

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2013

Rs. in Cr

PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2013 (Unaudited)	30.09.2013 (Unaudited)	31.12.2012 (Unaudited)	31.12.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2013 (Audited)
1 (a) Income from operations	2458.78	2371.04	3044.04	7393.84	9445.35	12883.25
(b) Income from power trading	42.88	110.21	652.59	463.06	1937.20	2187.85
(c) Other operating income	13.08	14.50	19.35	41.54	55.91	75.90
Total income from operations (Gross)	2514.74	2495.75	3715.98	7898.44	11438.46	15147.00
Less: Elimination of intersegment operating income	117.35	29.35	227.28	212.21	1269.25	1408.20
Total income from operations (Net)	2397.39	2466.40	3488.70	7686.23	10169.21	13738.80
2 Expenses						
(a) Cost of materials consumed	1524.22	1365.34	1726.25	4416.74	4823.22	6469.20
(b) Purchase of traded goods	41.97	107.82	644.08	455.18	1915.07	2161.25
(c) Subcontract cost	34.83	47.36	92.43	120.47	338.00	560.87
(d) Construction, transmission, site and mining expenses	247.03	276.20	344.27	785.20	958.25	1318.64
(e) Change in inventories of finished goods and work in progress	(46.59)	(41.54)	(134.11)	(193.78)	(328.11)	(454.05)
(f) Employee benefits expense	85.33	108.98	154.96	299.03	507.80	618.45
(g) Depreciation & amortisation expenses	288.41	294.32	305.13	872.74	840.36	1125.81
(h) Other expenses	52.24	53.05	93.91	165.84	281.05	482.48
Total expenses	2226.44	2211.53	3226.92	6921.42	9335.64	12282.65
3 Profit / (loss) from operations before other income, foreign exchange fluctuations, finance costs, prior period items & exceptional items (1-2)	171.95	254.87	261.78	764.81	833.57	1456.15
4 Other Income	73.73	39.53	37.74	139.47	94.47	148.86
5 Add: Eliminated profit on transactions with subsidiaries	2.01	5.22	18.88	23.24	51.73	(17.58)
6 Profit / (loss) from ordinary activities before foreign exchange fluctuations, finance costs, prior period items & exceptional items plus elimination (3+4+5)	247.69	299.62	318.40	927.52	979.77	1587.43
7 (Gain) / Loss on foreign exchange fluctuations (Net)	79.14	151.08	42.89	450.85	60.80	77.49
8 Finance costs	678.26	719.15	673.68	2106.16	1739.29	2421.44
9 Profit / (loss) from ordinary activities after finance costs but before prior period items & exceptional items plus elimination (6-7-8)	(509.71)	(570.61)	(398.17)	(1629.49)	(820.32)	(911.50)
10 Exceptional items (Refer Note No 19 to the financial results)	8.47	-	-	8.47	-	-
11 Profit / (loss) from ordinary activities before tax, prior period items plus elimination (9+10)	(501.24)	(570.61)	(398.17)	(1621.02)	(820.32)	(911.50)
12 Tax expense	50.51	46.68	57.26	139.77	141.68	179.62
13 Net profit / (loss) from ordinary activities after tax but before prior period items plus elimination (11-12)	(551.75)	(617.29)	(455.43)	(1760.79)	(962.00)	(1091.12)
14 Extraordinary item (net of tax expense)	-	-	-	-	-	-
15 Net profit / (loss) for the period before prior period items plus elimination (13+14)	(551.75)	(617.29)	(455.43)	(1760.79)	(962.00)	(1091.12)
Less: Prior period items	-	(17.65)	(12.78)	(17.65)	(6.82)	(12.62)
16 Net profit / (loss) for the period plus elimination	(551.75)	(599.64)	(442.65)	(1743.14)	(955.18)	(1078.50)
Less: Minority interest	(30.95)	(26.31)	1.40	(87.78)	23.70	(11.22)
Add: Share of profit / (loss) of associates	(5.15)	(3.07)	(2.87)	(10.14)	(1.79)	(2.88)
17 Net profit / (loss) for the period plus elimination after minority interest and share of profit / (loss) of associates	(525.95)	(576.40)	(446.92)	(1665.50)	(980.67)	(1070.16)
18 Less: elimination of profit on transactions with subsidiaries and associates	3.73	4.68	17.72	24.09	61.06	3.14
19 Net profit / (loss) after taxes, minority interest and share of profits / (loss) of associates (17-18)	(529.68)	(581.08)	(464.64)	(1689.59)	(1041.73)	(1073.30)
20 Cash profit / (17 + 2(g) + deferred tax - MAT credit + forex loss- forex gain)	(124.77)	(95.24)	(66.23)	(236.88)	(9.05)	232.92
21 Profit (+) / Loss (-) from ordinary activities before tax (11 - 5)	(603.25)	(575.83)	(417.05)	(1644.26)	(872.05)	(893.92)
22 Paid-up equity share capital (face value of Rs. 1/- per share)	239.24	239.24	239.01	239.24	239.01	239.24
23 Reserves excluding revaluation reserves as per balance sheet	-	-	-	-	-	3433.22
24 Add: Eliminated profit on transactions with subsidiaries and associates till March 31, 2013	-	-	-	-	-	1516.06
25 Reserves excluding revaluation reserves plus eliminated profit on transaction with subsidiaries and associates (23 + 24)	-	-	-	-	-	4949.28
26 Earning per share (EPS) before & after extraordinary items (not annualised)						
- Basic	(2.25)	(2.48)	(1.98)	(7.20)	(4.45)	(4.58)
- Diluted	(2.26)	(2.48)	(1.98)	(7.20)	(4.45)	(4.58)

SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2013

PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2013 (Unaudited)	30.09.2013 (Unaudited)	31.12.2012 (Unaudited)	31.12.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2013 (Audited)
A PARTICULARS OF SHAREHOLDING						
1 Public shareholding						
- Number of shares	707627583	707189075	702256801	707627583	702256801	703458090
- Percentage of shareholding	29.39	29.37	29.17	29.39	29.17	29.22
2 Promoters and promoter group shareholding						
a) Pledged / Encumbered						
- Number of shares	1308318000	1308318000	1116918000	1308318000	1116918000	1126918000
- Percentage of shares (As a % of the total shareholding of promoter & promoter group)	76.95	76.93	65.49	76.95	65.49	66.12
- Percentage of shares (As a % of the total share capital of the company)	54.34	54.34	46.39	54.34	46.39	46.80
b) Non - encumbered						
- Number of shares	391859337	392297845	588630119	391859337	588630119	577428830
- Percentage of shares (As a % of the total shareholding of promoter & promoter group)	23.05	23.07	34.51	23.05	34.51	33.88
- Percentage of shares (As a % of the total share capital of the company)	16.27	16.29	24.44	16.27	24.44	23.98
B INVESTOR COMPLAINTS						
Pending at the beginning of the quarter	NIL					
Received during the quarter	NIL					
Disposed off during the quarter	NIL					
Remaining unsolved at the end of the quarter	NIL					



Lanco Infratech Limited

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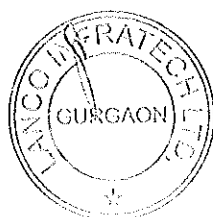
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SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT- CONSOLIDATED

Rs. in Cr

	PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2013 (Unaudited)	30.09.2013 (Unaudited)	31.12.2012 (Unaudited)	31.12.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2013 (Audited)
1	Segment Revenue						
	(a) EPC & Construction	624.55	534.58	928.39	1697.32	3906.16	5382.17
	(b) Power	1734.80	1742.92	2533.70	5513.19	6889.81	8662.58
	(c) Property Development	70.77	96.31	53.00	253.94	94.79	167.73
	(d) Infrastructure	-	-	-	-	-	-
	(e) Resources	156.68	159.07	205.27	535.72	542.60	954.05
	(f) Unallocated	11.96	14.78	20.93	57.20	60.57	93.17
	Total	2598.76	2547.66	3741.29	8057.37	11493.93	15259.70
	Less: Inter Segment Revenue	117.35	29.35	227.28	212.21	1269.25	1408.20
	Net Sales/Income from Operations	2481.41	2518.31	3514.01	7845.16	10224.68	13851.50
2	Segment Results (Profit(+)/ Loss(-) before tax and interest from each segment)						
	(a) EPC & Construction	(39.98)	(70.70)	69.85	(129.70)	350.45	686.05
	(b) Power	411.94	361.20	362.70	1088.59	887.91	1098.62
	(c) Property Development	5.52	7.68	0.93	20.40	(1.62)	1.86
	(d) Infrastructure	-	-	-	-	-	-
	(e) Resources	(159.65)	(140.99)	(140.44)	(443.61)	(344.63)	(300.80)
	(f) Unallocated	(30.52)	3.73	(29.99)	(31.08)	(12.14)	(11.95)
	Total	187.31	160.92	263.05	504.60	879.97	1473.78
	Less: Inter Segment Profit on transactions with Subsidiaries	2.01	5.22	18.88	23.24	51.73	(17.58)
	Total	185.30	155.70	244.17	481.36	828.24	1491.36
	Less :						
	(i) Interest	678.26	719.15	673.68	2108.16	1739.29	2421.44
	(ii) Other Un-allocable Exp. (Net of Un-allocable income)	10.29	12.38	(12.46)	19.46	(39.00)	(36.16)
	Total Profit Before Tax	(503.25)	(575.83)	(417.05)	(1644.26)	(872.05)	(893.92)
3	Capital Employed (Segment Assets - Segment Liabilities)						
	(a) EPC & Construction	(1671.54)	(1493.28)	(2945.89)	(1671.54)	(2945.89)	(2158.22)
	(b) Power	31987.21	32246.16	33224.86	31987.21	33224.86	32498.33
	(c) Property Development	1801.32	1813.81	1785.57	1801.32	1785.57	1752.51
	(d) Infrastructure	744.79	801.93	667.79	744.79	667.79	783.09
	(e) Resources	6615.48	6905.66	6513.07	6615.48	6513.07	6389.12
	(f) Unallocated	(36565.02)	(36734.41)	(34579.96)	(36565.02)	(34579.96)	(34658.19)
	Total	2912.24	3539.87	4665.44	2912.24	4665.44	4606.64



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STATEMENT OF STAND ALONE FINANCIAL RESULTS FOR THE QUARTER ENDED AND NINE MONTHS ENDED DECEMBER 31, 2013

(Rs. in Cr)

PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2013 (Unaudited)	30.09.2013 (Unaudited)	31.12.2012 (Unaudited)	31.12.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2013 (Audited)
1 (a) Income from operations	457.36	499.98	846.05	1516.43	3585.14	4729.41
(b) Other operating income	1.18	1.47	3.02	4.40	9.62	11.70
Total income from operations	458.54	501.45	849.07	1,520.83	3,594.76	4,741.11
2 Expenditure						
(a) Cost of materials consumed	449.92	344.12	545.68	1162.24	2068.61	2597.38
(b) Purchase of Traded Goods	-	-	44.78	-	185.72	289.06
(c) Subcontract cost	60.55	84.24	144.56	247.13	691.46	852.03
(d) Construction, Transmission and Site Expenses	28.52	42.85	36.28	92.00	123.98	157.39
(e) Change in inventories of finished goods and work in progress	(93.75)	(84.69)	(135.38)	(321.51)	(268.78)	(342.99)
(f) Employee benefits expense	34.13	55.08	87.14	145.43	303.35	365.66
(g) Depreciation & amortisation expenses	29.15	30.61	32.21	89.81	96.45	127.49
(h) Other expenses	21.65	34.64	27.33	77.40	100.84	127.28
Total expenses	530.17	506.85	782.60	1492.50	3301.63	4173.30
Profit / (loss) from operations before other income, foreign exchange fluctuations, finance costs & exceptional items (1-2)	(71.63)	(5.40)	66.47	28.33	293.13	567.81
4 Other income	25.50	24.46	18.57	70.21	46.89	81.64
Profit / (loss) from ordinary activities before foreign exchange fluctuations, finance costs & exceptional items (3+4)	(46.13)	19.06	85.04	98.54	340.02	649.45
6 (Gain)/Loss on foreign exchange fluctuations (Net)	(9.95)	51.07	20.24	128.61	29.29	38.90
7 Finance costs	154.76	157.83	154.04	468.73	440.15	600.32
Profit / (Loss) from ordinary activities after foreign exchange fluctuations, finance costs but before exceptional items (5-6-7)	(190.94)	(189.84)	(89.24)	(498.80)	(129.42)	10.23
9 Exceptional items	8.47	-	-	8.47	-	-
10 Profit / (loss) from ordinary activities before tax (8+9)	(182.47)	(189.84)	(89.24)	(490.33)	(129.42)	10.23
11 Tax expense	-	-	-	-	-	(3.11)
12 Net profit / (loss) from ordinary activities after tax (10-11)	(182.47)	(189.84)	(89.24)	(490.33)	(129.42)	13.34
13 Extraordinary Item (net of tax expense)	-	-	-	-	-	-
14 Net profit / (loss) for the period (12+13)	(182.47)	(189.84)	(89.24)	(490.33)	(129.42)	13.34
15 Paid-up equity share capital (face value of Re. 1/- per share)	239.24	239.24	239.01	239.24	239.01	239.24
16 Reserves excluding revaluation reserves as per balance sheet of March 31, 2013						3393.00
Earning per share (EPS) in Rupees before & after extraordinary items (not annualised)						
- Basic	(0.78)	(0.81)	(0.38)	(2.09)	(0.55)	0.06
- Diluted	(0.78)	(0.81)	(0.38)	(2.09)	(0.55)	0.06


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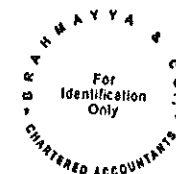
SELECT INFORMATION FOR THE QUARTER ENDED AND NINE MONTHS ENDED DECEMBER 31, 2013

PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2013 (Unaudited)	30.09.2013 (Unaudited)	31.12.2012 (Unaudited)	31.12.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2013 (Audited)
A PARTICULARS OF SHAREHOLDING						
1 Public shareholding						
- Number of shares	707627583	707189075	702256801	707627583	702256801	703458090
- Percentage of shareholding	29.39	29.37	29.17	29.39	29.17	29.22
2 Promoters and promoter group shareholding						
(a) Pledged / Encumbered						
- Number of shares	1308318000	1308318000	1116918000	1308318000	1116918000	1126918000
- Percentage of shares						
(As a % of the total shareholding of promoter & promoter group)	76.95	76.93	65.49	76.95	65.49	66.12
- Percentage of shares						
(As a % of the total share capital of the company)	54.34	54.34	46.39	54.34	46.39	46.80
(b) Non - encumbered						
- Number of shares	391859337	392297845	588630119	391859337	588630119	577428830
- Percentage of shares						
(As a % of the total shareholding of promoter & promoter group)	23.05	23.07	34.51	23.05	34.51	33.88
- Percentage of shares						
(As a % of the total share capital of the company)	16.27	16.29	24.44	16.27	24.44	23.98
B INVESTOR COMPLAINTS						
Pending at the beginning of the quarter	NIL					
Received during the quarter	NIL					
Disposed off during the quarter	NIL					
Remaining unsolved at the end of the quarter	NIL					

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
	31.12.2013 (Unaudited)	30.09.2013 (Unaudited)	31.12.2012 (Unaudited)	31.12.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2013 (Audited)
1 Segment Revenue						
(a) EPC & Construction	428.40	473.90	815.46	1431.13	3502.51	4601.18
(b) Power	18.75	15.62	20.57	54.79	54.78	77.52
(c) Infrastructure	11.39	11.93	13.04	34.91	37.47	62.41
Net Sales/Income from Operations	458.54	501.45	849.07	1520.83	3594.76	4741.11
2 Segment Results (Profit(+)/ Loss(-) before tax and interest from each segment)						
(a) EPC & Construction	(57.07)	(63.67)	30.07	(121.84)	197.32	443.28
(b) Power	9.21	5.05	10.84	34.24	56.07	68.92
(c) Infrastructure	1.71	1.83	1.98	5.24	5.62	10.79
(d) Unallocated	(15.53)	0.32	3.36	(17.92)	4.83	5.92
Total	(61.68)	(56.47)	46.23	(100.28)	263.84	528.91
Less :						
(i) Interest (Including Exceptional Item)	146.29	157.83	154.04	460.26	440.15	600.32
(ii) Other Un-allocable Exp. (Net off Un-allocable income)	(25.50)	(24.46)	(18.57)	(70.21)	(46.89)	(81.64)
Total Profit Before Tax	(182.47)	(189.84)	(89.24)	(490.33)	(129.42)	10.23
3 Capital Employed (Segment Assets- Segment Liabilities)						
(a) EPC & Construction	(4584.87)	(4373.40)	(5377.90)	(4584.87)	(5377.90)	(4825.63)
(b) Power	532.16	538.37	567.67	532.16	567.67	558.84
(c) Infrastructure	10849.31	10510.28	10635.26	10849.31	10635.26	10920.74
(d) Unallocated	(3644.54)	(3336.56)	(2339.55)	(3644.54)	(2339.55)	(3021.71)
Total	3152.06	3338.69	3485.48	3152.06	3485.48	3632.24


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NOTES IN RELATION TO THE FINANCIAL RESULTS

1. The reported consolidated Net Operating Income and Net Profit 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 is presented as under:

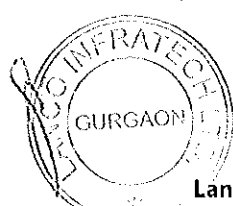
Particulars	Quarter Ended (Unaudited)			Nine Months Ended (Unaudited)		Rs. in Cr Year Ended (Audited)
	Dec 31, 2013	Sept 30, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	March 31, 2013
Reported Net Operating Income	2,397.39	2466.40	3488.70	7686.23	10169.21	13738.80
Elimination of Intersegment Operating Income	117.35	29.35	227.28	212.21	1269.25	1408.20
Total Income before elimination	2,514.74	2495.75	3715.98	7898.44	11438.46	15147.00
Reported Net Profit /(loss)	(529.68)	(581.08)	(464.64)	(1689.59)	(1041.73)	(1073.30)
Elimination as per AS 21 & 23	3.73	4.68	17.72	24.09	61.06	3.14
Forex loss / (gain)	79.14	151.08	42.89	450.85	60.80	77.49
Net Profit before elimination & Forex loss / (gain)	(446.81)	(425.32)	(404.03)	(1214.65)	(919.87)	(992.67)

2. The Information on Standalone Financial Results

Particulars	Quarter Ended (Unaudited)			Nine Months Ended (Unaudited)		Rs. in Cr Year Ended (Audited)
	Dec 31, 2013	Sept 30, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	March 31, 2013
Income from operations	458.54	501.45	849.07	1,520.83	3594.76	4741.11
PBT	(182.47)	(189.84)	(89.24)	(490.33)	(129.42)	10.23
PAT	(182.47)	(189.84)	(89.24)	(490.33)	(129.42)	13.34
Forex loss / (gain)	(9.95)	51.07	20.24	128.61	29.29	38.90
PAT before forex loss / (gain)	(192.42)	(138.77)	(69.00)	(361.72)	(100.13)	52.24

3. During the quarter ended March 31, 2012, 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 its 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 the most of lenders / customer and share transfer process is in progress. However, this transaction has no impact in the consolidated financials. This is a subject matter of qualification in the audit report of the Statutory Auditors for the year ended March 31, 2012 and March 31, 2013 and limited review report for the quarters ended June 30, 2013, September 30, 2013 and December 31, 2013.

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4. With respect to Lanco Amarkantak Power Limited (LAPL) one of the subsidiary companies, terminated its PPA with PTC for supply of power to HPGCL from its Unit - 2 for non-compliance of certain PPA covenants, which is currently under litigation. LAPL has recognised its revenue as per the Central Electricity Regulatory Commission (CERC) tariff rate based on the application filed with HERC to fix or approve the tariff pursuant to the Supreme Court order dated November 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 Hon'ble Supreme Court and directed the HERC to re-determine the interim tariff within two months from the date of order of APTEL. Pending the outcome of the tariff redetermination by HERC, the Management based on its assessment is confident that the rate to be re-determined by HERC will be the same rate as adopted by the company on provisional basis as per CERC norms, hence no adjustments has been done in the accompanying results for the differential revenue recognized 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 customer on the basis of erstwhile PPA capped tariff rate and consequently the receivables are higher by Rs.195.24 Cr as at December 31, 2013 (Rs.195.24 Cr as at March 31, 2013 and Rs. 95.99 Cr as at March 31, 2012). This is a subject matter of qualification in the audit report of the Statutory Auditors for the years ended March 31, 2012 and March 31, 2013 and limited review report for the quarters ended June 30, 2013, September 30, 2013 and in December 31, 2013.
5. Due to lower profits in the Company, the remuneration of Directors as fixed by the members for the FY 2012-13 exceeded the permissible remuneration under Companies Act, 1956 by Rs.15.06 Cr. The Company obtained members approval for the excess remuneration paid for the FY 2012-13 and filed applications with Central Government seeking waiver of refund of excess remuneration by the promoter directors. As the approval is pending, no adjustments have been made to accompanying results. This is a subject matter of qualification in the audit report of the Statutory Auditors for the year ended March 31, 2013 and limited review report for the quarters ended June 30, 2013, September 30, 2013 and December 31, 2013.
6. Remuneration of Rs. 2.23 Cr till year ended March 31, 2011 has been paid to the Director of a step down subsidiary company in excess of the permissible remuneration under Companies Act, 1956. The subsidiary company has applied to the Central Government for waiver of such remuneration, pending the above no adjustments have been made to accompanied results. This is a subject matter of qualification in the audit report of the Statutory Auditors for the years ended March 31, 2013, March 31, 2012 and March 31, 2011 and limited review report for the quarters ended June 30, 2013, September 30, 2013 and December 31, 2013.
7. During the quarter ended December 31, 2013 some of the subsidiaries could not complete the review of their financials, hence the financials prepared by the Management has been considered in consolidation. Accordingly total revenue of Rs. 252.47 Cr and total net loss of Rs. 176.17 Cr for the quarter ended December 31, 2013, have been taken from the financials prepared by the Management. This is a subject matter of qualification in limited review report for the quarter ended December 31, 2013.
8. (a) With respect to one of the subsidiary of the company i.e. Lanco Kondapalli Power Limited (LKPL), phase III expansion project is getting ready for operations and operations of Phase II plant are stalled due to shortage of gas. The subsidiary company has approached its phase III lenders for reschedule of commercial operation date (COD) and repayment of project term loans. During the previous quarters majority of the lenders have approved the proposal and the remaining lenders approvals are under process. The subsidiary company is actively pursuing/making representations with various government authorities to secure the gas, which is in short supply now. The company 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. This is an emphasis of matter in the auditor's report for the year ended March 31, 2013 and in limited review report for the quarters ended June 30, 2013, September 30, 2013 and in December 31, 2013.



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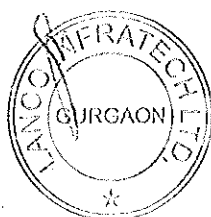
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- (b) During the quarter LKPL has capitalised Rs. 56.98 (54.68 for the quarter ended September 30, 2013) Crores borrowing costs incurred on loans pertaining to Phase III plant which is yet to complete commissioning activities in respect of which the subsidiary has to secure the supply of requisite natural gas. As the supply of natural gas is under the control of GOI and the present situation is beyond the control of the company, subsidiary 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 limited review report for the quarters ended September 30, 2013 and in December 31, 2013.
9. As at December 31, 2013 the Group has receivables from various State Electricity Utility companies and other customers for sale of power aggregating to Rs. 2,765.76 Cr (Rs. 2,939.18 Cr as at Sep 30, 2013), net current liabilities of Rs. 1,910.28 Cr and current maturities of long term borrowings Rs.1,770.84 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, vendor and others and also will have adequate cash flows to support the implementation of ongoing projects which are capitalising 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 in limited review report for the quarters ended June 30, 2013, September 30, 2013 and December 31, 2013.
10. A subsidiary of the company has provided further mobilization advance to the Company, as it executes Engineering, Procurement & Construction (EPC) contract for this subsidiary, the outstanding as at December 31, 2013 is Rs. 542.06 Cr, which requires approval by their respective lenders. The Company has to receive Rs. 375.30 Cr retention money from the said subsidiary and the 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 has 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, 2013 and limited review report for the quarters ended June 30, 2013, September 30, 2013 and in December 31, 2013.
11. With respect to supply of power by Udupi Power Corporation Limited (UPCL) – 1200 MW one of the subsidiary of the Company, has obtained the provisional tariff orders for Unit – 1 on December 24, 2012, against which APTEL passed the orders dated February 8, 2013 directing that the provisional order be applied for both Units – 1 & 2. The subsidiary continues to recognize the revenue as per the CERC rate based on the application filed by it to fix or approve the tariff with CERC and accordingly the differential revenue of Rs. 75.34 Cr and 229.23 Cr for the quarter and nine months ended December 31, 2013 respectively (Rs. 212.70 Cr for the financial year ended March 31, 2013) has been recognized, resulting in receivables being higher by Rs. 601.03 Cr as at December 31, 2013 (Rs.371.80 Cr as at March 31, 2013). The Management is confident that the rate to be fixed by CERC will not be less than the rates adopted by the UPCL. This is an emphasis of matter in the audit report of the Statutory Auditors for the year ended March 31, 2013 and in limited review report for the quarters ended June 30, 2013, September 30, 2013 and in December 31, 2013.



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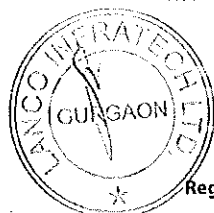
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12. Lanco Anpara Power Limited -1200 MW (LAnPL) and Lanco Budhil Hydro Power Pvt Ltd – 70 MW (LBHPPL) subsidiaries of the company, started their operations in December 2011 and May 2012 respectively, had incurred losses as plants are operating at sub optimal levels since inception due to initial stabilizing issues, coal infrastructure constraints in respect of LAnPL and low tariff realized from power supply to the exchange in respect of LBHPPL. The Management is taking constructive and necessary steps to improve the per unit realisation and confident to improve the operating levels of the plant in future and the management is of the view that the carrying value of Assets of LAnPL and LBHPPL 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 limited review report for the quarter ended June 30, 2013 in respect of LAnPL and in limited review report for the quarters ended September 30, 2103 and December 31, 2013 in respect of LAnPL and LBHPPL.
13. One of the subsidiary companies i.e., Lanco Teesta Hydro Power Private Limited – 500 MW (LTHPPL), 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 June 20, 2012, LTHPPL has filed petition seeking tariff determination with MERC. LTHPPL approached lenders for funding the cost overrun and lead lender 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 for 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 in limited review report for the quarters ended June 30, 2013, September 30, 2013 and in December 31, 2013.
14. The Group currently provides depreciation on assets at the rates specified in the Schedule XIV of the Companies Act, 1956. The Ministry of Corporate Affairs (MCA) vide its notification dated May 31, 2011 has clarified that companies engaged in the generation and supply of electricity can distribute dividend after providing for depreciation at rates/methodology notified by CERC. As the Group has both regulated and non-regulated generating assets, the Management has sought clarifications and guidance from the MCA on the applicability of the CERC rates for its regulated and non-regulated generating assets. Pending the clarification, existing depreciation rates continued for the quarter ended December 31, 2013. This is an emphasis of matter in the auditor's report for the year ended March 31, 2013 and in limited review report for the quarters ended June 30, 2013, September 30, 2013 and in December 31, 2013.
15. During the FY 2010-11, National Energy Trading and Services Limited (NETS) one of the subsidiary Companies had contracted with a supplier for purchase of power which could not be scheduled due to monsoons and regulatory changes. NETS had suspended the contract in November 2010 and the supplier had raised bills for compensation charges amounting to Rs. 86.55 Cr (net Rs.83.63 Cr) which had not been accepted by NETS. During the FY 2011-12, the supplier encashed the Letter of Credit of Rs. 5.00 Cr given by NETS and has not refunded earnest money deposit of Rs. 0.25 Cr and the same has been charged to expenses in the FY 2012-13. On this matter the Hon'ble MPERC has given its order dated December 31, 2013, determining the compensation payable to the supplier as Rs. 14.06 Cr. The balance compensation payable to the supplier amounting to Rs. 8.81 Cr (after netting off the earlier recoveries made) has been charged to profit and loss account in the accompanying results.
16. With respect to Lanco Hills Technology Park Private Limited (LHTPPL) one of the subsidiary Companies is developing a 100 acre integrated township called 'Lanco Hills' at Hyderabad, Andhra Pradesh. With regard to dispute of the title of the land between the Wakf Board and Government of Andhra Pradesh, 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 in limited review report for the quarters ended June 30, 2013, September 30, 2013 and in December 31, 2013.

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17. With respect to Lanco Mandakini Hydro Energy Private Limited (LMHEPL) one of the subsidiary 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. LMHEPL is in the process of assessing the extent of damage and up on determination of damage after the insurance claim will be accounted accordingly. This is an emphasis of matter in the limited review report for the quarters ended June 30, 2013, September 30, 2013 and in December 31, 2013.
18. During the year ended March 31, 2012, in line with the Notification dated December 29, 2011 issued by the MCA, The company 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. 1,216.94 Cr.
19. During the quarter the company's proposal to restructure the debt has been approved by the Corporate Debt Restructuring Empowered Group (CDREG) vide letter of approval dated 20th December 2013. The company executed Master Restructuring Agreement (MRA) on 27th December 2013. An amount of Rs. 8.47 Cr is shown as exceptional item (taking in to consideration 1st April 2013 as cutoff date) representing reversal of promoter directors salary and the sacrifice towards reduction in interest for the six months period ended 30th September 2013 as adjusted for the interest payments made during the period to the lenders and expenditure incurred relating to CDR Scheme. The future sacrifice envisaged under the scheme is not determinable as the company's obligation to compensate such sacrifice to the lenders is contingent upon fulfilling various future conditions whose outcome is currently uncertain.
20. During the quarter, Lanco Hoskote Highway Limited, associate of the Company, has commissioned its BOT Toll Road Project.
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



Place : Gurgaon
Date : February 01, 2014

**Lanco Infratech Limited**

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