	7686.23	10430.03
Elimination of Intersegment Operating Income	23.59	42.00	117.35	119.05	212.21	277.42
Total Income before elimination	2205.04	2403.67	2514.74	7266.69	7898.44	10707.45
Reported Net Profit / (Loss)	(616.62)	(527.48)	(529.68)	(1450.45)	(1689.59)	(2273.88)
Elimination as per AS 21 & 23	3.44	(0.90)	3.73	4.91	24.09	(14.90)
Forex loss / (gain)	190.88	190.52	79.14	339.26	450.85	370.67
Net Profit or (Loss) before elimination & Forex loss / (gain)	(422.30)	(337.86)	(446.81)	(1106.28)	(1214.65)	(1918.11)

2. The Information on Standalone Financial Results

Particulars	Quarter Ended (Unaudited)			Nine Months Ended (Unaudited)		Rs. Crores Year Ended (Audited)
	Dec 31, 2014	Sep 30, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	March 31, 2014
Income from operations	257.12	459.11	458.54	1071.13	1520.83	2236.40
PBT	(201.00)	(89.42)	(182.47)	(439.34)	(490.33)	(959.99)
PAT	(201.00)	(89.42)	(182.47)	(439.34)	(490.33)	(959.99)
Forex loss / (gain)	25.60	22.36	(9.95)	49.41	128.61	112.95
PAT before forex loss / (gain)	(175.40)	(67.06)	(192.42)	(389.93)	(361.72)	(847.04)



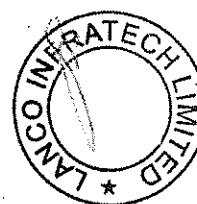
3. As at December 31, 2014 the Group has receivables from various State Electricity Utility Companies and other customers for sale of power aggregating to Rs.2,433.51 Cr (Rs. 2,465.91 Cr as at September 30, 2014), net current liabilities of Rs.2,553.09 Cr and current maturities of long term borrowings of Rs.2,202.58 Cr. Based on internal assessment and various discussions had with the customers, the management is confident of recovery of receivables. At present the Group's operating assets are not generating envisaged revenues on account of various factors beyond the control of the company, such as short supply of coal, non-availability of gas, pending tariff clarity and delayed payments from the customers is posing challenges for meeting the cash flow needs. However the Group has actively engaged in resolving in each of the aspects associated with the respective revenue generating units by effectively addressing the core issues which would enable a quick turnaround in the situation and the management is confident that the efforts would result in the operating units generating positive cash flows. The approved CDR scheme of the company and the aspects like inviting strategic investors, disposal of assets would also bring in the additional cash flows into the system. Cumulatively, the Group is confident that the initiatives narrated above would address the bottlenecks and make the operating units viable, augmenting the construction and EPC activity to normal level and thus does not foresee any eventual cash flow mismatch in terms of meeting its financial obligations including that of to the lenders, vendors and others and also will have adequate cash flows to support the implementation of ongoing projects which are capitalizing interest and expenses during the period of construction including the current low level period of construction. This is an emphasis of matter in the auditor's report for the year ending March 31, 2013 and March 31, 2014 and limited review report for the quarter ended December 31, 2014.
4. a) Due to shortage of gas one of the step down subsidiary of the company i.e. Lanco Kondapalli Power Limited (LKPL), could not complete the activities required for COD of the Phase III and also the operations of Phase II are stalled. In view of the gas uncertainty, the LKPL has approached its lenders for restructuring of Phase II & III debt up to January, 2018, which is awaiting sanction. Management is confident of completing the restructuring of its debt as stated above for both Phase II and Phase III projects. The Company is actively pursuing/making representations with various Government Authorities to secure the gas, which is in short supply now. LKPL is closely monitoring the macro situation and is evaluating various approaches/alternatives to augment the gas supply. The Management is confident that the Government of India would take necessary steps/initiatives in this regard.
- (b) During the quarter ended December 31, 2014 LKPL has capitalised Rs.70.95 Cr (from July 01, 2013 to December 31, 2014 Rs.369.59 Cr) of borrowing costs incurred on loans pertaining to Phase III plant which is yet to complete commissioning activities due to non-availability of required natural gas which is beyond the control of LKPL. Hence, the company is of the view that plant is not ready for the commissioning and is eligible to capitalise the borrowing costs till the completion of required commissioning activities. The lenders of the project approved the above interest during construction as a part of the project cost. LKPL has approached Ministry of Corporate Affairs (MCA) seeking relaxation from the applicability of provisions of AS 16 to continue the capitalisation of borrowing costs. This is a subject matter of qualification in auditor's report for the year ended March 31, 2014 and limited review report for the quarter ended December 31, 2014.



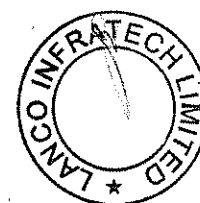
5. Lanco Amarkantak Power Limited (LAPL), one of the step down subsidiary of the company has provided further mobilization advance to the Company, against Engineering, Procurement & Construction (EPC) contract and the amount outstanding as at December 31, 2014 is Rs.636.70 Cr, which requires approval by their respective lenders. The Company has to receive Rs.381.41 Cr retention money from the said step down subsidiary and the step down subsidiary obtained the approval of some of the Lenders for release of the retention money against providing the bank guarantee by the Company. The process of approval from the balance lenders is in progress and the Management is confident of obtaining the same. The said mobilization advance and retention money have been eliminated while preparing these consolidated financial statements. Pending final approval of the lenders no adjustments have been made in respect of this matter, in the accompanying results. This is an emphasis of matter in the auditor's report for the year ended March 31, 2014 and March 31, 2013 and limited review report for the quarter ended December 31, 2014.
6. Lanco Amarkantak Power Limited (LAPL), one of the step down subsidiary of the company terminated it's PPA with PTC for supply of power to HPGCL from it's Unit-II for non-compliance of certain PPA covenants, which is currently under litigation. LAPL has recognised it's revenue as per the Central Electricity Regulatory Commission (CERC) tariff rate based on the application filed with Haryana Electricity Regulatory Commission (HERC) to fix or approve the tariff pursuant to the Hon'ble Supreme Court (SC) order dated December 16, 2011. APTEL vide its order dated January 03, 2014, set aside the tariff determined by the HERC on October 17, 2012 which is not in consonance with the remand order of the SC and directed the HERC to re-determine the interim tariff. LAPL recognized the differential revenue during the previous years (Rs.99.25 Cr and 95.99 Cr for the years ended March 31, 2013 and March 31, 2012 respectively), whereas the payments have been released by the procurer on the basis of erstwhile PPA capped tariff rate and consequently the receivables are higher by Rs.195.24 Cr as at December 31, 2014 (Rs.195.24 Cr as at March 31, 2014, Rs.195.24 Cr as at March 31, 2013 and Rs. 95.99 Cr as at March 31, 2012). HERC vide its Order dated January 23, 2015 determined the tariff for Unit-II of LAPL with the break-up of annual fixed charges and variable charges thereto for the period May 07, 2011 to March 31, 2013. Further, it has also determined the fixed charges for the tariff years 2013-14 and 2014-15 based on the HERC Tariff Regulations, 2008. HERC held that, tariff shall be worked out based on cost parameters and norms approved in the said order till further order is passed in the matter by the Hon'ble Supreme Court.

LAPL based on the Legal Opinion sought in this regard, intends to assail the findings of HERC before APTEL by way of an appeal and the management is confident of succeeding in the appeal. Hence, no adjustments have been made in the accompanying results for the differential revenue. This is an emphasis of matter in the limited review report for the quarter ended December 31, 2014

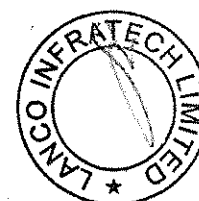
7. With respect to supply of power by Udupi Power Corporation Limited (UPCL) – 1200 MW one of the step down subsidiary of the Company, the Central Electricity Regulatory Commission (CERC) has determined tariff for both the units on February 20, 2014. Appeals were filed by the Principal Buyers and the UPCL independently against the tariff order which is yet to be decided by the Appellate Tribunal. Billing for the energy supplied from April 01, 2014 onwards is continued to be made at the tariff approved by the commission in accordance with regulation 7(8)(i) of CERC (Terms and Conditions of Tariff) Regulations, 2014. Balances representing trade receivables and the amount of revenue recognized are based on final tariff order issued by CERC. This is an emphasis of matter in the auditor's report for the year ended March 31, 2013 and March 31, 2014 and limited review report for the quarter ended December 31, 2014.



8. Remuneration of Rs.1.74 Cr till period ended December 31, 2014 has been paid to the professional director of a step down subsidiary company needs the approval under the Companies Act. The subsidiary company has applied to the Central Government for the approval of such remuneration, pending the above no adjustments have been made to these finalized results. This is an emphasis of matter in the limited review report for the quarter ended December 31, 2014.
9. As reported during the quarter ended September 30, 2014, the company along with its step down subsidiaries has entered into a definitive agreement with the Adani Power Limited for sale of 100% stake in Udupi Power Corporation Limited (UPCL) – 1200 MW (a step down subsidiary of the company) imported coal based thermal power plant situated in Karnataka, India. As per the agreement the cutoff date for transfer of ownership is August 18, 2014. However as the company is still to complete the conditions precedent to the definitive agreement, the financials of UPCL from August 18, 2014 to December 31, 2014 of a Total Income of Rs.968.29 Cr and Loss of Rs. 50.22 Cr have been considered in the consolidated financials for the period ended December 31, 2014
10. Lanco Anpara Power Limited - 1200 MW (LAnPL) one of the step down subsidiary of the company, started their operations in December 2011, had incurred losses as plant is operating at sub optimal levels since inception due to initial stabilizing issues and coal infrastructure constraints. Due to non fulfillment of certain obligations by buyers i.e. Uttar Pradesh State Power Distribution Companies under the PPA with the company for sale of 1,100 MW power, LAnPL has terminated the PPA and exercised the option available under PPA. The LAnPL filed petition before UPERC for resolution of options. The Management is taking constructive and necessary steps to improve the operating levels of the plant in future and of the view that the carrying value of Assets of LAnPL are realizable at the value stated therein. This is an emphasis of matter in the auditor's report for the year ended March 31, 2013 and March 31, 2014 and limited review report for the quarter ended December 31, 2014.
11. One of the step down subsidiary of the company i.e., Lanco Teesta Hydro Power Limited – 500 MW (LTHPL), due to delay in diversion of forest land, poor geology and earthquake, leading to substantial time and cost overrun, has requested the customer to revise the PPA Tariff for viability of the project. As there was no positive response from the customer, on September 18, 2014, LTHPL has terminated the PPA with MSEDCL. LTHPL approached lenders for funding the cost overrun and lead lenders approved the proposal. The management is confident of getting the revised funding from the lenders, complete the project as per the revised timelines and resolution of PPA issues. The Management is confident that even after considering the cost overruns and delays in execution there is viability in the project and hence does not foresee any requirement for adjustment in carrying value of assets in the financial statements. This is an emphasis of matter in the auditor's report for the year ended March 31, 2013 and March 31, 2014 and limited review report for the quarter ended December 31, 2014.
12. With respect to Lanco Hills Technology Park Private Limited (LHTPPL) one of the subsidiaries of the Company is developing a 100 acre integrated township called 'Lanco Hills' at Hyderabad, Telangana. With regard to dispute of the title of the land between the Wakf Board and Government of Telangana, the Wakf tribunal restricted the LHTPPL from alienating the property which was upheld by the Hon'ble High Court of Andhra Pradesh. LHTPPL has appealed against the order of the Honorable High Court of Andhra Pradesh before the Honorable Supreme Court, which granted an interim stay against the orders of Honorable High Court of Andhra Pradesh and the Wakf Tribunal. Pending the final outcome of appeal before the Honorable Supreme Court, the Management based upon its assessment and legal advice obtained, is confident of the outcome of the matter in its favour and no adjustments have been made in respect of this matter in the accompanying results. This is an emphasis of matter in the auditor's report for the year ended March 31, 2013 and March 31, 2014 and limited review report for the quarter ended December 31, 2014.



13. Lanco Mandakini Hydro Energy Private Limited (LMHEPL) one of the step down subsidiary of the company is developing 76 MW Hydro Electric Project on river Mandakini in Uttarakhand, has been impacted and considerable damage has been witnessed across the project site due to devastating flash floods occurred in the Rudraprayag district of Uttarakhand in the month of June 2013. The said Project is insured under CAR & ALOP policies to cover the damages including Act of God. Against the claims lodged with the insurer, on-account payment received from the insurer. The Management is confident that the potential damage to carrying value of the asset is unlikely to exceed the expected insurance claim. This is an emphasis of matter in the auditor's report for the year ended March 31, 2014 and limited review report for the quarter ended December 31, 2014.
14. Mahatamil Mining and Thermal Energy Limited (MMTEL), a subsidiary of the company had entered into Coal Mining Services (CMS) agreement with Mahatamil Collieries Limited (MCL) for developing and mining of Gare pelma II Coal block located in the state of Chhattisgarh, the said coal block was cancelled by the Hon'ble Supreme Court. As per CMS agreement MMTEL has incurred an amount of Rs.196.76 Cr till December 31, 2014 towards exploration, infrastructure and performance security deposit. The amount incurred by MMTEL will be claimed as per terms of the Coal Mines (Special Provisions) Ordinance, 2014. This is an emphasis of matter in the limited review report for the quarter ended December 31, 2014.
15. During the quarter ended March 31, 2012, the Company has put in place two level power holding company structure wherein Lanco Power Limited (LPL) subsidiary of the Company as the power holding vehicle for the Group. LPL has further two subsidiaries namely Lanco Thermal Power Limited (LTPL) and Lanco Hydro Power Limited (LHPL) as thermal power holding company and hydro power holding company respectively. As approved by the members, vide their resolution dated March 19, 2010 the Company has sold it's shareholding in some of its Subsidiaries and Associate Companies to its wholly owned step down subsidiaries i.e., LTPL and LHPL on March 30, 2012 for cash consideration. The Group has obtained approvals from 93% in Value of the lenders / one customer and share transfer process is in progress. However, this transaction has no impact in the consolidated financials. This is an emphasis of matter in the limited review report for the quarter ended December 31, 2014.
16. Lanco Resources International Pte Limited (LRIPL) along with its subsidiary companies (Griffin Coal Mine Operations, Australia) have been incurring losses from acquisition onwards. The management is taking necessary steps to optimise its mining cost and to improve the coal mining capacity. Upon implementation of short term initiatives, the management is confident of improving the profitability of the business in short period and carrying value of the assets are realizable at the value stated in the books. Accordingly, no adjustments have been made in these financials results. This is an emphasis of matter in the limited review report for the quarter ended December 31, 2014.
17. During the year ended March 31, 2012, in line with the Notification dated December 29, 2011 issued by the MCA, the group has selected the option given in paragraph 46A of the Accounting Standard – 11, "The Effects of Changes in Foreign Exchange Rates" with effect from April 1, 2011, the foreign exchange (gain) / loss arising on revaluation of long term foreign currency monetary items in so far as they relate to the acquisition of depreciable capital assets to be depreciated over the balance life of such assets and in other cases the foreign exchange (gain) / loss to be amortised over the balance period of such long term foreign currency monetary items. On availment of option under this notification, foreign exchange difference remains unamortized is Rs.1,450.65 Cr.

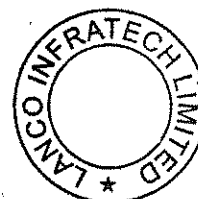


18. During the quarter ended June 30, 2014 management reassessed the depreciation rates and remaining useful life of assets as required by Schedule – II to the Companies Act 2013 with effect from April 1, 2014. Consequently, there is no material impact on depreciation charged for the quarter ended December 31, 2014.
19. Lanco Kanpur Highways Limited (LKHL), a subsidiary of the company had entered into concession agreement for developing a road project in Uttar Pradesh state under BOOT mechanism. The construction work is delayed due to pending approvals and right of way to be arranged by NHAI. During previous quarter LKHL received a termination notice from NHAI, against which LKHL is contesting. Further, LKHL has issued notice of termination to NHAI for default committed by NHAI.
20. Exceptional item for the quarter ended December 31, 2014 is due to reversal of employee related provisions.
21. Previous periods figures have been regrouped, reclassified and restated to conform to those of the current period.
22. These unaudited results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings.

for **Lanco Infratech Limited**



G. Venkatesh Babu
Managing Director



Place : Gurgaon
Date : February 12, 2015

